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FOOD STAMP PROGRAM AND COMMODITY DISTRIBUTION

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HEARINGS

BEFORE THE

COMMITTEE ON

AGRICULTURE AND FORESTRY

UNITED STATES SENATE

NINETY-FIRST CONGRESS

FIRST SESSION

ON

THE PRESIDENT'S MESSAGE ON HUNGER AND MALNUTRITION

AND

S. 6, S. 339, S. 1608, S. 1864, and S. 2014

BILLS TO EXTEND AND REVISE THE FOOD STAMP
AND COMMODITY DISTRIBUTION PROGRAMS

MAY 22, 23, 26, and 27, 1969

Printed for the use of the Committee on Agriculture and Forestry



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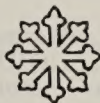
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FOOD STAMP PROGRAM AND
COMMODITY DISTRIBUTION

HEARINGS

COMMITTEE OF

AGRICULTURE AND FORESTRY

UNITED STATES SENATE

COMMITTEE ON AGRICULTURE AND FORESTRY

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FOOD STAMP PROGRAM AND COMMODITY DISTRIBUTION

THURSDAY, MAY 22, 1969

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The committee meet, pursuant to notice, at 10 a.m., in room 324, Old Senate Office Building, Senator Allen J. Ellender (chairman of the committee) presiding.

Present: Senators Ellender, Holland, Talmadge, Jordan of North Carolina, Allen, Aiken, Young of North Dakota, Miller, Curtis, Cook, and Dole.

The CHAIRMAN. The committee will come to order.

The committee has met this morning to have hearings on four bills dealing with the food stamp program. These bills amend existing law, and in addition one bill dealing with direct food distribution. These bills are S. 6, introduced by Senator Mondale; S. 1608, introduced by Senator Montoya; S. 1864, introduced by Senator Talmadge; S. 2014, introduced by Senator McGovern; all of these deal directly with the food stamp program, amendments to existing law, and S. 339 by Senator Montoya deals more or less with direct food distribution.

As you recall, at the last meeting of the committee, it was decided that the full committee would hold hearings on all of these bills, and that we would try to complete the hearings within 4 or 5 days. Pursuant to the authority granted me, I suggested that we hold hearings today and tomorrow, and then Monday and Tuesday of next week.

We have quite a list of witnesses who have asked to appear. Unfortunately though today there were a few cancellations, for what reason I do not know.

The principal questions involved in all of these bills concern the amount of funds to be devoted to these programs, the value of the food stamps issued to each family, and the amount charged for them. Those are the three major points that this committee will have to deal with in the consideration of this legislation.

Under present law appropriations for the food stamp program are authorized at the rate of \$340 million per year through December 31, 1970. The value of the coupons issued to each household are such as will provide it with an opportunity more nearly to obtain an adequate diet. Coupons are used to purchase food at regular retail stores, and are redeemed through regular banking channels. State agencies certify eligible low-income households and arrange for the sale of coupons.

Under S. 6 unlimited appropriations would be authorized for the food stamp program, and, in addition, section 32 and CCC funds could be used to purchase and distribute additional food. Coupons would be issued to households with income at or below the OEO poverty level—currently \$3,300 for an urban family of four—in an amount sufficient to provide an adequate diet. Coupons would be issued to households with incomes above the poverty level in such lesser amounts as would enable them to achieve an adequate diet. No charge would be made for coupons. At the local level administration might be by Federal, State, or private agencies.

Under S. 1608 unlimited appropriations would be authorized. Existing guidelines would apply in determining the amount of coupons issued to each household and the charge therefor. Direct administration by the Secretary would be authorized at the local level if local authorities refused to operate a program.

S. 1864 authorizes the appropriation of \$525 million for fiscal 1970 and \$900 million for fiscal 1971. The value of each household's coupon allotment would be determined as at present, but the amount charged for them would be an amount representing a reasonable investment in them, not exceeding 25 percent of the household income. Coupons could be issued free to families with incomes of less than \$40 per month. Local administration would be by State agencies as at present.

S. 2014 authorizes unlimited appropriations and permits the Secretary to obligate 10 percent in excess of appropriations in certain cases to meet unanticipated increases in participation. Coupons would be issued to each household in an amount equal to the cost of an adequate diet (not less than \$120 per month for a family of four).

The charge would be computed as at present, except as follows: No charge would be made if household income is less than two-thirds the cost of an adequate diet. Beginning July 1, 1970, or earlier if funds become available, the charge would not exceed 15 percent of the household income, if that income was less than the cost of an adequate diet.

Beginning July 1, 1971, or earlier if funds become available, the charge would not exceed 25 percent of household income in any case. The Secretary could administer the program locally through any non-profit, private, Federal, State, or county agency in a number of specified situations.

We do not have a specific legislative proposal from the administration, but the President's message on hunger and malnutrition proposes increased appropriations, a coupon allotment adequate for a complete diet (estimated at \$100 per month for a family of four), and a charge of not more than 30 percent of income, with no charge to those in the very lowest income brackets.

S. 339 would amend section 416 of the Agricultural Act of 1949 to require first, distribution of sufficient food to provide needy households with at least their minimum daily nutritional allowances, and second, establishment of adequate commodity distribution or food stamp programs in every area of the country within 120 days.

The bills differ in detail in a great number of respects in addition to the more basic differences I have described; and we would appreciate the advice and assistance of witnesses on details as well as major objectives. When sponsors of bills differ as greatly as is evidenced by the texts of these bills with respect to the course to be followed, the committee necessarily has a more difficult job in determining what it should recommend to the Senate.

For instance under S. 6 a family of four with an income of \$250 per month would receive about \$120 worth of coupons each month without charge. Under the administration proposal the same family would have to pay \$73 for \$100 worth of coupons, thereby \$27 worth of coupons without charge.

Under S. 1864 the bonus coupons would amount to \$48, and under S. 2014 the bonus would be \$63. S. 1608 uses a formula similar to that of existing law which currently provides a bonus of \$24. For the poorest of the poor the bonus under the various proposals would range from \$58 to \$120 or more per month.

The committee and the Congress have had experience over many years with many approaches to this problem, and will consider each of the new proposals most carefully.

I would like to insert at this point—

1. A list of some of the more significant existing statutory authorities for consumer food programs;
2. A table showing probable coupon values and charges under the various proposals;
3. The OEO poverty guidelines for fiscal year 1969, which should be helpful to an understanding of S. 6;
4. A discussion of the guidelines applied under existing law in determining coupon allotments and charges therefor, which may be helpful to an understanding of S. 1608 and S. 2014;
5. A discussion and tables with respect to eligibility standards, which may be helpful to an understanding of S. 6, S. 1608, S. 1864, and S. 2014, each of which contains a different amendment with respect to eligibility standards;
6. Budget figures, food assistance programs;
7. Preliminary food stamp report;
8. Food stamp net income basis of coupon issuance:
 - Issuance No. 1—Northern;
 - Issuance No. 2—Southern;
9. Food stamp programs: Counties and independent cities without plans;
10. The extent of poverty, including the poverty index;
11. Each of the bills being considered;
12. A committee staff explanation of each bill; and
13. A committee staff comparison of the major provisions of the bills amending the food stamp program, and I expected that the Agriculture Department would have reports on each of these bills, but unfortunately they are not with us today, and I hope

that in the course of the hearings they will be made available and they will be made a part of the record at this point.
(The documents referred to above are as follows:)

CONSUMER FOOD PROGRAMS

Statutory authorities

1. National School Lunch Act, as amended (42 U.S.C. 1751-1761).
2. Child Nutrition Act of 1966, as amended (42 U.S.C. 1773-1785).
3. Section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c). (Diversion of surplus agricultural commodities to low income groups.)
4. Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431). (Donation of commodities by Commodity Credit Corporation.)
5. Food Stamp Act of 1964, as amended (7 U.S.C. 2011-2025).
6. Section 210 of the Agricultural Act of 1956 (7 U.S.C. 1859). (Donations to certain penal and correctional institutions.)
7. Section 709 of the Food and Agriculture Act of 1965 (79 Stat. 1212). (Purchase of dairy products for relief distribution when CCC stocks insufficient.)
8. Clause 4 under the item Removal of Surplus Agricultural Commodities (Section 32) of the Department of Agriculture and Related Agencies Appropriation Act, 1969. (Authority under which in a limited number of cases and jurisdictions free food stamps have been issued.)
9. Federal Civil Defense Act (50 U.S.C. app. 2251-2297). (Civil Defense Emergency Powers.)

FOOD STAMP PROGRAM—CURRENT COUPON SCHEDULES AND PROBABLE SCHEDULES UNDER ADMINISTRATION'S PROPOSAL AND VARIOUS SENATE BILLS, FAMILY OF 4

Monthly income	Current		Administration proposal		S. 6 ¹		S. 1864 ²		S. 2014	
	Charge	Total allotment	Charge	Total allotment	Charge	Total allotment	Charge	Total allotment	Charge	Total allotment
\$20 and under.....	\$2	\$60	0	\$100	0	\$120	0	\$60	0	\$120
\$20.....	6	60	0	100	0	120	0	60	0	120
\$30.....	10	62	0	100	0	120	\$6	62	0	120
\$50.....	20	64	\$6	100	0	120	12	64	0	120
\$80.....	36	72	16	100	0	120	16	72	\$1	120
\$100.....	44	78	23	100	0	120	18	78	9	120
\$150.....	56	86	39	100	0	120	30	86	27	120
\$200.....	68	92	56	100	0	120	38	92	42	120
\$250.....	76	100	73	100	0	120	52	100	57	120
\$300.....	84	108	82	100	0	110	62	108	72	120
\$330.....	88	112	88	100	0	95	72	112	81	120

¹ Bill does not specifically indicate value of coupon allotment for families with incomes above level of the poverty income. In this comparison, have assumed that value of allotment would be reduced by 50 cents for each \$1 of income above the poverty level (\$280 a month for family of 4).

² Assumes current value of total coupon allotment maintained through fiscal years 1970 and 1971.

OEO POVERTY GUIDELINES FOR FISCAL YEAR 1969

Family size		Nonfarm	Farm	Family size		Nonfarm	Farm
1.....		\$1,600	\$1,100	8.....		\$5,400	\$3,800
2.....		2,100	1,500	9.....		5,900	4,100
3.....		2,600	1,800	10.....		6,400	4,500
4.....		3,300	2,300	11.....		6,900	4,800
5.....		3,900	2,800	12.....		7,400	5,200
6.....		4,400	3,100	13 and over.....		7,900	5,500
7.....		4,900	3,400				

SHORT EXPLANATION OF THE POVERTY INDEX¹

The Poverty Index is an attempt to define poverty in terms of family income. It was developed by the Social Security Administration, HEW, but is more commonly called the OEO Poverty Index.

Briefly, a family is deemed to be in poverty under the Index if its annual money income is no more than three times the cost of an economy-cost adequate diet.

The Index is repriced from time to time. We are enclosing a copy of the Poverty Index issued by OEO for fiscal year 1969. The latest estimate is that 22 million people live in families that meet this definition of poverty.

COUPON ISSUANCE SCHEDULES UNDER THE CURRENT FOOD STAMP ACT

Value of the Total Coupon Allotment

Section 7 of the Act provides that the value of the total coupon allotment to be issued to participating households "shall be in such amount as will provide such households with an opportunity more nearly to obtain a low-cost nutritionally adequate diet."

The legislative history (see especially Senate Committee Report accompanying the bill) indicates that it was the ultimate goal to provide families with a total coupon allotment equal to the cost of a varied, nutritious and economical diet.

The phrase "more nearly" was intended to indicate that it was impractical to try to immediately and drastically change long-established food patterns and that it would be necessary to progressively raise the food stamp purchasing power of many poor families, as their food habits and knowledge could be improved through supportive education programs.

The value of the total coupon allotments, however, remained unchanged from 1964 to February of 1969, when some increases were made for families with incomes of under \$70 a month. (See attached table for the extent of the February 1969 changes, as illustrated by those for a family of four.)

The level of program funding in 1964 through 1968 was sufficient only to allow geographic expansion in the program in line with requests for the program from States and localities. The 1969 appropriation did permit the small increases in the value of the coupon allotment for the poorest families.

Charges To Be Made for Coupons (the Purchase Requirement)

Section 7 of the Act provides that "households shall be charged such portion of the face value of the coupon allotment issued to them as is determined to be equivalent to their normal expenditures for food."

Under the current program, purchase requirements have been established for families of various incomes and family sizes. The level of these requirements were based upon the amounts low-income families reported they spent for food in surveys undertaken by the research agencies of the Department.

These amounts necessarily represent some "average" concept because individual families of the same size and income do report significant differences in the amounts they spend for food. Under the current program, there are "hardship adjustments" (which lower the purchase requirement) if the family pays high rent in relation to income, has medical expenses, etc.

For families of the same size, the purchase requirements increase as income increases, and the amount of the bonus (the Federal contribution) decreases. But the higher-income families have a higher total allotment (purchased plus bonus coupons) because the amount of coupons they purchase is higher than the amount bought by lower-income eligible families.

With the concept of maintaining "normal" food expenditures, there are two schedules in use—to reflect the differences in retail food prices between northern and southern sections of the country.²

¹ See pp. 151-153. *Economic Report of the President, Transmitted to the Congress, January 1969*, for concise discussion of problems associated with statistical measure of poverty.

² The "southern" basis of issuance is used in the following States: Alabama, Arkansas, Georgia, Kentucky, Mississippi, North Carolina, Louisiana, South Carolina, Tennessee, and Virginia.

While there are some differences in food prices within the northern section of the country, from a practical standpoint they are not large enough to make significant differences in purchase requirements or the value of the total coupon allotment.

The most recent index of geographic differences in the cost of an adequate diet is as follows:

U.S. average-----	100
North-----	105
Northeast-----	109
North Central-----	102
West-----	103
South-----	92

(Monthly purchase requirements, with only minor exceptions, have been established in "full-dollar" amounts to facilitate accounting at the local level. This further limits the practicability of reflecting a few percentage point differences in regional food prices.)

TABLE A—FOOD STAMP PROGRAM

MODIFICATIONS IN THE BASIS OF COUPON ISSUANCE ANNOUNCED IN DECEMBER 1968, 4-PERSON HOUSEHOLD IN THE NORTH

Monthly net income	Current			Effective Feb. 1, 1969		
	Purchase	Bonus	Total	Purchase	Bonus	Total
Under \$20-----	\$2	\$50	\$52	\$2	\$58	\$60
\$20 to \$29.99-----	8	44	52	6	54	60
\$30 to \$39.99-----	14	42	56	10	52	62
\$40 to \$49.99-----	20	40	60	14	48	62
\$50 to \$59.99-----	24	40	64	20	44	64
\$60 to \$69.99-----	28	38	66	26	40	66

MODIFICATIONS IN THE BASIS OF COUPON ISSUANCE—4-PERSON HOUSEHOLD IN THE SOUTH

Monthly net income	Current			Effective Feb. 1, 1969		
	Purchase	Bonus	Total	Purchase	Bonus	Total
Under \$30-----	\$2	\$46	\$48	\$2	\$56	\$58
\$30 to \$39.99-----	10	42	52	8	50	58
\$40 to \$49.99-----	16	40	56	12	48	60
\$50 to \$59.99-----	22	36	58	18	42	60
\$60 to \$69.99-----	26	34	60	24	38	62

ELIGIBILITY STANDARDS UNDER THE CURRENT FOOD STAMP ACT

Eligibility Standards

Section 5 of the Food Stamp Act requires that State standards used to determine eligibility be consistent with the standards used by each State in its own federally-aided public assistance programs.

Under this requirement—

Households, in which all members are receiving welfare assistance, are eligible (by virtue of the fact they are receiving welfare, the State has already determined them to be needy within the meaning of section 5).

Other households (called non-assistance households)—in which some or none of the members are on welfare—are eligible if the income from all sources and liquid resources do not exceed the approved standard for the State.

Thus, food stamp eligibility standards vary from State to State because State public assistance standards vary from State to State.

There is attached the State-by-State non-assistance standards.

FOOD STAMP PROGRAM—ELIGIBILITY STANDARDS FOR NONASSISTANCE HOUSEHOLDS (STANDARDS IN STATE PLANS APPROVED UNDER THE FOOD STAMP ACT OF 1964)

Monthly allowable income by household size—

State	1	2	3	4	5	6	7	8	9	10	Additional for each person	Resources, allowable liquid assets ¹
Alaska ²	\$135	\$200	\$255	\$325	\$390	\$445	\$495	\$550	\$600	\$650	\$50	Same as for public assistance.
Alabama ³	100	120	145	175	205	235	265	295	325	350	\$30	4 by monthly scale.
Arkansas ³	85	170	180	190	200	210	220	235	250	265	\$15 to maximum of \$325	1, \$500; 2 or more, \$1,000. ¹
California	169	205	237	292	348	404	451	497	538	579	\$40	1, \$1,000; 2 or more, \$1,500.
Colorado ³	128	178	213	248	283	318	353	388	423	458	None	1, 2, 3, \$1,000. Add \$250 for each additional person to maximum of \$2,000. ¹
Connecticut	140	185	235	280	335	365	395	420	445	470	\$25	1, \$1,000; 2 or more, \$1,500.
District of Columbia ²	120	180	220	250	285	320	350	375	400	425	\$25	1, \$1,000; 2 or more, \$1,500.
Georgia ³	90	140	195	215	245	270	290	305	320	335	11 or more \$355	1, \$800; 2 or more, \$1,600.
Hawaii ³	120	180	210	250	285	325	370	415	455	495	\$40	1, \$1,000; 2 or more, \$1,500.
Illinois	139	182	212	259	299	337	375	414	451	490	\$25	1, \$400; 2, \$600.
Indiana	130	185	230	275	315	355	395	435	470	500	\$30	1, \$600; 2, \$800; 3, \$900; 4 and over, \$1,000.
Iowa	130	200	250	295	330	370	405	455	490	540	\$35	1, \$750; 2, \$900; 3, \$1,000; 4, \$1,100; 5, \$1,200; 6, \$1,300; 7, \$1,400; 8, \$1,500; 9 and over, \$1,550.
Kansas ⁴	110	140	170	200	230	255	280	305	330	350	\$15	1, \$750; 2 or more, \$1,250. ¹
Kentucky ³	110	130	150	165	185	220	240	275	295	315	\$22	4 by monthly scale.
Louisiana ³	132	190	230	271	320	363	404	445	485	527	\$41	1, \$500; 2 or more, \$1,000. ¹
Maine	\$100	\$140	\$165	\$185	\$220	\$240	\$265	\$290	\$315	\$340	\$25	1, \$1,000; 2 or more, \$1,200.
Maryland ²												1, \$1,000; 2 or more, \$1,500. Add \$500 for each person age 65 and over.
Massachusetts	148	190	240	286	330	380	430	480	520	560	\$40	1, \$1,000; 2 or more, \$1,500.
Michigan	125	185	225	265	295	330	365	400	435	470	\$35	1, \$750; 2 through 5, \$1,000. Add \$100 for each additional person.
Minnesota	135	205	250	290	335	370	390	425	460	495	\$30	1, \$750; 2 or more, \$1,000. Add \$250 for each person over 65 years.
Mississippi	90	130	155	180	210	230	250	270	290	310	\$15	1, \$500; 2 or more, \$1,000.
Missouri	140	190	230	270	310	350	390	430	470	510	\$40	1, \$750; 2 or more, \$1,500.
Montana ³	125	183	212	253	290	318	353	388	413	438	\$25	1, \$1,000; 2 or more \$1,500.

See footnotes at end of table.

FOOD STAMP PROGRAM—ELIGIBILITY STANDARDS FOR NONASSISTANCE HOUSEHOLDS (STANDARDS IN STATE PLANS APPROVED UNDER THE FOOD STAMP ACT OF 1964)

Monthly allowable income by household size—

State	1	2	3	4	5	6	7	8	9	10	Additional for each person	Resources, allowable liquid assets ¹
Nebraska.....	120	180	230	270	305	335	360	385	410	435	\$25	1, \$750; 2 or more, \$1,500.
New Jersey.....	160	220	265	310	355	390	425	470	510	550	\$40	1, \$1,000; 2 or more, \$1,500. If head of household is age 65 or over, add \$500.
New Mexico.....	110	150	180	215	245	275	305	345	375	405	\$30	1, \$250; or more, \$500.
New York.....	160	220	305	350	405	455	505	555	605	640	\$45	3 by maximum allowable income ²
North Carolina ³	110	140	170	195	215	230	240	255	270	280	\$15	1, \$500; 2, \$700; 3, \$750; 4 or more, \$800.
North Dakota.....	140	185	260	295	330	365	385	415	440	460	\$25	1, \$500 per household.
Ohio.....	130	200	225	260	295	330	365	400	435	470	\$35	1, \$1,000; 2 or more, \$1,500.
Oregon.....	128	193	221	258	288	328	357	386	411	426	\$25	1 adult, \$500; 2 or more, \$1,000.
Pennsylvania.....	130	195	235	275	315	345	385	425	465	505	\$30	1, \$1,000; 2 or more, \$1,500.
Rhode Island.....	130	175	205	245	285	325	365	400	435	470	\$35	1, \$1,000; 2, 3, and 4, \$1,500. Add \$250 for each additional person.
South Carolina ³	100	130	140	160	180	200	225	250	275	300	None	1, \$750; 2 or more, \$1,000.
South Dakota.....	\$125	\$175	\$215	\$250	\$285	\$320	\$355	\$390	\$425	\$455	\$50	1, \$1,000; 2, \$2,000. Add \$300 for each additional person.
Tennessee.....	95	130	165	200	240	275	315	350	385	420	\$35	1, \$500; 2 or 3, \$1,000; 4 or more, \$1,500.
Texas.....	110	150	170	190	210	230	250	270	290	310	\$15	1, \$300; 2, \$450. Add \$50 per person to maximum of \$600. ¹
Utah.....	115	163	210	227	274	307	350	383	422	455	11, \$494; 12, \$527; 13, \$560; 14, \$594; plus \$33.	1, \$400; 2 or more, \$800. ¹
Vermont.....	145	205	250	285	325	365	400	435	470	505	\$35	1, \$1,000; 2 or more, \$1,500.
Virginia ³	125	160	195	225	250	275	300	325	350	375	\$25	1, \$500; 2, \$600; 3 or more, add \$50 each to maximum of \$1,000. ¹
Washington.....	170	215	255	290	325	360	395	430	465	500	\$35	1, \$1,000; 2 or more, \$1,500.
West Virginia.....	130	170	215	250	290	315	360	395	440	475	None	1, \$1,000; 2 or more, \$1,500.
Wisconsin.....	135	185	215	260	295	350	385	420	445	460	\$30	1, \$750; 2, \$1,500. Add \$100 for each additional person.
Wyoming.....	145	200	235	300	330	360	390	435	480	520	\$40	1, \$1,000; 2 or more, \$1,500. ¹

¹ The States indicated also have limitations on other resources such as real estate, automobiles, etc.

² Rent up to maximum of \$125 is also allowed.

³ For households containing both public assistance recipients and nonrecipients, eligibility is based on the income and resources of the nonassistance members only. Other States base eligibility on the total income and resources of all members.

⁴ Household eligible if a budget deficit exists.

⁵ Scale will be at local option and will be applicable throughout the political subdivision involved.

U.S. DEPARTMENT OF AGRICULTURE BUDGET FIGURES—FOOD ASSISTANCE PROGRAMS

[In thousands of dollars]

	Fiscal year 1969 esti- mated	Fiscal year 1970 budget allowance	Proposed amend- ment	Revised budget
A. Child-feeding programs:				
1. Cash grants to States:				
(a) School lunch (sec. 4).....	162,041	168,041	-----	168,041
(b) Special assistance (sec. 11).....	10,000	90,000	-45,200	44,800
(c) School breakfast.....	3,500	10,000	-----	10,000
(d) Nonfood assistance.....	750	10,000	-----	10,000
(e) State administrative.....	750	750	-----	750
(f) Nonschool food program.....	5,750	20,500	-10,500	10,000
(g) Special milk.....	103,314	-----	-----	-----
(h) Special sec. 32.....	43,941	39,000	+50,000	89,000
Total, cash to States.....	330,046	338,291	-5,700	332,591
2. Commodities to States:				
School lunch (sec. 6).....	64,325	64,325	-----	64,325
Sec. 32 ¹	80,500	83,811	+6,600	90,411
Sec. 416.....	144,872	153,438	-6,600	146,838
Total, commodities.....	289,697	301,574	-----	301,574
3. Federal operating expenses:				
School lunch.....	2,161	3,100	-----	3,100
Nonschool feeding.....	500	750	-----	750
School milk.....	681	-----	-----	-----
Total, operating expenses.....	3,342	3,850	-----	3,850
Total, child feeding.....	623,085	643,715	-5,700	638,015
B. Family-feeding programs:				
1. Food stamp program.....	279,908	340,000	-----	340,000
2. Direct distribution to families (regular program):				
(a) Sec. 32 ¹	142,141	210,028	+15,000	225,028
(b) Sec. 416.....	116,539	140,000	-----	140,000
Total, direct distribution to families.....	258,680	350,028	+15,000	365,028
3. Nutritional supplement (special packages):				
(a) Special sec. 32—Food stamp areas.....	1,000	11,000	-----	11,000
(c) Sec. 32 ¹	7,317	22,000	-----	22,000
(c) Sec. 416.....	500	1,500	-----	1,500
Total, special packages.....	8,817	34,500	-----	34,500
Total, family feeding.....	547,405	724,528	+15,000	739,528
C. Direct distribution to institutions:				
1. Sec. 32 ¹	1,967	1,700	+2,100	3,800
2. Sec. 416.....	43,000	40,400	-11,400	29,000
3. VA, Armed Forces, penal.....	17,875	21,000	-----	21,000
Total, direct distribution to institutions.....	62,842	63,100	-9,300	53,800
D. Nutrition aide program				
.....	10,000	15,000	+15,000	30,000
Total, food assistance program.....	1,243,332	1,446,343	+15,000	1,461,343

¹Includes related administrative expense.

FAMILY FEEDING PROGRAMS—KEY DATA

[Dollars in thousands]

	1969 estimate	1970 original budget (estimate)	1970 budget amended (estimate)	Amended budget compared with 1969
Food stamp program.....	\$279,908	\$340,000	\$340,000	+\$60,092
Number of areas, yearend.....	1,553	1,653	1,653	+100
(Number of areas, May 9, 1969, 1,457.)				
Number of participants, yearend.....	3,630,000	3,950,000	3,950,000	+320,000
(Participants, Mar. 31, 1969, 3,157,000.)				
D.D. to families, regular program.....	\$258,680	\$350,028	\$365,028	+106,348
Number of areas, yearend.....	1,272	1,476	1,476	+204
(Number of areas, May 9, 1969, 1,308.)				
Number of participants, yearend (millions).....	3.6	4.1	4.1	+ .5
(Participants, Mar. 31, 1969, 3,700,000.)				
Cost sharing and direct operations included above.....	\$7,000	\$7,000	\$22,000	+\$15,000
Number of areas, May 9, 1969.....	228	235	1,476	+1,248
Areas, end of year.....	228	235	1,476	+1,248
Special packages.....	\$8,817	\$34,500	\$34,500	+\$25,683
Number of areas, yearend.....	134	332	332	+198
(Number of areas, Mar. 31, 1969, 77.)				
Number of participants, yearend.....	106,000	567,200	567,200	+461,200
(Participants, Mar. 31, 1969, 20,465.)				

CHILD NUTRITION PROGRAMS—KEY DATE

[Dollar amounts in thousands]

	1969 estimate	1970 original budget (estimate)	1970 budget amended (estimate)	Amended budget compared with 1969
School lunch, sec. 4.....	\$162,041	\$168,041	\$168,041	+\$6,000
Number of schools (peak).....	71,750	72,000	72,000	+250
Number of children (peak, thousands).....	19,000	19,800	19,800	+800
Number of lunches (millions).....	3,370.0	3,500.9	3,500.9	+130.9
Average Federal cash reimbursement (cents).....	4.8	4.8	4.8	-----
Free and reduced price lunches:				
Special assistance, sec. 11.....	\$10,000	\$90,000	\$44,800	+\$34,800
Special sec. 32.....	33,941	21,000	61,000	+27,059
Subtotal.....	43,941	111,000	105,800	+61,859
Number of schools.....	2,250	6,000	6,000	3,750
Number of children (peak, thousands).....	1,100	4,200	4,200	+3,100
Number of lunches (millions).....	2,197.1	4,826.1	4,565.2	+2,368.1
Average Federal contribution (cents).....	20	23	23	-----
Breakfast program:				
Sec. 4, Child Nutrition Act.....	\$3,500	\$10,000	\$10,000	+\$6,500
Special sec. 32.....	3,000	1,000	1,000	-2,000
Subtotal.....	6,500	11,000	11,000	4,500
Number of schools (peak).....	2,500	4,000	4,000	+1,500
Number of children (peak, thousands).....	370	500	500	+130
Number of breakfasts (millions).....	46.4	73.3	73.3	+26.9
Average Federal contribution (cents).....	14.0	15.0	15.0	-----
Nonfood assistance:				
Sec. 5, Child Nutrition Act.....	\$750	\$10,000	\$10,000	+\$9,250
Special sec. 32.....	6,000	5,000	5,000	-1,000
Subtotal.....	6,750	15,000	15,000	+8,250
Number of schools assisted.....	575	1,500	1,500	+925
Average contribution per school.....	\$10	\$10	\$10	-----
Nonschool food program.....	\$5,750	\$20,500	\$10,000	+\$4,250
Number of children:				
Year-round (annual average).....	10,000	100,000	50,000	+40,000
Partial year (including summer programs).....	80,000	175,000	100,000	+20,000
Milk program:				
Special milk program.....	\$103,995	-----	-----	-\$103,995
Special sec. 32.....	-----	\$10,000	\$20,000	+\$10,000
Half pints (millions).....	3,000.0	153.8	700.0	-2,300

EXPLANATORY NOTES RE THE ATTACHED TABLES

(1) *Special Milk Program*

While you will note a zero amount proposed for Special Milk in 1970 under A. 1. (g) of the attached table, under A. 1. (h) the Department plans to reserve \$20,000,000 for the continuation of the Special Milk Program in schools without other food service and in child care institutions, day care centers and summer camps, etc.

(2) *Family Food Program*

All of the attached tables are based on our budget request and includes the maximum amount currently authorized by law for the Food Stamp Program in 1970, i.e., \$340 million. Although the precise structure of the proposed modifications in the Food Stamp Program in 1970 are not yet finalized, the addition of \$270 million mentioned in the President's recent message would contemplate reaching all counties and independent cities in the country with one or the other family food program with an average participating during fiscal year 1970 of 4.6 million persons under Food Stamp and 4.1 million persons under Commodity Distribution. This average is based on a progressive increase during the year with year-end total participation being somewhat greater in Food Stamp and somewhat less in Commodity Distribution.

(3) *Purchase Requirements for Food Stamp Program*

There are attached two sets of tables showing the purchase requirements for families of various sizes and incomes and amount of Food Stamp coupons they receive—Issuance No. 1 (Northern) and Issuance No. 2 (Southern). The Southern tables apply to the states of Alabama, Arkansas, Georgia, Kentucky, Mississippi, Louisiana, Tennessee, North Carolina, South Carolina and Virginia. The Northern table covers all other states.

U.S. DEPARTMENT OF AGRICULTURE—CONSUMER AND MARKETING SERVICE, WASHINGTON, D.C.

PRELIMINARY FOOD STAMP, APRIL 1969

	April 1969	March 1969	Percent change
Program scope:			
States (including District of Columbia).....	43	43	-----
Projects.....	1,431	1,383	3
Participation: Persons.....	13,215,511	13,179,070	1
Coupon issuance:			
Bonus.....	¹ \$21,687,584	¹ \$21,632,583	-----
Average bonus per person.....	¹ \$6.74	¹ \$6.80	-----
Cumulative fiscal year bonus to date.....	¹ \$186,222,723	¹ \$164,535,139	13
District summary:			
Participation:			
Northeast.....	1,679,641	1,678,029	-----
Southeast.....	1,831,473	1,831,490	-----
Midwest.....	1,809,153	1,799,757	1
Southwest.....	1,394,644	1,379,253	4
Western.....	1,500,600	1,490,541	2
Total, United States.....	13,215,511	13,179,070	1
Bonus coupons:			
Northeast.....	¹ \$4,371,370	¹ \$4,374,444	-----
Southeast.....	¹ 6,215,455	¹ 6,301,675	-1
Midwest.....	¹ 5,091,028	¹ 4,982,184	2
Southwest.....	¹ 2,815,294	¹ 2,798,829	1
Western.....	¹ 3,194,437	¹ 3,175,451	1
Total, United States.....	¹ 21,687,584	¹ 21,632,583	-----

¹ Estimated.

PRELIMINARY FOOD STAMP REPORT, APRIL 1969

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Alabama (20):				
Barbour.....	1,472	1,456	*\$10,348	\$10,278
Bullock.....	3,109	3,166	*24,592	25,101
Choctaw.....	1,522	1,485	*11,248	10,795
Clarke.....	564	611	*3,491	3,718
Dallas.....	5,971	5,932	*47,290	47,772
Greene.....	3,464	3,381	*28,474	27,410
Hale.....	2,977	3,145	*20,958	23,328
Houston.....	2,204	2,253	*11,659	12,334
Jefferson.....	**13,324	13,324	**102,892	102,892
Lamar.....	693	693	*5,696	5,544
Mobile.....	**12,384	12,384	**94,674	94,674
Montgomery.....	4,926	4,914	*31,526	32,628
Perry.....	2,677	2,705	*17,802	18,350
Pickens.....	2,217	2,160	*15,142	14,938
Pike.....	1,481	1,434	*9,300	8,402
Russell.....	2,967	2,895	*19,641	19,355
Sumter.....	2,277	2,295	*16,371	16,866
Tuscaloosa (new).....	7,045		*52,769	
Walker.....	**4,502	4,502	**34,288	34,288
Washington.....	1,099	1,056	*7,264	6,894
Total.....	*76,875	69,791	*565,425	515,507
Alaska (9):				
Anchorage.....	**1,197	1,197	**15,758	15,758
Bethel.....	**2,620	2,620	**33,364	33,364
Dillingham.....	**160	160	*1,081	2,162
Fairbanks.....	**923	923	*11,426	11,426
Juneau.....	**816	816	*9,498	9,498
Ketchikan.....	**432	432	*5,133	5,133
Kotzebue.....	**1,248	1,248	*12,823	12,823
Nome.....	**951	951	*8,644	8,644
Seward.....	**158	158	*1,976	1,976
Total.....	**8,505	8,505	**99,703	100,784
Arkansas (58):				
Arkansas.....	**614	614	*3,319	3,819
Ashley.....	**1,925	1,925	*13,359	13,359
Boone.....	**282	282	*2,491	2,491
Bradley.....	**435	435	*2,716	2,716
Calhoun.....	**224	224	*1,379	1,379
Chicot.....	**2,890	2,890	*20,915	20,915
Columbia.....	**458	458	*3,533	3,533
Conway.....	**727	727	*4,588	4,588
Crawford.....	**1,662	1,662	*13,043	13,043
Craighead.....	**684	684	*4,807	4,807
Crittenden.....	**8,011	8,011	*60,735	60,735
Cross.....	**1,857	1,857	*13,816	13,816
Dallas.....	**322	322	*2,054	2,054
Desha.....	**1,563	1,563	*10,404	10,404
Drew.....	**1,220	1,220	*9,474	9,474
Faulkner.....	**490	490	*2,966	2,966
Garland.....	**900	900	*6,278	6,278
Grant.....	**358	358	*2,252	2,252
Greene.....	**1,207	1,207	*8,992	8,992
Hempstead.....	**460	460	*3,072	3,072
Howard (new).....	*295		*4,430	
Independence.....	**951	951	*6,691	6,691
Izard.....	**411	411	*3,214	3,214
Jackson.....	**1,738	1,738	*12,993	12,993
Jefferson.....	**4,413	4,413	*31,941	31,941
Johnson.....	**700	700	*5,128	5,128
Lafayette.....	**844	844	*7,092	7,092
Lawrence.....	**1,081	1,081	*8,152	8,152
Lee.....	**4,236	4,236	*30,274	30,274
Lincoln.....	**1,850	1,850	*13,560	13,560
Little River.....	**273	273	*1,798	1,798
Logan.....	**741	741	*5,207	5,207
Lonoke.....	**1,061	1,061	*6,846	6,846
Marion.....	**275	275	*2,436	2,436
Miller.....	**377	377	*2,828	2,828
Mississippi.....	**8,022	8,022	*60,692	60,692
Monroe.....	**3,473	3,473	*28,444	28,444
Nevada.....	*634	634	*3,804	7,577
Ouachita.....	*744	744	*4,873	4,873
Perry.....	**417	417	*2,650	2,650

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Arkansas (58)—Continued				
Phillips.....	**8,493	8,493	**59,340	59,340
Poinsett.....	**3,735	3,735	**30,312	30,312
Polk.....	**409	409	**2,618	2,618
Pope.....	**639	639	**4,256	4,256
Prairie.....	**538	538	**3,934	3,934
Pulaski.....	**4,762	4,762	**32,230	32,230
Randolph.....	**522	522	**3,824	3,824
St. Francis.....	**6,647	6,647	**51,188	51,188
Saline.....	**526	526	**4,285	4,285
Scott.....	*286	286	*1,830	3,664
Sebastian.....	**844	844	**6,752	6,752
Sevier.....	**240	240	**1,674	1,674
Sharp.....	**383	383	**2,742	2,742
Stone.....	**697	697	**5,640	5,640
Union.....	**1,107	1,107	**7,873	7,873
Washington.....	**944	944	**8,275	8,275
White (new).....	*1,611		24,166	
Yell.....	**385	385	**2,436	2,436
Total.....	*91,633	89,727	*687,121	664,132
California (16):				
Alameda.....	**39,613	39,613	**256,713	256,713
Contra Costa.....	**24,942	24,942	**154,207	15,207
Del Norte.....	**1,440	1,440	**17,254	17,254
Humboldt.....	3,121	3,587	**25,686	25,686
Imperial.....	(D)			
Lassen.....	**630	630	**5,543	5,543
Los Angeles.....	**163,809	163,809	**859,214	859,214
Marin (new).....	1,405			
Modoc.....	**116	116	**759	759
Mono.....	(D)			
Monterey.....	**11,379	11,379	**99,876	99,876
Placer.....	(D)			
Riverside.....	(D)			
Sacramento.....	**21,310	21,310	**296,953	296,953
San Benito.....	(D)			
San Francisco.....	**17,213	17,213	**99,211	99,211
San Mateo.....	**4,504	4,504	**26,566	26,566
Santa Clara.....	**22,472	22,472	**145,457	145,457
Shasta.....	4,873	5,313	**38,716	38,716
Siskiyou.....	(D)			
Solano.....	(D)			
Sonoma.....	**7,173	7,173	**39,918	39,918
Stanislaus (new).....	11,759		24,895	
Tehama.....	(D)			
Total.....	*334,354	323,501	*2,090,968	2,066,073
Colorado (57):				
Adams.....	*3,447	3,846	28,233	31,493
Alamosa.....	*428	425	3,248	3,215
Arapahoe.....	*1,618	1,719	13,040	13,854
Archuleta.....	*201	191	1,764	1,679
Baca.....	*61	79	594	772
Bent.....	*410	430	2,699	2,828
Boulder.....	*847	881	5,477	5,702
Chaffee.....	*152	145	944	902
Cheyenne.....	*29	30	195	204
Clear Creek.....	*45	49	223	244
Conejos.....	*1,489	1,679	10,143	11,432
Costilla.....	*976	1,027	7,411	7,791
Crowley.....	*229	216	1,560	1,470
Custer.....	*28	31	176	196
Delta.....	*329	439	2,336	3,118
Denver.....	*22,963	22,918	137,547	137,308
Dolores.....	*56	71	461	582
Eagle.....	*130	127	970	945
Elbert.....	*50	60	381	461
E I Paso.....	*2,830	3,116	20,573	22,655
Fremont.....	*429	500	3,182	3,704
Garfield.....	*140	141	989	995
Gilpin.....	**27	27	*166	166
Grand.....	*42	46	261	440
Gunnison-Hinsdale.....	*148	158	1,224	1,308
Huerfano.....	*613	569	4,042	3,752
Jefferson.....	*993	978	6,595	6,496
Kiowa.....	*25	40	176	277

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Colorado (57)—Continued				
Kit Carson.....	*176	185	1,206	1,267
Lake.....	*153	160	1,064	1,108
La Plata.....	*737	797	6,487	7,003
Larimer.....	*914	982	6,057	6,503
Las Animas.....	*1,063	1,030	6,852	6,636
Lincoln.....	*89	104	576	667
Logan.....	*317	314	2,038	2,298
Mesa.....	*1,129	1,074	8,261	8,152
Moffat.....	*132	150	1,344	1,521
Montezuma.....	*534	587	4,400	4,839
Montrose.....	*434	508	2,816	3,290
Morgan.....	*785	759	4,824	4,662
Otero.....	*1,463	1,432	9,449	9,251
Ouray.....	*37	19	233	239
Park.....	*86	80	559	1,092
Phillips.....	68	50	420	310
Prowers.....	*545	583	3,656	3,913
Pueblo.....	*5,425	5,591	36,075	37,166
Rio Blanco.....	**97	97	**842	842
Rio Grande-Mineral.....	*736	726	5,126	5,056
Routt.....	144	139	1,041	998
Saguache.....	*238	229	1,836	1,764
San Juan.....	*63	34	410	440
San Miguel.....	*34	36	224	498
Sedgwick.....	*66	87	486	644
Teller.....	*45	72	374	600
Washington.....	*83	74	549	486
Weld.....	*1,579	1,697	10,298	11,058
Yuma.....	90	93	614	636
Total.....	*55,997	57,627	*372,727	386,928
Connecticut (3):				
Hartford.....	**18,215	18,215	**98,928	98,928
New Haven.....	**13,286	13,286	**76,621	76,621
Waterbury.....	**4,615	4,615	**23,889	23,889
Total.....	**36,116	36,116	**199,438	199,438
District of Columbia (1): Washington: (city).....	**28,816	*28,816	**216,424	216,424
Georgia (80):				
Baldwin.....	870	929	*5,411	5,566
Ben Hill.....	**733	733	**4,490	4,490
Berrien.....	222	236	*1,159	1,346
Bibb.....	4,686	4,797	*28,116	28,780
Bleckley.....	**526	526	**3,112	3,112
Burke.....	2,697	2,569	*16,128	15,384
Calhoun.....	**402	402	**2,483	2,483
Carroll.....	874	884	*5,532	5,592
Catoosa.....	**534	534	**3,734	3,734
Charlton.....	660	690	*4,448	4,558
Chatham.....	5,345	4,995	*31,642	27,324
Clinch.....	494	521	*2,939	2,916
Colquitt.....	**1,727	1,727	**9,887	9,887
Coweta.....	849	832	*5,484	5,444
Crisp.....	**808	808	**4,787	4,787
Dawson.....	164	147	**1,084	938
Decatur.....	**1,321	1,321	**9,484	9,484
Dodge.....	**1,523	1,523	**8,898	8,898
Dooly.....	1,897	1,648	*11,382	17,836
Dougherty.....	**3,227	3,227	**18,228	18,228
Echols.....	378	359	*2,408	2,364
Elbert.....	696	675	*4,454	4,053
Fayette.....	201	194	*1,320	1,254
Forsythe.....	171	179	*1,219	1,278
Gilmer.....	**314	314	**1,992	1,992
Gordon.....	**466	466	**3,204	3,204
Grady.....	**1,280	1,280	**7,860	7,860
Greene.....	384	381	*2,097	1,990
Habersham.....	347	375	*2,637	2,811
Hall.....	996	1,085	*6,603	7,451
Hancock.....	1,402	1,446	*8,328	8,572
Hart.....	629	644	*3,938	4,083
Heard.....	415	408	*2,685	2,729
Houston.....	1,058	1,096	*6,359	6,545
Jasper.....	403	488	*2,305	2,659
Jenkins.....	672	580	*3,763	3,663

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Georgia (80)—Continued				
Johnson.....	777	754	*4,608	4,546
Jones.....	487	513	*2,805	2,956
Lamar.....	221	220	*1,368	1,342
Lanier.....	297	327	*1,619	1,663
Laurens.....	**1,812	1,812	**11,667	11,667
Lee.....	**967	967	**6,121	6,121
Lincoln.....	286	266	*1,590	1,440
Lowndes.....	1,882	1,961	*11,122	11,595
Lumpkin.....	370	389	*2,146	2,200
McDuffie.....	271	271	*1,970	1,970
Madison.....	302	299	*2,063	1,982
Meriwether.....	1,310	1,290	*7,847	7,175
Mitchell.....	**2,168	2,168	**13,178	13,178
Morgan.....	582	587	*3,248	3,414
Oconee.....	159	171	*1,332	1,434
Oglethorpe.....	421	324	*2,673	1,941
Peach.....	383	405	*2,386	2,781
Pickens.....	**227	227	**1,533	1,533
Pierce.....	486	506	*3,086	3,092
Pike.....	605	641	*4,078	3,981
Polk.....	**533	533	**3,724	3,724
Pulaski.....	**672	672	**3,726	3,726
Putnam.....	437	436	*2,596	2,593
Rabun.....	707	730	*4,235	5,133
Richmond.....	**2,205	2,205	**14,346	14,346
Seminole.....	**587	587	**3,624	3,624
Spaulding.....	1,149	1,159	*7,549	7,482
Stephens.....	452	469	*3,069	3,189
Sumter.....	**1,791	1,791	**9,728	19,457
Taliaferro.....	1,167	1,102	*6,383	6,091
Thomas.....	**2,286	2,286	**13,248	13,248
Tift.....	**1,344	1,344	**8,114	8,114
Toombs.....	**640	640	**4,360	4,360
Towns.....	271	344	*1,872	2,378
Treutlen.....	**368	368	**2,080	2,080
Twiggs.....	901	803	*5,487	4,660
Upson.....	490	506	*3,116	3,220
Walton.....	581	559	*3,747	3,683
Warren.....	788	773	*4,421	4,620
Washington.....	1,417	1,392	*9,408	9,313
Wheeler.....	**318	318	**1,894	1,894
White.....	155	149	*1,435	1,380
Wilcox (new).....	*1,107		14,010	
Wilkes.....	411	401	*2,482	2,352
Total.....	*74,161	72,684	*460,694	459,973
Hawaii (4):				
Hawaii.....	**1,403	1,403	**7,708	7,708
Honolulu.....	**2,206	8,206	**45,160	45,160
Kauai.....	**692	692	**3,741	3,741
Maui.....	**957	957	**5,309	5,309
Total.....	**11,258	11,258	**61,918	61,918
Illinois (102):				
Adams.....	*647	657	4,373	4,441
Alexander.....	*938	950	5,364	5,453
Bond.....	*158	211	996	1,327
Boone.....	*57	48	384	649
Brown.....	*109	81	599	446
Bureau.....	*130	79	881	537
Calhoun.....	*134	173	896	1,160
Carroll.....	*75	52	521	721
Cass.....	*147	116	1,006	793
Champaign.....	*892	879	5,564	5,487
Christain.....	*272	274	1,626	1,635
Clark.....	*100	105	610	637
Clay.....	*277	296	1,854	1,983
Clinton.....	*82	103	469	592
Coles.....	*333	294	2,117	1,870
Cook.....	*120,309	125,198	661,698	688,771
Crawford.....	*166	188	1,114	1,263
Cumberland.....	*103	86	642	538
De Kalb.....	*53	43	434	706
De Witt.....	*72	64	448	400
Douglas.....	*212	217	1,359	1,389

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Illinois (102)—Continued				
Du Page.....	*196	134	1,340	1,768
Edgar.....	*255	272	1,525	1,630
Edwards.....	*41	56	254	347
Effingham.....	*337	312	2,034	1,881
Fayette.....	*190	204	1,270	1,360
Ford.....	*58	74	472	605
Franklin.....	*1,747	1,712	11,061	10,841
Fulton.....	*333	416	2,646	3,301
Gallatin.....	*320	308	2,039	1,962
Greene.....	*295	265	1,851	1,665
Grundy.....	*50	56	354	395
Hamilton.....	*219	199	1,555	1,415
Hancock.....	*200	213	1,248	1,326
Hardin.....	*356	349	2,542	2,496
Henderson.....	*92	57	689	856
Henry.....	*180	70	1,764	903
Iroquois.....	*108	103	600	596
Jackson.....	*1,187	1,120	6,173	6,462
Jasper.....	*96	145	646	922
Jefferson.....	*1,048	1,121	6,292	6,669
Jersey.....	*89	86	566	594
Jo Daviess.....	*140	156	1,188	1,775
Johnson.....	*232	237	1,484	1,530
Kane.....	*540	402	3,547	3,324
Kankakee.....	*913	902	5,982	7,792
Kendall.....	*29	23	196	326
Knox.....	*360	391	2,362	3,378
Lake.....	**414	414	**2,156	4,311
La Salle.....	*331	311	2,170	2,789
Lawrence.....	*496	552	2,614	3,233
Lee.....	*95	78	767	784
Livingston.....	*177	157	1,165	1,404
Logan.....	*84	111	515	838
Macon.....	*1,614	1,643	9,233	9,555
Macoupin.....	*348	363	2,651	2,355
Madison.....	*3,765	4,506	14,873	17,600
Marion.....	*1,078	1,128	6,602	7,068
Marshall.....	*137	120	961	1,237
Mason.....	*152	175	1,029	1,111
Massac.....	*448	511	2,772	3,069
McDonough.....	*160	226	1,556	2,496
McHenry.....	*93	87	514	553
McLean.....	*362	18	586	786
Menard.....	*112	119	1,018	1,273
Mercer.....	*110	33	2,176	1,788
Monroe.....	*121	135	767	203
Montgomery.....	*242	282	1,749	1,955
Morgan.....	*411	355	2,298	2,185
Moultrie.....	*76	101	547	686
Ogle.....	*187	191	1,310	2,137
Peoria.....	*2,236	3,389	20,124	30,535
Perry.....	*226	280	1,581	1,959
Piatt.....	*71	74	373	438
Pike.....	*377	516	2,715	3,418
Pope.....	*267	311	1,674	1,913
Pulaski.....	*982	1,156	6,160	6,610
Putnam.....	*20	31	152	232
Randolph.....	*370	348	2,659	2,612
Richland.....	*121	124	771	490
Rock Island.....	*1,258	1,029	11,329	9,565
St. Clair.....	*13,812	15,197	85,219	91,420
Saline.....	*1,326	1,348	8,156	8,428
Sangamon.....	*1,241	1,297	7,236	7,936
Schuyler.....	*122	130	762	868
Scott.....	**161	161	**885	885
Shelby.....	*142	174	848	1,192
Stark.....	*124	21	284	232
Stephenson.....	*161	99	1,454	842
Tazewell.....	*458	819	4,588	8,479
Union.....	*292	372	1,804	2,293
Vermilion.....	*804	822	4,792	4,793
Wabash.....	*171	147	904	774
Warren.....	*220	87	2,069	1,018
Washington.....	*53	91	338	647
Wayne.....	*432	471	2,741	2,851

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Illinois (102)—Continued				
White	*357	357	*2,422	2,422
Whiteside	*585	166	4,470	2,213
Will	*480		5,070	9,193
Williamson	*1,322	1,328	8,541	8,097
Winnnebago	*3,010	862	27,672	7,851
Woodford	*60	113	388	1,403
Total	*177,147	183,532	*1,033,846	1,079,149
Indiana (26):				
Bartholomew	836	877	5,421	5,682
Blackford	(D)			
Brown	303	286	2,283	3,067
Daviess	314	316	2,240	2,505
Dearborn	506	550	3,682	4,499
Delaware	(D)			
Floyd	1,045	1,139	5,900	6,453
Gibson	551	632	3,519	4,087
Grant	(D)			
Harrison	343	327	2,143	2,024
Howard	596	588	3,482	3,377
Huntington	140	157	1,101	1,863
Knox	704	727	4,247	4,500
Lake	13,749	14,010	81,120	81,935
Madison	363	1,431	8,054	8,690
Marion	*8,974	8,108	51,334	46,350
Marshall	432	290	3,430	1,727
Perry	834	838	5,440	5,603
Pike	476	483	3,298	3,194
Posey	534	516	3,464	3,381
Putnam	144	159	880	946
St. Joseph (new)	*5,873		70,471	
Spencer	574	569	3,614	3,740
Sullivan	706	622	5,989	7,437
Switzerland	160	180	1,191	1,290
Tipton	166	178	886	970
Vanderburgh	3,955	4,081	25,513	26,034
Warren	90	153	1,037	1,234
Warrick	582	595	3,493	3,722
Total	*43,951	37,812	303,232	234,369
Iowa (89):				
Adams	44	40	296	279
Adair	107	122	676	1,006
Appanoose	712	702	5,238	5,285
Audubon	134	160	860	999
Benton	163	157	951	934
Black Hawk	**4,231	4,231	**46,920	46,920
Boone	391	468	2,966	6,622
Bremer	169	187	1,291	1,331
Buena Vista	108	123	548	656
Butler	131	142	854	810
Calhoun	*127	156	1,109	1,360
Carroll	337	433	2,352	2,823
Cass	289	316	1,890	2,193
Cerro Gordo	682	700	3,666	3,970
Cherokee	133	155	784	851
Clarke	96	97	702	810
Clay	244	304	1,496	1,680
Clayton	475	536	3,044	3,610
Clinton	741	672	4,768	4,333
Dallas	379	434	2,321	2,791
Davis	221	210	1,624	1,634
Decatur	272	323	2,287	2,647
Delaware	382	358	2,746	2,809
Des Moines	289	322	1,668	1,833
Dickinson	168	203	1,109	1,538
Dubuque	1,652	1,868	10,752	11,745
Emmet	117	181	944	960
Floyd	224	202	1,322	1,281
Franklin	137	151	790	1,005
Freemont	147	197	1,193	1,981
Greene	140	138	802	818
Grundy	74	67	476	410

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Iowa (89)—Continued				
Guthrie.....	172	163	1,010	916
Hamilton.....	242	266	1,380	1,530
Hancock.....	135	143	704	855
Hardin.....	208	212	1,343	1,405
Harrison.....	212	224	1,309	1,397
Henry.....	68	81	332	488
Howard.....	181	188	1,256	1,480
Humboldt.....	230	267	1,142	1,255
Ida.....	71	69	432	411
Jackson.....	404	444	2,500	2,836
Jasper.....	374	347	2,428	2,286
Jefferson.....	278	262	2,362	2,276
Johnson.....	**516	516	**3,857	3,857
Jones.....	266	261	1,605	1,634
Kossuth.....	415	525	2,608	2,661
Lee.....	**545	545	**3,245	3,245
Linn.....	2,066	1,930	10,226	9,734
Louisa.....	198	231	1,326	3,009
Lucas.....	491	539	3,678	4,005
Lyon.....	141	114	795	775
Madison.....	130	147	707	867
Marion.....	559	568	3,978	4,232
Marshall.....	375	344	2,096	2,082
Mitchell.....	100	106	552	588
Mills.....	197	234	1,266	1,897
Monona.....	254	277	1,716	1,935
Montgomery.....	131	135	758	827
Monroe.....	262	399	2,739	5,555
Muscataine.....	800	807	6,016	11,003
O'Brien.....	132	145	754	857
Osceola.....	91	94	*606	626
Page.....	276	274	1,984	2,198
Palo Alto.....	**539	539	*3,414	3,414
Plymouth.....	158	194	1,081	1,046
Pocahontas.....	165	195	938	1,255
Polk.....	8,443	7,591	61,421	66,994
Pottawattamie.....	1,544	1,632	8,940	9,402
Poweshiek.....	125	137	848	1,015
Ringgold.....	181	187	1,032	1,090
Sac.....	212	204	1,298	1,447
Scott.....	2,761	3,014	20,298	22,239
Shelby.....	72	61	456	424
Sioux.....	298	269	1,738	1,520
Story.....	646	646	5,594	6,243
Tama.....	139	226	1,010	1,559
Taylor.....	233	249	1,409	1,663
Union.....	286	324	1,888	2,155
Van Buren.....	196	207	1,313	1,406
Wapello.....	1,564	1,488	12,462	11,658
Warren.....	263	303	1,862	2,070
Washington.....	178	191	1,147	1,416
Wayne.....	233	127	1,622	1,530
Webster.....	1,074	1,216	8,173	16,892
Winnebago.....	116	150	795	820
Woodbury.....	4,013	4,142	22,678	23,220
Worth.....	122	90	987	758
Wright.....	191	198	1,122	1,463
Total.....	*47,888	48,792	*338,681	379,328
Kansas (10):				
Atchinson.....	364	389	*1,926	2,057
Bourbon.....	169	177	*1,006	1,055
Cherokee.....	685	692	*4,110	4,152
Crawford.....	798	764	*4,700	4,502
Franklin.....	(D)			
Greenwood.....	228	241	*1,632	1,726
Harvey.....	(D)			
Johnson (new).....	442		*5,887	
Labette.....	436	422	*2,507	2,428
Leavenworth.....	338	294	*2,802	2,437
Montgomery.....	(D)			
Neosho.....	187	215	*1,333	3,263
Wilson.....	147	162	*845	932
Total.....	3,794	3,356	*26,748	22,352

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Kentucky (57):				
Adair	829	812	6,177	6,093
Allen	421	381	3,382	3,192
Bath	1,186	1,145	8,795	9,018
Bell	6,521	6,677	49,702	51,191
Boone (new)	176		1,889	
Bourbon	(D)			
Bracken (new)	234		2,572	
Breathitt	4,938	4,936	28,185	36,436
Butler	614	620	4,406	4,476
Campbell	1,524	1,606	11,604	12,917
Carter	1,703	1,757	13,370	14,302
Casey	1,243	1,270	9,118	9,570
Christian	(D)			
Clark	792	715	5,986	5,353
Clay	5,477	5,476	42,705	43,011
Clinton	1,504	1,478	12,041	11,871
Cumberland	1,110	1,138	7,626	7,992
Edmonson	(D)			
Elliott	1,084	1,096	7,990	8,330
Estill	1,941	1,931	15,258	15,040
Fayette	(D)			
Floyd	4,655	4,772	34,240	34,940
Fulton (new)	685		7,687	
Grant	215	226	1,348	1,464
Harlan	8,131	8,184	63,888	63,897
Harrison	(D)			
Hart	(D)			
Hickman	319	344	1,829	2,001
Jackson	2,303	2,249	18,250	18,024
Jefferson	6,376	6,484	*36,151	36,784
Johnson	3,162	3,184	23,904	23,715
Kenton	2,475	2,624	16,996	19,924
Knott	4,853	4,981	33,325	35,182
Knox	5,791	5,900	42,924	44,190
Larue	(D)			
Laurel	3,135	3,333	25,950	28,278
Lee	1,694	1,714	12,310	12,650
Leslie	3,631	3,705	25,133	25,388
Letcher	4,299	4,452	32,009	33,928
Lewis	(D)			
Lincoln	1,315	1,389	10,617	11,582
Logan	915	845	6,125	5,722
Magoffin	3,472	3,495	26,470	27,144
Marion (new)	966		10,378	
Martin	3,050	3,083	22,122	23,112
McCreary	3,017	3,105	24,250	24,417
McLean	(D)			
Menifee	591	578	4,170	4,160
Metcalfe	(D)			
Monroe	(D)			
Montgomery	890	920	6,644	6,832
Morgan	1,817	1,930	13,279	14,597
Muhlenberg	1,103	1,068	8,975	8,633
Owen (new)	211		2,441	
Orkney	1,703	1,705	13,467	13,504
Perry	5,928	6,257	42,028	44,470
Pike	4,596	4,796	29,781	32,538
Powell	967	1,012	8,186	8,542
Pulaski	2,627	2,724	20,894	21,438
Rockcastle	2,334	2,312	21,058	20,984
Rowan	970	937	7,970	7,716
Russell	1,101	1,089	9,256	9,429
Shelby	208	188	1,513	1,269
Simpson	323	329	2,437	2,282
Todd	372	368	2,299	2,317
Wayne	2,006	2,223	16,472	18,339
Whitley	3,577	3,747	26,375	27,748
Wolfe	1,630	1,515	11,717	11,230
Total	128,710	128,805	*955,683	967,110
Louisiana (42):				
Acadia	3,979	4,016	26,239	26,954
Allen	1,148	1,332	7,695	9,226
Assumption	*2,206	2,159	15,158	14,623
Avoyelles	*7,175	7,317	49,293	51,330
Beauregard	703	678	4,902	4,556
Bienville (new)	902		9,522	

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Louisiana (42) —Continued				
Cade.....	4,835	4,514	31,775	29,373
Calcasieu.....	6,650	6,463	54,200	51,720
Caldwell.....	716	865	4,189	4,517
Cameron.....	98	99	751	742
Concordia.....	*1,764	1,706	11,557	11,539
DeSoto.....	1,739	1,834	13,327	16,606
East Baton Rouge.....	*4,658	4,820	31,680	33,681
East Carroll.....	*1,745	1,853	10,505	10,909
Evangeline.....	*8,031	8,225	50,440	51,356
Franklin.....	4,241	4,344	27,214	29,288
Iberia.....	1,523	1,461	8,695	8,322
Iberville.....	2,882	3,155	16,339	18,541
Jackson.....	(D)			
Jefferson.....	(D)			
Jefferson Davis.....	1,336	1,231	7,919	7,320
Lafayette.....	4,916	4,942	34,100	33,714
Lafourche.....	(D)			
Lincoln.....	(D)			
Madison.....	1,897	1,919	10,876	11,689
Morehouse.....	4,265	4,222	28,540	31,054
Natchitoches.....	*3,379	3,600	22,814	24,646
Orleans.....	*29,093	18,631	174,563	174,058
Ouachita.....	3,148	2,522	22,405	26,141
Pointe Coupee.....	*2,741	3,075	17,708	19,441
Reeves.....	*5,038	5,307	33,355	36,476
Red River.....	1,649	1,674	12,622	12,784
Richland.....	3,256	3,389	21,699	23,010
Sabine.....	(D)			
St. Bernard.....	(D)			
St. Helena.....	598	687	3,841	4,262
St. James.....	*708	690	4,927	4,446
St. John.....	*690	855	5,569	6,016
St. Landry.....	12,027	11,916	84,040	82,952
St. Martin.....	4,045	3,962	28,488	27,536
St. Tammany Parish.....	1,064	758	8,002	7,772
Tangipahoa.....	(D)			
Tensas.....	1,528	1,461	10,633	10,414
Union.....	1,153	1,137	6,628	6,969
Vermillion.....	1,221	1,271	8,277	8,510
Vernon.....	1,308	1,325	8,755	8,970
Webster.....	(D)			
West Baton Rouge (new).....	1,056		11,166	
West Carroll.....	1,778	1,822	13,679	14,551
Winn.....	*874	879	5,020	5,082
Total.....	*143,763	132,116	959,107	\$61,096
Maine (2):				
Androscoggin.....	*3,181	3,181	*21,564	21,564
Sagadahoc.....	(D)			
Total.....	*3,181	3,181	*21,564	21,564
Maryland (20):				
Allegany.....	*1,782	1,782	*12,349	12,349
Anne Arundel.....	*2,675	2,675	*20,023	20,032
Baltimore City.....	*31,032	31,032	*220,850	220,850
Baltimore.....	*1,629	1,629	*13,189	13,189
Caroline.....	*639	639	*5,013	5,013
Carroll.....	*538	538	*4,483	4,483
Cecil.....	378	388	*2,268	4,297
Charles.....	*1,922	1,922	*12,001	12,001
Dorchester.....	*300	300	*1,825	1,825
Frederick.....	*353	353	*4,265	4,265
Garrett.....	*876	876	*6,402	6,402
Kent.....	*155	155	*1,093	1,093
Montgomery.....	*1,978	1,978	*15,651	15,651
Prince Georges.....	*3,988	4,988	*26,384	26,384
Queen Annes.....	*291	291	*1,931	1,931
Saint Marys.....	*951	951	*6,038	6,038
Somerset.....	*285	285	*2,145	2,145
Talbot.....	*224	224	*1,373	1,373
Wicomico.....	*994	994	*6,792	6,792
Worcester.....	*135	135	*849	849
Total.....	*51,125	51,135	*364,933	366,962

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Massachusetts (8):				
Amherst (city).....	(D)	-----		
Boston (city).....	(D)	-----		
Cambridge (city).....	(D)	-----		
Dracut (city).....	(D)	-----		
Pittsfield (city).....	(D)	-----		
Quincy (city).....	(D)	-----		
Revere (city).....	(D)	-----		
Springfield (city).....	(D)	-----		
Total	-----	-----	-----	-----
Michigan (42):				
Alger.....	424	412	2,668	2,598
Allegan.....	1,428	1,428	*8,725	8,721
Baraga.....	(D)	-----		
Barry.....	675	564	4,100	3,733
Benzie.....	**279	279	**2,945	2,945
Berrien.....	**3,775	3,775	**22,440	22,440
Branch.....	(D)	-----		
Calhoun (NEW).....	*5,760	-----	68,310	-----
Cass.....	(D)	-----		
Clare.....	688	613	4,434	3,850
Clinton.....	365	547	2,301	3,556
Crawford.....	125	191	980	1,242
Dickinson.....	(D)	-----		
Eaton.....	498	549	3,479	3,370
Genesee.....	**8,634	8,634	**47,240	47,240
Gogebie.....	846	885	4,978	5,193
Grand Traverse.....	**727	727	**5,548	5,548
Gratiot.....	841	916	5,131	5,654
Hillsdale.....	524	548	3,420	3,499
Houghton.....	2,832	2,678	16,990	16,416
Huron.....	538	515	3,368	3,367
Ingham.....	*5,132	4,661	26,073	23,671
Ionia.....	**911	911	**12,164	12,164
Iron.....	624	634	4,196	4,152
Isabella.....	1,001	992	6,698	6,281
Jackson.....	3,201	2,670	25,497	19,536
Kalamazoo.....	1,841	1,715	11,032	10,060
Keweenaw.....	390	395	2,452	2,440
Lapeer.....	717	789	3,915	5,044
Livingston.....	(D)	-----		
Mackinac.....	402	410	2,476	2,614
Macomb.....	4,657	4,407	28,942	27,123
Marquette.....	*1,448	1,487	9,414	19,327
Mecosta (new).....	446	-----	6,042	-----
Menominee.....	(D)	-----		
Monroe.....	1,117	1,166	6,971	7,581
Montcalm (new).....	*851	-----	10,098	-----
Muskegon.....	**5,838	5,838	**37,576	37,576
Oakland.....	6,315	6,266	41,765	43,931
Ogemaw.....	*518	604	3,798	4,428
Ontonagon.....	363	329	2,369	2,091
Presque Isle (new).....	356	-----	4,993	-----
Saginaw.....	*5,828	5,828	**35,043	35,043
St. Clair.....	**2,691	2,691	**16,530	16,530
St. Joseph.....	505	484	2,878	2,755
Tuscola.....	(D)	-----		
Van Buren.....	1,918	1,807	14,106	13,455
Washtenaw.....	**817	817	**5,629	5,629
Wayne.....	**56,501	56,501	**307,751	307,751
Total	*133,347	124,663	*835,465	748,554
Minnesota (54):				
Aitkin.....	445	457	2,973	3,016
Anoka.....	1,320	1,350	7,038	7,290
Becker.....	1,299	1,282	8,956	8,925
Beltrami.....	1,245	1,377	7,692	7,710
Benton.....	373	390	2,189	2,340
Big Stone.....	343	391	2,394	2,508
Blue Earth.....	826	838	4,775	5,155
Brown.....	223	142	1,869	2,021
Carlton.....	*1,144	1,198	8,280	8,675
Carver.....	283	281	1,563	1,654
Cass.....	1,179	1,170	7,202	7,016
Chippewa.....	145	155	859	949

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Minnesota (54)—Continued				
Chisago.....	287	360	1,738	2,107
Cook.....	209	201	1,307	1,285
Crow Wing.....	1,066	1,178	7,016	7,866
Dakota.....	925	906	5,171	5,027
Grant.....	241	259	1,763	3,523
Hennepin.....	1,054	12,726	67,448	70,985
Hubbard.....	581	631	4,040	4,380
Itasca.....	1,854	1,842	12,151	12,159
Kandiyohi.....	704	761	4,221	4,479
Kittson.....	154	195	1,063	1,434
Koochiching.....	589	639	*3,110	3,371
Lac Qui Parle.....	184	195	1,152	1,195
Lake.....	126	123	695	666
Lake of the Woods.....	205	201	1,609	1,663
Le Sueur.....	351	322	2,375	2,006
Lincoln.....	313	355	3,029	2,881
Marshall.....	*312	378	2,501	3,026
Meeker (new).....	337		4,262	
Mille Lacs.....	614	694	3,882	4,672
Murray.....	452	472	3,316	3,469
Nobles.....	322	323	1,972	1,931
Norman (new).....	*18		215	
Otter Tail.....	802	801	5,646	5,520
Pennington.....	*257	273	2,049	2,176
Pine.....	608	620	3,755	3,949
Pipestone.....	256	254	1,738	1,695
Polk.....	749	720	5,114	4,585
Ramsey.....	*11,211	10,957	59,870	58,560
Red Lake.....	274	233	2,150	1,655
Redwood.....	319	335	*2,140	2,249
Renville.....	449	483	2,781	2,752
Roseau.....	206	284	2,190	2,111
St. Louis.....	*8,835	8,854	50,979	51,078
Sibley.....	240	272	1,433	1,660
Stearns.....	*1,639	1,632	8,441	8,403
Steele.....	145		2,040	
Stevens.....	273	288	3,701	3,672
Swift.....	399	419	2,628	2,850
Wadena.....	429	431	2,905	2,916
Waseca.....	(D)			
Washington.....	709	898	4,078	4,125
Wright.....	599	633	3,966	3,549
Yellow Medicine.....	303	310	2,184	2,435
Total.....	*59,425	60,489	*356,624	361,324
Mississippi (44):				
Adams.....	(D)			
Alcorn.....	2,210	2,248	18,448	20,942
Attala.....	3,350	3,245	26,398	26,114
Bolivar.....	15,116	16,138	114,389	133,043
Chicasaw.....	1,936	2,027	13,864	14,678
Claiborne.....	1,965	2,008	16,448	17,534
Clarke.....	(D)			
Clay.....	3,524	3,620	30,818	31,760
Coahoma.....	12,059	12,368	87,816	98,464
Covington.....	1,950	2,049	17,022	18,379
De Sota.....	6,161	6,387	49,307	51,904
Forrest.....	3,511	3,320	32,103	30,196
Grenada.....	2,068	2,033	17,692	17,452
Harrison.....	3,679	3,836	32,190	33,673
Hinds.....	12,909	13,454	111,846	116,898
Holmes.....	7,801	7,317	66,390	70,866
Humphreys.....	4,557	4,379	30,376	31,149
Itawamba.....	770	811	6,769	7,110
Jackson.....	1,701	1,665	14,754	14,676
Jasper.....	2,776	2,865	21,059	21,826
Jefferson Davis.....	2,380	2,422	21,050	21,533
Jones.....	5,337	5,434	46,798	48,151
Lamar.....	1,404	1,356	12,414	11,742
Lauderdale.....	(D)			
Lee.....	3,031	3,062	27,020	2,215
Lefflore.....	9,799	10,948	69,378	76,790
Lincoln.....	2,227	2,254	18,681	18,170
Lowndes.....	3,772	3,705	29,576	28,908
Madison.....	5,150	5,348	38,696	40,392
Marion.....	1,980	1,891	16,038	15,736

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Mississippi (44)—Continued				
Monroe.....	3,409	3,338	28,224	28,141
Montgomery.....	2,418	2,427	17,164	17,390
Newton.....	(D)			
Oktibbeha.....	2,299	2,350	14,990	15,788
Panola.....	5,225	5,255	37,801	39,155
Pike.....	3,224	3,149	27,868	26,012
Prentiss.....	1,569	1,566	14,026	14,198
Quitman.....	4,294	4,596	30,510	36,935
Rankin.....	(D)			
Scott.....	3,020	3,471	25,504	27,992
Sharkey.....	(D)			
Simpson.....	1,676	1,692	14,471	15,192
Smith.....	(D)			
Sunflower.....	8,478	8,649	57,454	66,527
Tallahatchie.....	6,363	6,767	46,776	51,093
Tippah.....	(D)			
Tunica.....	5,168	5,613	48,978	54,250
Union.....	1,845	1,879	14,148	14,832
Warren.....	2,644	2,671	19,909	20,282
Washington.....	8,085	8,596	58,528	64,710
Yalobusha.....	1,649	1,711	13,436	14,094
Yazoo.....	6,826	7,056	51,636	56,478
Total.....	191,261	197,171	1,509,006	1,608,350
Missouri (1): City of St. Louis.....	*23,105	23,287	167,510	168,861
Montana (9):				
Cascade.....	*2,719	2,867	*17,266	18,214
Deer Lodge.....	346	333	*2,059	1,981
Glacier.....	261	266	2,537	2,585
Hill.....	(D)			
Lewis & Clark.....	316	284	*1,836	1,651
Lincoln.....	640	826	*5,261	6,792
Mineral.....	135	183	*776	2,103
Missoula.....	(D)			
Musselshell (new).....	157		*2,101	
Richland.....	(D)			
Rosebud.....	(D)			
Silver Bow.....	1,726	1,946	*10,011	11,288
Valley.....	378	*392	*2,744	2,846
Total.....	6,678	*7,097	*44,591	47,460
Nebraska (65):				
Adams (new).....	309		4,729	
Antelope.....	143	167	904	1,074
Blaine.....	**5	5	**80	80
Boone.....	137	161	1,226	1,223
Box Butte.....	238	216	*2,106	1,912
Boyd.....	138	126	939	887
Buffalo.....	314	398	2,278	2,656
Butler.....	98	121	700	891
Cass.....	(D)			
Cedar.....	224	243	1,960	1,694
Chase (new).....	100		*1,302	
Clay.....	**77	77	**470	470
Cuming.....	**131	131	**949	949
Custer.....	*201	201	1,240	1,243
Dakota.....	198	196	1,657	1,474
Dawes.....	(D)			
Dawson.....	212	247	1,294	1,437
Deuel-Garden.....	**57	57	**546	546
Dixon.....	145	166	1,115	1,184
Dodge.....	386	387	2,444	2,592
Douglas.....	*10,411	10,533	56,322	56,987
Dundy.....	74	60	648	900
Franklin.....	39	59	290	448
Frontier.....	(D)			
Furnas.....	132	126	1,058	1,861
Gage.....	247	278	1,564	2,042
Garfield and Loup.....	59	57	406	446
Gosper.....	31	25	196	150
Greeley.....	192	203	1,691	1,741
Hall.....	494	457	2,728	2,677
Hamilton.....	(D)			
Harlan.....	64	71	377	717
Hayes (new).....	23		335	
Hitchcock (new).....	59		733	

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Nebraska (65)—Continued				
Holt	177	201	1,084	1,341
Hooker	27	35	203	528
Howard	120	140	760	829
Johnson	49	35	280	206
Kearney	50	61	301	347
Keith-Arthur	74	81	394	475
Lancaster	1,511	1,477	9,201	8,873
Lincoln	554	548	4,533	7,256
Logan (new)	10		156	
Madison	204	211	1,467	2,320
McPherson (new)	10		143	
Merrick	96	91	602	562
Morrill	*114	81	714	620
Nance	27	28	180	176
Nemaha	103	132	697	887
Otoe	191	199	1,430	2,892
Pawnee	85	93	504	646
Perkins	(D)			
Phelps	*104	121	812	944
Pierce	52	54	334	387
Richardson	217	199	1,893	2,697
Rock	55	60	359	387
Sarpy	330	352	2,141	2,356
Saunders	207	206	1,374	1,355
Scotts Bluff-Banner	868	938	5,519	6,007
Sheridan	161	153	1,248	1,022
Sherman	66	48	446	314
Stanton	76	79	480	460
Thayer	95	91	705	586
Thomas	**22	22	**277	277
Valley	83	79	547	482
Washington	61	71	522	751
Wayne (new)	46		656	
Webster	37	43	289	473
Wheeler	23	27	137	234
York	100	102	609	590
Total	*20,933	20,862	*133,284	135,563
New Jersey (16):				
Atlantic	*8,238	8,142	46,708	46,650
Bergen	*3,348	3,190	18,546	18,285
Burlington	(D)			
Camden	*7,927	8,097	43,917	44,402
Cape May	**2,029	2,029	**13,282	13,282
Cumberland	**4,361	4,361	**28,380	28,380
Essex	(D)			
Gloucester	(D)			
Hudson	**22,359	22,359	**139,801	139,801
Hunterdon	*1,018	793	6,158	11,086
Mercer	**5,016	5,016	**28,260	28,260
Middlesex	*5,922	6,827	37,667	42,641
Monmouth	(D)			
Morris (new)	1,421		20,249	
Ocean	*6,051	5,959	35,703	34,813
Passaic	*3,182	3,134	17,721	17,342
Salem	**2,306	2,306	**15,649	15,649
Somerset	*2,606	1,915	15,766	27,644
Sussex	(D)			
Union	**5,289	5,289	**28,681	28,681
Warren	*1,055	1,089	6,888	7,505
Total	*82,128	80,506	*503,376	504,421
New Mexico (22):				
Bernalillo	**19,082	19,082	**148,137	148,137
Chaves	**2,368	2,368	**16,790	16,190
Colfax	**889	889	**6,352	6,352
Curry	**1,630	1,630	**11,458	11,458
DeBaca	**125	125	**876	876
Eddy	**2,422	2,422	**17,053	17,053
Guadalupe	**929	929	**6,381	6,381
Harding	**73	73	**564	564
Lea	**1,173	1,173	**9,127	9,127
Lincoln	**273	273	**1,917	1,917

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
New Mexico (22)—Continued				
Los Alamos ¹				
Mora	**1,415	1,415	**10,438	10,438
Otero	**1,020	1,020	**7,858	7,858
Quay	**772	772	**5,366	5,366
Rio Arriba	**6,209	6,209	**54,038	54,038
Roosevelt	**1,029	1,029	**7,891	7,891
Sandoval	**3,155	3,155	**28,628	28,628
San Miguel	**4,856	4,856	**35,880	35,880
Santa Fe	**5,103	5,103	**38,968	38,968
Taos	**3,708	3,708	**29,642	29,642
Torrance	**807	807	**5,576	5,576
Union	**209	209	**1,622	1,622
Total	**57,247	57,247	**443,962	443,962
New York (7):				
Cattaraugus	**1,851	1,851	**10,118	10,118
Clinton	**2,084	2,084	**10,559	10,559
Dutchess	(D)			
Erie District	**26,383	26,383	**139,828	139,828
Greene	(D)			
Jamestown (city)	**909	909	**5,363	5,363
Niagara	**6,562	6,562	**36,759	36,759
Orange	(D)			
Poughkeepsie (city)	(D)			
Ulster	(D)			
Wayne	**901	901	**4,538	4,538
Westchester	(D)			
Wyoming	**379	379	**1,921	1,921
Total	**39,069	39,069	**209,086	209,086
North Carolina (38):				
Alamance	(D)			
Anson	1,554	1,592	*10,350	10,581
Bertie	4,104	4,301	*27,743	29,276
Bladen	**4,265	4,265	**32,092	32,092
Brunswick	1,162	1,144	*8,529	80,66
Cabarrus	642	650	*5,008	5,071
Catawba	659	610	*5,324	4,931
Chatham	678	665	*4,963	4,822
Chowan	539	684	*4,253	5,077
Cleveland	1,251	1,239	*8,882	8,443
Dare	288	254	*2,298	1,840
Davie	251	256	*1,373	2,012
Durham	3,986	4,122	*24,514	25,393
Forsyth	3,105	2,807	*18,071	16,460
Franklin	2,942	2,792	*20,947	19,826
Granville	1,396	1,241	*10,023	8,822
Greene	2,626	2,642	*20,929	21,011
Halifax	6,433	7,279	*42,393	47,960
Harnett	1,033	947	*6,797	6,232
Iredell	752	594	*4,520	7,137
Lee	1,632	1,297	*12,077	9,604
Lincoln	304	261	*1,830	3,140
Martin	3,186	3,440	*26,762	24,441
McDowell	767	737	*5,446	6,193
Moore	1,099	1,182	*7,440	8,006
Nash	4,475	4,832	*30,385	32,809
New Hanover	1,740	1,847	*10,179	10,809
Northhampton	2,482	2,678	*14,693	15,866
Orange	798	756	*4,892	4,636
Person	1,517	1,502	*9,845	9,752
Pitt	4,204	2,222	*22,449	23,751
Polk (new)	216		*3,110	
Richmond	1,444	1,370	*13,112	12,438
Robeson	5,901	3,897	*31,216	41,191
Rockingham	840	892	*5,788	6,146
Scotland	2,118	2,120	*12,369	12,381
Stanly	(D)			
Surry	898	935	*6,349	6,608
Union	1,036	1,093	*6,558	6,923
Warren	3,254	3,366	*21,639	22,383
Total	*75,577	72,511	*505,148	522,149

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
North Dakota (37):				
Barnes.....	564	650	4,123	4,312
Benson.....	820	848	5,424	5,228
Billings-Golden Valley.....	81	75	509	458
Bottineau.....	93	118	759	918
Burke.....	144	143	1,038	1,272
Cavalier.....	582	609	4,226	4,475
Dickey.....	347	360	2,914	3,026
Divide.....	100	142	613	1,046
Dunn.....	155	131	1,086	1,296
Emmons.....	665	883	4,626	6,669
Foster (D).....	104	122	804	808
Grant.....	65	98	487	751
Griggs.....	96	105	675	656
Hettinger.....	117	106	857	769
La Moure.....	327	334	2,310	2,278
Logan.....	151	158	1,079	1,162
McHenry.....	358	359	2,738	2,850
McIntosh.....	273	286	1,971	2,117
McLean.....	206	210	1,525	1,502
Mercer.....	187	194	1,664	1,585
Morton.....	888	979	6,276	7,124
Mountrail.....	427	419	3,297	3,327
Nelson.....	116	104	891	990
Oliver.....	71	102	603	834
Pembina.....	364	198	2,470	1,397
Pierce.....	206	473	1,317	3,916
Ransom.....	182	186	1,398	1,487
Richland.....	445	424	2,880	2,673
Sargent.....	293	264	2,569	2,329
Sheridan.....	192	193	1,692	1,708
Sioux.....	55	56	351	378
Stark.....	**499	499	**4,329	4,329
Steele.....	83	71	*649	555
Stutsman (new).....	507	---	6,663	---
Towner.....	124	119	833	780
Traill.....	258	302	2,260	2,773
Williams.....	**640	640	**5,440	5,440
Total.....	*10,785	10,960	*83,346	83,212
Ohio (60):				
Allen.....	**1,884	1,884	**12,447	12,447
Ashland.....	137	127	885	833
Ashtabula.....	*1,570	1,414	10,941	9,861
Athens.....	**1,730	1,730	**9,804	9,804
Auglaize (D).....	---	---	---	---
Belmont.....	1,560	1,492	10,707	10,139
Butler.....	2,281	2,345	14,706	16,056
Carroll.....	*231	190	1,299	1,070
Clark.....	*2,256	1,945	14,485	12,485
Clermont.....	**2,553	2,553	**15,427	15,427
Columbiano.....	*2,024	2,042	13,098	13,219
Coshocton.....	242	240	1,491	1,410
Crawford.....	*302	398	2,154	2,838
Cuyahoga.....	**72,449	72,449	*462,225	462,225
Delaware (D).....	---	---	---	---
Erie.....	*693	693	*4,160	4,160
Fairfield (D).....	---	---	---	---
Fayette (D).....	---	---	---	---
Franklin.....	*25,254	25,170	123,240	122,773
Fulton.....	**147	147	**1,076	1,076
Geauga.....	**427	427	**2,870	2,870
Greene (new).....	1,287	---	15,927	---
Guernsey.....	*832	764	5,614	5,155
Hamilton.....	**27,118	27,118	**164,380	164,380
Hardin.....	*249	253	1,570	1,593
Harrison.....	191	181	1,272	1,201
Hocking.....	**513	513	**3,448	3,448
Holmes.....	101	97	690	614
Huron.....	534	553	3,671	4,223
Jefferson.....	*3,437	3,434	22,068	22,045
Knox.....	335	392	2,155	2,636
Lake.....	**836	836	**5,549	5,549
Lawrence.....	4,046	4,171	27,984	28,043
Logan.....	**411	411	**3,024	3,024
Lorain.....	6,701	6,813	36,104	38,393

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Ohio (60)—Continued				
Lucas.....	18,744	19,402	124,072	124,350
Madison.....	(D)			
Mahoning.....	*8,056	8,121	46,481	46,821
Marion.....	896	894	5,854	5,841
Medina.....	340	325	2,393	2,225
Meigs.....	1,200	1,309	9,197	10,172
Mercer.....	(D)			
Miami.....	**670	670	**4,477	4,477
Monroe.....	626	601	4,670	4,302
Montgomery.....	**9,932	9,932	**63,831	63,831
Morgan.....	386	418	2,472	2,696
Muskingum.....	2,175	2,239	14,398	14,715
Noble (new).....	392		5,147	
Ottawa.....	**535	535	**3,029	3,029
Perry.....	**1,157	1,157	**15,054	15,054
Pickaway.....	(D)			
Portage.....	**860	860	**5,644	5,644
Richland.....	**1,005	1,005	**6,340	6,340
Ross.....	1,847	1,961	12,684	14,227
Sandusky.....	729	683	4,656	4,658
Scioto.....	4,896	5,080	31,764	30,995
Seneca.....	(D)			
Shelby (new).....	*239		2,981	
Stark.....	4,252	4,459	27,314	28,243
Summit.....	10,376	9,969	*68,897	66,166
Trumbull.....	**3,336	3,336	**21,652	21,652
Tuscarawas.....	1,058	1,075	6,993	7,018
Van Wert.....	**296	296	**2,219	2,219
Vinton.....	*487	376	3,570	2,757
Warren.....	(D)			
Washington.....	**767	767	**4,950	4,950
Wayne.....	**519	519	**3,240	3,240
Williams.....	(D)			
Wood.....	*883	1,020	5,591	6,460
Wyandot.....	**357	357	**2,212	2,212
Total.....	*239,347	238,148	*1,506,252	1,483,291
Oregon (1): Multnomah.....	**11,738	11,738	**65,975	65,975
Pennsylvania (49):				
Alleghany.....	*54,437	54,437	**303,070	303,070
Armstrong.....	**2,670	2,670	**14,265	14,265
Beaver.....	**4,412	4,412	**23,797	23,797
Bedford.....	(D)			
Berks.....	**3,114	3,114	**19,921	19,921
Blair.....	**2,898	2,898	**16,594	16,594
Bradford.....	**2,431	2,431	**13,387	13,387
Butler.....	**2,022	2,022	**11,761	11,761
Cambria.....	**6,930	6,930	**42,543	42,543
Cameron.....	**123	123	**986	986
Carbon.....	(D)			
Centre.....	**1,583	1,583	**14,009	14,009
Chester.....	(D)			
Clarion.....	**2,230	2,230	**16,343	16,343
Cearfield.....	**3,728	3,728	**18,527	18,527
Clinton.....	**698	698	**4,909	4,909
Columbia.....	**679	679	**4,354	4,354
Crawford.....	**1,479	1,479	**8,154	8,154
Cumberland.....	(D)			
Dauphin.....	**3,349	3,349	**17,135	17,135
Delaware.....	**8,202	8,202	**51,832	51,832
Elk.....	**362	362	**2,410	2,410
Erie.....	**4,511	4,511	**25,814	25,814
Fayette.....	**15,285	15,285	**86,211	86,211
Forest.....	(D)			
Franklin.....	(D)			
Greene.....	**3,511	3,511	**19,760	19,760
Huntingdon.....	**1,948	1,948	**11,666	11,666
Indiana.....	**2,973	2,973	**15,155	15,155
Jefferson.....	**1,489	1,489	**9,869	9,869
Juniata.....	**358	358	**1,828	1,828
Lackawana.....	**7,755	7,755	45,894	45,894
Lancaster.....	(D)			
Lawrence.....	**4,109	4,109	**23,475	23,475
Lebanon.....	(D)			
Lehigh.....	(D)			
Luzerne.....	**9,113	9,113	**52,837	52,837

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Pennsylvania (49)—Continued				
Lycoming.....	**1,597	1,597	**8,265	8,265
McKean.....	**2,024	2,024	**10,730	10,730
Mercer.....	**1,931	1,931	**10,735	10,735
Mifflin.....	**1,198	1,198	**6,000	6,000
Monroe.....	**863	863	**6,085	6,085
Montour.....	**110	110	**632	632
Montgomery.....	(D)			
Northampton.....	**2,888	2,888	**18,537	18,537
Northumberland.....	**2,973	2,973	**19,288	19,288
Perry.....	**574	574	**3,199	3,199
Philadelphia.....	**63,551	63,551	**359,427	359,427
Pike.....	(D)			
Potter.....	**195	795	**4,541	4,541
Somerset.....	**3,695	3,695	**21,916	21,916
Sullivan.....	**127	127	**700	700
Susquehanna.....	**915	915	**4,671	4,671
Tioga.....	**1,994	1,994	**11,043	11,043
Venango.....	**2,140	2,140	**11,288	11,288
Washington.....	**11,841	11,841	**98,828	98,828
Wayne.....	**370	370	**1,606	1,606
Westmoreland.....	**7,786	7,786	**46,988	46,988
Wyoming.....	**341	341	**2,552	2,552
York.....	**4,933	4,933	**31,163	31,163
Total.....	**265,045	265,045	**1,554,700	1,554,700
Rhode Island (6):				
Central Falls (City).....	**6,265	*6,265	**33,267	33,267
Pawtucket (City).....				
Woonsocket (City).....				
East Providence (City).....	**1,740	*1,740	**9,098	9,098
Newport (City).....				
Providence (City).....	**12,077	*12,077	**69,321	69,321
Cranston (City).....	(D)			
North Providence (City).....	(D)			
Warrick (City).....	(D)			
West Warrick (City).....	(D)			
Washington (City).....	(D)			
Total.....	**20,082	*20,082	**111,686	111,686
South Carolina (46):				
Abbeville.....	*433	373	3,314	2,999
Aiken.....	*2,435	2,246	22,325	19,080
Allendale.....	*1,483	1,553	12,305	12,059
Anderson.....	*1,584	1,485	15,487	13,650
Bamberg.....	*1,814	1,668	14,458	13,595
Barnwell.....	*1,443	1,464	11,685	11,288
Beaufort.....	*3,147	3,183	27,097	28,334
Berkeley.....	*3,290	3,339	29,873	29,691
Calhoun.....	*1,406	1,342	10,784	10,645
Charleston.....	*6,752	6,554	55,166	50,984
Cherokee.....	*934	877	7,485	8,067
Chester.....	*714	868	6,400	6,670
Chesterfield.....	*2,174	2,193	17,850	18,368
Clarendon.....	*5,443	5,443	**39,277	39,277
Colleton.....	*2,290	2,391	18,663	19,804
Darlington.....	*3,774	3,839	26,528	27,110
Dillon.....	*6,221	6,221	**52,293	52,293
Dorchester.....	*2,181	2,125	18,542	18,879
Edgefield.....	*1,131	1,076	8,164	7,878
Fairfield.....	*890	771	8,379	7,588
Florence.....	*8,972	9,432	67,564	70,010
Georgetown.....	*4,935	5,020	43,084	43,441
Greenville.....	*4,372	4,386	35,984	35,930
Greenwood.....	*630	586	5,403	5,104
Hampton.....	*1,522	1,558	11,658	12,016
Horry.....	*5,292	5,381	40,963	42,190
Jasper.....	*1,115	1,094	8,410	8,384
Kershaw.....	*1,821	1,675	12,895	12,100
Lancaster.....	*872	818	6,697	6,295
Laurens.....	*920	932	7,451	7,448
Lee.....	*4,810	4,810	**38,662	38,662
Lexington.....	*1,034	1,019	8,756	9,075
Marion.....	*3,413	3,624	30,786	33,118
Marlboro.....	*4,465	4,859	36,610	39,106
McCormick.....	*1,202	1,255	8,435	9,086

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
South Carolina (46)—Continued				
Newberry	*657	648	5,818	5,823
Oconee	*1,091	1,121	10,024	10,342
Orangeburg	*6,491	7,193	58,092	57,963
Pickens	*654	694	6,233	6,276
Richland	*3,293	2,486	27,592	23,234
Saluda	*910	868	7,340	7,139
Spartanburg	*3,381	3,079	29,213	28,372
Sumter	*5,214	4,944	43,122	42,664
Union	*653	526	4,741	4,012
Williamsburg	**8,604	8,604	**66,990	66,990
York	**3,385	3,345	25,318	24,966
Total	129,247	128,968	*1,053,916	1,048,005
South Dakota (25):				
Aurora (new)	57		809	
Beadle	405	429	2,806	2,860
Bennett	35	32	251	218
Brown	648	674	4,388	4,705
Butte	(D)			
Charles Mix	(D)			
Clark	162	169	1,215	1,127
Codington	294	337	1,994	2,607
Corson	107	113	886	965
Custer	(D)			
Davison	348	378	2,355	2,670
Day	(D)			
Dewey	405	372	2,787	2,607
Douglas (new)	93		1,315	
Edmunds (new)	63		935	
Gregory	139	47	1,297	607
Haakon	(D)			
Hanson	(D)			
Harding	(D)			
Hughes (new)	*182		3,084	
Hutchinson	126	150	948	1,087
Hyde	135	143	1,156	942
Jackson-Washabaugh	47	34	*271	196
Lake	265	251	1,987	2,402
Lincoln	163	169	1,076	1,385
McCook	(D)			
McPherson	(D)			
Miner	(D)			
Minnehaha (new)	1,627		23,817	
Pennington	1,751	1,714	14,056	16,822
Perkins (new)	72		1,032	
Roberts	(D)			
Shannon	(D)			
Spink	245	261	1,429	3,418
Stanley	(D)			
Turner	230	181	1,706	1,453
Walworth (new)	232		3,159	
Yankton	(D)			
Ziebach	346	338	2,712	3,045
Total	*8,177	5,792	*77,468	49,176
Tennessee (80):				
Anderson	*3,452	3,783	28,757	31,005
Bedford	*277	328	1,993	2,030
Bledsoe	1,434	1,436	11,703	11,832
Blount	*1,684	1,795	14,093	14,450
Bradley	945	1,029	6,985	7,463
Campbell	*3,914	4,259	31,389	34,014
Cannon	*641	596	5,420	5,246
Carter	*1,368	1,708	14,075	13,888
Chester	*444	415	2,882	2,724
Claiborne	*2,095	2,227	15,569	16,220
Clay	*796	894	6,381	7,010
Cocke	*1,299	1,388	9,779	10,426
Coffee	*864	938	7,090	7,392
Crockett	*1,234	1,210	8,133	8,230
Cumberland	*1,313	1,592	11,196	13,326
Davidson	*3,326	3,681	18,961	23,252
De Kalb	*568	583	4,081	3,962
Dickson	*506	566	3,609	3,998
Dyer	*1,681	2,066	10,740	12,918

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Tennessee (80)—Continued				
Fayette.....	*5,454	6,083	40,302	43,439
Fentress.....	*1,523	1,641	12,563	13,596
Franklin.....	1,024	1,044	7,734	7,903
Giles.....	*716	802	5,216	5,495
Grainger.....	*1,037	1,041	8,899	8,980
Grundy.....	894	1,030	7,231	8,704
Hamblen.....	*570	987	6,551	11,345
Hamilton.....	4,779	4,858	29,239	31,454
Hancock.....	*1,447	1,471	11,677	11,982
Hardin.....	*1,560	1,605	11,796	12,590
Hawkins.....	*1,714	1,671	13,697	13,328
Haywood.....	*5,579	5,760	38,548	40,570
Henderson.....	*838	838	**7,369	7,369
Henry.....	*451	512	2,891	3,278
Hickman.....	*783	912	6,452	7,155
Houston.....	*301	358	2,218	2,404
Humphreys.....	*612	602	4,116	4,020
Jackson.....	*835	943	6,034	6,696
Johnson.....	*769	825	6,100	6,248
Knox.....	*7,193	6,781	55,025	50,415
Lake.....	*1,106	1,836	10,758	12,621
Lauderdale.....	*4,175	4,175	**29,231	29,231
Lawrence.....	*1,014	1,015	7,293	7,128
Lewis.....	*327	337	2,198	2,231
Lincoln.....	*890	890	**6,797	6,797
Loudon.....	*802	848	6,510	6,775
Macon.....	*554	535	3,941	3,856
Marion.....	2,245	2,360	18,370	19,672
Maury.....	*728	1,022	8,039	8,150
McMinn.....	774	978	6,365	7,151
McNairy.....	*1,481	1,603	12,352	13,024
Meigs.....	277	338	1,838	2,434
Monroe.....	*1,009	1,087	7,134	7,592
Montgomery.....	*1,187	1,280	8,023	7,644
Moore.....	*105	119	739	691
Morgan.....	*2,366	2,447	20,394	20,930
Obion.....	*487	607	3,815	4,588
Overton.....	*1,182	1,296	9,412	10,620
Perry.....	*345	385	2,422	2,662
Pickett.....	*448	389	3,430	3,104
Polk.....	367	390	2,436	2,651
Putnam.....	*1,222	1,333	10,053	10,712
Rhea.....	*787	1,361	8,748	9,520
Roane.....	*1,871	2,139	17,404	19,613
Rutherford.....	*1,056	1,067	6,612	6,894
Scott.....	*3,121	3,393	25,370	27,230
Sequatchie.....	576	621	4,555	5,015
Sevier.....	*751	772	5,989	5,978
Shelby.....	*13,092	13,318	72,925	75,630
Smith.....	*474	588	3,719	4,604
Sullivan.....	*3,570	3,971	22,957	25,593
Sumner.....	*1,534	1,565	12,349	12,523
Tipton.....	*3,573	3,937	26,117	28,501
Trousdale.....	*187	219	1,606	1,783
Unicoi.....	*955	1,000	7,882	8,457
Van Buren.....	294	294	2,137	2,336
Warren.....	693	787	4,874	5,661
Wayne.....	*630	731	4,552	4,940
Weakley.....	*601	640	3,811	4,123
White.....	1,059	1,111	8,255	9,022
Wilson.....	*646	581	4,295	4,155
Total.....	*124,481	133,623	*922,201	978,199
Texas (10):				
Bexar.....	*25,338	22,616	201,434	191,929
Brewster.....	*241	229	1,724	1,657
Culberson.....	*123	140	796	868
El Paso.....	*8,359	8,335	64,615	68,867
Harris.....	(D)			
Hudspeth.....	*166	160	1,125	1,136
Jeff Davis.....	*106	106	725	738
Pecos.....	*286	292	2,062	2,281
Presidio.....	*724	723	5,579	5,598
Tarrant.....	*6,816	6,513	47,233	46,838
Terrell.....	*51	66	336	448
Total.....	*42,210	39,180	325,629	320,360

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Utah (28):				
Beaver.....	**41	41	**293	293
Box Elder.....	**137	137	**950	950
Cache.....	**234	234	**1,674	1,674
Carbon.....	**326	326	**2,402	2,402
Davis.....	**571	571	**4,274	4,274
Duchesne.....	**229	229	**1,620	1,620
Emery.....	**123	123	**776	776
Garfield.....	**91	91	**580	580
Grand.....	**112	112	**811	811
Iron.....	**111	111	**808	808
Juab.....	**55	55	**364	364
Kane.....	**5	5	**34	34
Millard.....	**55	55	**368	368
Morgan.....	**12	12	**74	74
Piute.....	**42	42	**272	272
Rich.....	**6	6	**40	40
Salt Lake.....	**7,968	7,968	**60,769	60,769
San Juan.....	**425	425	**3,808	3,808
Sanpete.....	**278	278	**1,768	1,760
Savier.....	**133	133	**860	86
Summit.....	**45	45	**244	244
Tooele.....	**95	95	**635	635
Uintah-Daggett.....	**201	201	**1,151	1,151
Utah.....	**1,568	1,568	**10,509	10,509
Wasatch.....	**54	54	**384	384
Washington.....	**132	132	**877	877
Wayne.....	**7	7	**46	46
Weber.....	**2,464	2,464	**16,203	16,203
Total.....	**15,520	15,520	**112,594	112,594
Vermont (12):				
Bennington.....	**781	781	**3,656	3,656
Brattleboro.....	**429	429	**2,215	2,215
Burlington.....	**1,546	1,546	**8,637	8,637
Hartford.....	**806	806	**4,414	4,414
Middlebury.....	**1,121	1,121	**5,297	5,297
Montpelier.....	**855	855	**4,445	4,445
Morrisville.....	**1,136	1,136	**6,154	6,154
Newport.....	**940	940	**4,855	4,855
Rutland.....	**1,349	1,349	**6,978	6,978
St. Albans.....	**2,196	2,196	**11,605	11,605
St. Johnsbury.....	**837	837	**4,645	4,645
Springfield.....	**919	919	**4,896	4,896
Total.....	**12,915	12,915	**67,797	67,797
Virginia (33):				
Albermarle.....	(D)	-----	-----	-----
Alexandria (city).....	(D)	-----	-----	-----
Amelia.....	246	279	*1,675	1,901
Arlington.....	(D)	-----	-----	-----
Bristol (city).....	**773	773	**5,732	5,732
Caroline.....	127	103	*809	656
Charles City.....	74	92	672	835
Charlottesville (city).....	(D)	-----	-----	-----
Chesapeake (city).....	**2,072	2,072	**12,500	12,500
Danville (city).....	878	893	*5,832	5,832
Dickenson.....	2,272	2,118	*17,744	16,544
Dinwiddie.....	379	349	*2,983	2,747
Essex.....	88	95	*510	550
Fairfax-Falls Church (city)-Fairfax (city).....	864	792	*5,210	4,777
Gloucester.....	(D)	-----	-----	-----
Goochland.....	76	97	*522	666
Grayson.....	*470	470	*3,780	3,780
Hampton (city) (new).....	956	-----	10,322	-----
Highland.....	21	29	*194	268
Lee.....	2,542	2,447	*18,709	18,006
Lynchburg (city) (new).....	591	-----	*4,657	-----
Madison.....	193	189	*1,498	1,467
Martinsville (city).....	**213	213	*1,788	1,788
Mechlenburg.....	210	121	*1,506	867
Middlesex.....	171	208	*1,235	1,501
Norfolk (city).....	**5,475	5,475	**27,358	27,358
Northumberland.....	140	109	*1,345	1,048
Nottoway.....	(D)	-----	-----	-----
Portsmouth (city) (new).....	2,645	-----	30,155	-----
Richmond (city) (new).....	*830	-----	8,614	-----

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Virginia (33)—Continued				
Roanoke-Salem (city).....	715	281	*8,566	3,366
Smyth.....	467	570	*3,951	4,824
Southampton.....	662	1,049	*4,581	7,263
Tazewell.....	3,068	5,070	*26,293	43,442
Virginia Beach (city).....	172	-----	2,010	-----
Washington (new).....	1,182	1,217	*9,365	9,631
Westmoreland.....	333	181	*3,606	1,961
Wise-Norton (city).....	2,064	2,473	*17,998	21,567
Wythe.....	190	172	*1,662	1,505
Total.....	*31,161	27,937	*243,382	202,382
Washington (39):				
Adams.....	**663	663	**4,892	4,892
Asotin.....	**686	686	**3,854	3,854
Benton.....	**2,521	2,521	**16,250	16,250
Chelan.....	**2,427	2,427	**17,519	17,519
Challam.....	*1,319	1,319	*7,401	7,401
Clark.....	**3,230	3,230	**19,922	19,922
Columbia.....	*272	272	*2,016	2,016
Cowlitz.....	**1,945	1,945	**13,390	13,390
Douglas.....	*488	488	*3,235	3,235
Ferry.....	*204	204	*1,326	1,326
Franklin.....	**1,247	1,247	**7,907	7,907
Garfield.....	*39	39	*294	294
Grant.....	**1,978	1,978	**10,675	10,675
Grays Harbor.....	*3,109	3,109	*21,060	21,060
Jefferson.....	*204	204	*1,589	1,589
Island.....	*371	371	*1,923	1,923
King.....	**22,668	22,668	**147,777	147,777
Kitsap.....	*1,967	1,967	*11,346	11,346
Kittitas.....	*825	825	*6,716	6,716
Klickitat.....	*567	567	*3,290	3,290
Lewis.....	**1,553	1,553	**10,296	10,296
Lincoln.....	*111	111	*880	880
Mason.....	*789	789	*4,931	4,931
Okanagan.....	*1,284	1,284	*8,812	8,812
Pacific.....	*515	515	*2,966	2,966
Pend Oreille.....	*317	317	*1,982	1,982
Pierce.....	**11,076	11,076	**72,985	72,985
San Juan.....	*23	23	*128	128
Skagit.....	*2,434	2,434	*20,189	20,189
Skamania.....	*350	350	*1,970	1,970
Snohomish.....	*5,618	5,618	*32,092	22,092
Spokane.....	**12,257	12,257	**70,286	70,286
Stevens.....	*846	846	*5,118	5,118
Thurston.....	*1,994	1,994	*11,066	11,066
Wahkiakum.....	*121	121	*1,069	1,069
Walla Walla.....	*2,153	2,153	*13,460	13,460
Whatcom.....	*2,709	2,709	*20,380	20,380
Whitman.....	*686	686	*5,229	5,229
Yakima.....	*14,443	14,443	*89,073	89,073
Total.....	**106,009	106,009	**675,294	675,294
West Virginia (55):				
Barbour.....	*1,408	1,408	*10,567	10,567
Berkeley.....	*854	854	*6,912	6,912
Boone.....	*3,950	3,950	*28,710	28,710
Braxton.....	*1,889	1,889	*14,214	14,214
Brooke.....	*1,030	1,030	*9,029	9,029
Cabell.....	*4,565	4,565	*38,300	38,300
Calhoun.....	*1,194	1,194	*9,195	9,195
Clay.....	*2,801	2,801	*21,129	21,129
Doddridge.....	*406	406	*3,428	3,428
Fayette.....	*6,504	6,504	*47,734	47,734
Gilmer.....	*903	903	*6,712	6,712
Grant.....	*451	451	*3,612	3,612
Greenbrier.....	*2,728	2,728	*23,750	23,750
Hampshire.....	*628	628	*5,488	5,488
Hancock.....	*541	541	*4,503	4,503
Hardy.....	*489	489	*3,823	3,823
Harrison.....	*1,966	1,966	*14,930	14,930
Jackson.....	*1,232	1,232	*9,457	9,457
Jefferson.....	*536	536	*4,766	4,766

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
West Virginia (55)—Continued				
Kanawha.....	**11,360	11,360	**87,614	87,614
Lewis.....	**1,066	1,066	**8,757	8,757
Lincoln.....	**4,263	4,263	**31,251	31,251
Logan.....	**7,257	7,257	**53,706	53,706
Marion.....	**1,859	1,859	**13,720	13,720
Marshall.....	**1,248	1,248	**10,615	10,615
Mason.....	**1,422	1,422	**11,872	11,872
McDowell.....	**11,438	11,438	**87,105	87,105
Mercer.....	**4,847	4,847	**37,360	37,360
Mineral.....	**1,308	1,308	**10,852	10,852
Mingo.....	**10,193	10,193	**81,620	81,620
Monongalia.....	**1,363	1,363	**11,005	11,005
Monroe.....	**934	934	**6,978	6,978
Morgan.....	**299	299	**2,663	2,663
Nicholas.....	**2,380	2,380	**18,720	18,720
Ohio.....	**1,949	1,949	**16,464	16,464
Pendleton.....	**428	428	**3,295	3,295
Pleasants.....	**298	298	**2,118	2,118
Pocahontas.....	**789	789	**6,470	6,470
Preston.....	**1,679	1,679	**12,522	12,522
Putnam.....	**1,374	1,374	**11,186	11,186
Raleigh.....	**10,512	10,512	**100,555	100,555
Randolph.....	**2,204	2,204	**16,874	16,874
Ritchie.....	**574	574	**4,139	4,139
Roane.....	**1,396	1,396	**10,390	10,390
Summers.....	**2,295	2,295	**18,100	18,100
Taylor.....	**793	793	**6,055	6,055
Tucker.....	**596	596	**5,485	5,485
Tyler.....	**486	486	**4,156	4,156
Upshur.....	**1,622	1,622	**12,310	12,310
Wayne.....	**6,113	6,113	**46,338	46,338
Webster.....	**2,954	2,954	**23,654	23,654
Wetzel.....	**1,311	1,311	**11,410	11,410
Wirt.....	**304	304	**2,620	2,620
Wood.....	**1,774	1,774	**15,212	15,212
Wyoming.....	**6,401	6,401	**52,916	52,916
Total.....	**141,164	141,164	**1,122,366	1,122,366
Wisconsin (34):				
Adams.....	*368	337	3,555	3,256
Barron.....	903	954	6,271	7,010
Bayfield.....	479	514	3,264	2,930
Buffalo.....	382	465	2,456	5,954
Burnett.....	307	303	1,734	1,796
Columbia.....	301	350	2,168	2,368
Crawford.....	594	604	3,639	3,754
Door.....	196	200	1,206	1,322
Douglas.....	2,117	2,273	13,225	14,009
Dunn.....	629	629	*4,302	4,303
Eau Claire.....	6,017	1,012	6,810	6,693
Forest.....	335	327	2,087	1,878
Grant.....	872	892	6,168	5,748
Green.....	199	206	1,192	1,448
Iowa.....	245	268	1,743	1,996
Iron.....	149	175	851	1,026
Kewaunee.....	98	101	653	528
La Crosse.....	1,324	1,270	8,018	8,205
Lafayette.....	402	400	2,349	2,276
Langlade.....	826	816	4,724	4,423
Marinette.....	1,032	1,037	6,452	6,264
Marquette.....	**215	215	*1,687	1,687
Milwaukee.....	26,346	26,449	136,644	136,570
Monroe.....	579	580	3,291	3,404
Oneida.....	853	875	4,950	5,330
Pepin.....	285	265	1,655	1,533
Pierce.....	265	274	1,845	1,654
Price.....	443	420	2,932	2,733
Richland.....	376	371	2,332	2,572
Rusk.....	603	575	3,766	3,633
St. Croix.....	268	280	1,553	1,570
Trempealeau.....	352	324	1,970	1,823
Vernon.....	382	428	2,530	2,670
Waukesha.....	1,306	1,231	7,298	6,971
Total.....	*45,048	45,420	*255,320	259,357

PRELIMINARY FOOD STAMP REPORT, APRIL 1969—Continued

State and project	Participation (number of persons)		Value of bonus coupons	
	April	Prior month	April	Prior month
Wyoming (23):				
Albany.....	*445	424	2,944	2,699
Big Horn.....	*399	429	2,252	2,636
Campbell.....	*54	53	340	340
Carbon.....	*613	502	3,822	3,665
Converse.....	*88	89	563	621
Crook.....	*18	25	104	186
Fremont.....	*198	243	1,416	1,514
Goshen.....	*319	365	2,248	2,523
Hot Springs.....	*44	43	268	264
Johnson.....	*65	78	393	440
Laramie.....	*1,862	2,164	13,407	14,700
Lincoln.....	*85	58	511	321
Natrona.....	*871	917	5,716	6,069
Niobrara.....	*33	36	218	180
Park.....	*186	182	1,170	1,146
Platte.....	*177	174	996	796
Sheridan.....	*338	363	2,494	2,635
Sublette.....	*25	33	184	180
Sweetwater.....	*389	384	2,353	2,455
Teton.....	*55	43	362	346
Uinta.....	*26	25	166	162
Washakie.....	*144	178	850	769
Weston.....	*104	105	617	706
Total.....	*6,538	6,913	43,394	45,353
U.S. total (1,431).....	*3,215,511	*3,179,070	*21,687,584	*21,632,583

¹ Included with Rio Arriba.

*Estimated based on preliminary data.

**Prior month's figure.

D—Designated for participation by Department of Agriculture but not yet in operation.

ISSUANCE NO. 1—NORTHERN

FOOD STAMP PROGRAM—NET INCOME BASIS OF COUPON ISSUANCE

Monthly net income	Monthly			Semimonthly		
	Purchase	Bonus	Total	Purchase	Bonus	Total
1-PERSON HOUSEHOLD						
0 to \$19.99.....	\$0.50	\$17.50	\$18	\$0.25	\$8.75	\$9
\$20 to \$29.99.....	4.00	14.00	18	2.00	7.00	9
\$30 to \$39.99.....	8.00	10.00	18	4.00	5.00	9
\$40 to \$49.99.....	10.00	10.00	20	5.00	5.00	10
\$50 to \$59.99.....	12.00	10.00	22	6.00	5.00	11
\$60 to \$79.99.....	16.00	6.00	22	8.00	3.00	11
\$80 to \$99.99.....	18.00	6.00	24	9.00	3.00	12
\$100 and over.....	20.00	6.00	26	10.00	3.00	13
2-PERSON HOUSEHOLD						
0 to \$19.99.....	\$1.00	\$29.00	\$30	\$0.50	\$14.50	\$15
\$20 to \$29.99.....	4.00	26.00	30	2.00	13.00	15
\$30 to \$39.99.....	8.00	24.00	32	4.00	12.00	16
\$40 to \$49.99.....	12.00	22.00	34	6.00	11.00	17
\$50 to \$59.99.....	16.00	20.00	36	8.00	10.00	18
\$60 to \$69.99.....	20.00	18.00	38	10.00	9.00	19
\$70 to \$79.99.....	24.00	16.00	40	12.00	8.00	20
\$80 to \$99.99.....	28.00	16.00	44	14.00	8.00	22
\$100 to \$119.99.....	32.00	16.00	48	16.00	8.00	24
\$120 to \$139.99.....	36.00	14.00	50	18.00	7.00	25
\$140 and over.....	40.00	12.00	52	20.00	6.00	26

ISSUANCE NO. 1—NORTHERN—Continued

FOOD STAMP PROGRAM—NET INCOME BASIS OF COUPON ISSUANCE—Continued

Monthly net income	Monthly			Semimonthly		
	Purchase	Bonus	Total	Purchase	Bonus	Total
3-PERSON HOUSEHOLD						
0 to \$19.99.....	\$1.50	44.50	\$46	\$0.75	\$22.25	\$23
\$20 to \$29.99.....	4.00	42.00	46	2.00	21.00	23
\$30 to \$39.99.....	8.00	40.00	48	4.00	20.00	24
\$40 to \$49.99.....	12.00	36.00	48	6.00	18.00	24
\$50 to \$59.99.....	18.00	34.00	52	9.00	17.00	26
\$60 to \$69.99.....	24.00	30.00	54	12.00	15.00	27
\$70 to \$79.99.....	30.00	26.00	56	15.00	13.00	28
\$80 to \$89.99.....	34.00	26.00	60	17.00	13.00	30
\$90 to \$99.99.....	38.00	24.00	62	19.00	12.00	31
\$100 to \$119.99.....	44.00	24.00	68	22.00	12.00	34
\$120 to \$139.99.....	50.00	22.00	72	25.00	11.00	36
\$140 to \$159.99.....	54.00	20.00	74	27.00	10.00	37
\$160 to \$179.99.....	58.00	18.00	76	29.00	9.00	38
\$180 to \$199.99.....	62.00	18.00	80	31.00	9.00	40
\$200 to \$219.99.....	66.00	18.00	84	33.00	9.00	42
\$220 to \$239.99.....	70.00	18.00	88	35.00	9.00	44
\$240 to \$269.99.....	74.00	18.00	92	37.00	9.00	46
\$270 to \$299.99.....	78.00	18.00	96	39.00	9.00	48
\$300 to \$329.99.....	82.00	18.00	100	41.00	9.00	50
\$330 to \$359.99.....	86.00	18.00	104	43.00	9.00	52
\$360 to \$389.99.....	90.00	18.00	108	45.00	9.00	54
\$390 to \$419.99.....	94.00	18.00	112	47.00	9.00	56

4-PERSON HOUSEHOLD

0 to \$19.99.....	\$2.00	\$58.00	\$60	\$1.00	\$29.00	\$30
\$20 to \$29.99.....	6.00	54.00	60	3.00	27.00	30
\$30 to \$39.99.....	10.00	52.00	62	5.00	26.00	31
\$40 to \$49.99.....	14.00	48.00	62	7.00	24.00	31
\$50 to \$59.99.....	20.00	44.00	64	10.00	22.00	32
\$60 to \$69.99.....	26.00	40.00	66	13.00	20.00	33
\$70 to \$79.99.....	32.00	38.00	70	16.00	19.00	35
\$80 to \$89.99.....	36.00	36.00	72	18.00	18.00	36
\$90 to \$99.99.....	40.00	36.00	76	20.00	18.00	38
\$100 to \$109.99.....	44.00	34.00	78	22.00	17.00	39
\$110 to \$119.99.....	48.00	34.00	82	24.00	17.00	41
\$120 to \$139.99.....	52.00	32.00	82	26.00	16.00	42
\$140 to \$159.99.....	56.00	30.00	86	28.00	15.00	43
\$160 to \$179.99.....	60.00	28.00	88	30.00	14.00	44
\$180 to \$199.99.....	64.00	26.00	90	32.00	13.00	45
\$200 to \$219.99.....	68.00	24.00	92	34.00	12.00	46
\$220 to \$239.99.....	72.00	24.00	96	36.00	12.00	48
\$240 to \$269.99.....	76.00	24.00	100	38.00	12.00	50
\$270 to \$299.99.....	80.00	24.00	104	40.00	12.00	52
\$300 to \$329.99.....	84.00	24.00	108	42.00	12.00	54
\$330 to \$359.99.....	88.00	24.00	113	44.00	12.00	56
\$360 to \$389.99.....	92.00	24.00	116	46.00	12.00	58
\$390 to \$419.99.....	96.00	24.00	120	48.00	12.00	60
\$420 to \$499.99.....	100.00	24.00	124	50.00	12.00	62

5-PERSON HOUSEHOLD

0 to \$19.99.....	\$2.50	\$65.50	\$68	\$1.25	\$32.75	\$34
\$20 to \$29.99.....	6.00	62.00	68	3.00	31.00	34
\$30 to \$39.99.....	10.00	62.00	72	5.00	31.00	36
\$40 to \$49.99.....	16.00	56.00	72	8.00	28.00	36
\$50 to \$59.99.....	22.00	52.00	74	11.00	26.00	37
\$60 to \$69.99.....	28.00	48.00	76	14.00	24.00	38
\$70 to \$79.99.....	34.00	46.00	80	17.00	23.00	40
\$80 to \$89.99.....	38.00	44.00	82	19.00	22.00	41
\$90 to \$99.99.....	42.00	44.00	86	21.00	22.00	43
\$100 to \$109.99.....	46.00	42.00	88	23.00	21.00	44
\$110 to \$119.99.....	50.00	42.00	92	25.00	21.00	46
\$120 to \$129.99.....	54.00	40.00	94	27.00	20.00	47
\$130 to \$139.99.....	56.00	38.00	94	28.00	19.00	47
\$140 to \$159.99.....	60.00	36.00	96	30.00	18.00	48
\$160 to \$179.99.....	64.00	34.00	98	32.00	17.00	49
\$180 to \$199.99.....	68.00	32.00	100	34.00	16.00	50
\$200 to \$219.99.....	72.00	30.00	102	36.00	15.00	51
\$220 to \$239.99.....	76.00	28.00	104	38.00	14.00	52

ISSUANCE NO. 1—NORTHERN—Continued

FOOD STAMP PROGRAM—NET INCOME BASIS OF COUPON ISSUANCE—Continued

Monthly net income	Monthly			Semimonthly		
	Purchase	Bonus	Total	Purchase	Bonus	Total
5-PERSON HOUSEHOLD—Continued						
\$240 to \$259.99	80.00	28.00	108	40.00	14.00	54
\$260 to \$279.99	84.00	28.00	112	42.00	14.00	56
\$280 to \$299.99	88.00	28.00	116	44.00	14.00	58
\$300 to \$329.99	92.00	28.00	120	46.00	14.00	60
\$330 to \$359.99	96.00	28.00	124	48.00	14.00	62
\$360 to \$389.99	100.00	28.00	128	50.00	14.00	64
\$390 to \$419.99	104.00	28.00	132	52.00	14.00	66
\$420 to \$449.99	108.00	28.00	136	54.00	14.00	68
\$450 to \$479.99	112.00	28.00	140	56.00	14.00	70
\$480 to \$509.99	116.00	28.00	144	58.00	14.00	72

6-PERSON HOUSEHOLD

0 to \$19.99	\$3.00	\$73.00	\$76	\$1.50	\$36.50	\$38
\$20 to \$29.99	6.00	70.00	76	3.00	35.00	38
\$30 to \$39.99	10.00	70.00	80	5.00	35.00	40
\$40 to \$49.99	16.00	64.00	80	8.00	32.00	40
\$50 to \$59.99	22.00	60.00	82	11.00	30.00	41
\$60 to \$69.99	28.00	56.00	84	14.00	28.00	42
\$70 to \$79.99	34.00	54.00	88	17.00	27.00	44
\$80 to \$89.99	40.00	52.00	92	20.00	26.00	46
\$90 to \$99.99	44.00	52.00	96	22.00	26.00	48
\$100 to \$109.99	48.00	50.00	98	24.00	25.00	49
\$110 to \$119.99	52.00	48.00	100	26.00	24.00	50
\$120 to \$129.99	56.00	46.00	102	28.00	23.00	51
\$130 to \$139.99	60.00	44.00	104	30.00	22.00	52
\$140 to \$159.99	64.00	42.00	106	32.00	21.00	53
\$160 to \$179.99	68.00	40.00	108	34.00	20.00	54
\$180 to \$199.99	72.00	38.00	110	36.00	19.00	55
\$200 to \$219.99	76.00	36.00	112	38.00	18.00	56
\$220 to \$239.99	80.00	34.00	114	40.00	17.00	57
\$240 to \$259.99	84.00	32.00	116	42.00	16.00	58
\$260 to \$279.99	88.00	32.00	120	44.00	16.00	60
\$280 to \$299.99	92.00	32.00	124	46.00	16.00	62
\$300 to \$329.99	96.00	32.00	128	48.00	16.00	64
\$330 to \$359.99	100.00	32.00	132	50.00	16.00	66
\$360 to \$389.99	104.00	32.00	136	52.00	16.00	68
\$390 to \$419.99	108.00	32.00	140	54.00	16.00	70
\$420 to \$449.99	112.00	32.00	144	56.00	16.00	72
\$450 to \$479.99	116.00	32.00	148	58.00	16.00	74
\$480 to \$509.99	120.00	32.00	152	60.00	16.00	76
\$510 to \$539.99	124.00	32.00	156	62.00	16.00	78
\$540 to \$569.99	128.00	32.00	160	64.00	16.00	80

7-PERSON HOUSEHOLD

0 to \$19.99	\$3.00	\$81.00	\$84	\$1.50	\$40.50	\$42
\$20 to \$29.99	6.00	78.00	84	3.00	39.00	42
\$30 to \$39.99	10.00	76.00	86	5.00	38.00	43
\$40 to \$49.99	16.00	70.00	86	8.00	35.00	43
\$50 to \$59.99	22.00	66.00	88	11.00	33.00	44
\$60 to \$69.99	28.00	62.00	90	14.00	31.00	45
\$70 to \$79.99	34.00	60.00	94	17.00	30.00	47
\$80 to \$89.99	40.00	58.00	98	20.00	29.00	49
\$90 to \$99.99	44.00	58.00	102	22.00	29.00	51
\$100 to \$109.99	50.00	56.00	106	25.00	28.00	53
\$110 to \$119.99	54.00	54.00	108	27.00	27.00	54
\$120 to \$129.99	58.00	52.00	110	29.00	26.00	55
\$130 to \$139.99	62.00	50.00	112	31.00	25.00	56
\$140 to \$149.99	66.00	48.00	114	33.00	24.00	57
\$150 to \$159.99	68.00	46.00	114	34.00	23.00	57
\$160 to \$179.99	72.00	46.00	118	36.00	23.00	59
\$180 to \$199.99	76.00	44.00	120	38.00	22.00	60
\$200 to \$219.99	80.00	42.00	122	40.00	21.00	61
\$220 to \$239.99	84.00	40.00	124	42.00	20.00	62
\$240 to \$259.99	88.00	38.00	126	44.00	19.00	63
\$260 to \$279.99	92.00	36.00	128	46.00	18.00	64
\$280 to \$299.99	96.00	36.00	132	48.00	18.00	66
\$300 to \$319.99	100.00	36.00	136	50.00	18.00	68
\$320 to \$339.99	104.00	36.00	140	52.00	18.00	70
\$340 to \$359.99	108.00	36.00	144	54.00	18.00	72

ISSUANCE NO. 1—NORTHERN—Continued

FOOD STAMP PROGRAM—NET INCOME BASIS OF COUPON ISSUANCE—Continued

Monthly net income	Monthly			Semimonthly		
	Purchase	Bonus	Total	Purchase	Bonus	Total
7-PERSON HOUSEHOLD—Continued						
\$360 to \$389.99.....	112.00	36.00	148	56.00	18.00	74
\$390 to \$419.99.....	116.00	36.00	152	58.00	18.00	76
\$420 to \$449.99.....	120.00	36.00	156	60.00	18.00	78
\$450 to \$479.99.....	124.00	36.00	160	62.00	18.00	80
\$480 to \$509.99.....	128.00	36.00	164	64.00	18.00	82
\$510 to \$539.99.....	132.00	36.00	168	66.00	18.00	84
\$540 to \$569.99.....	136.00	36.00	172	68.00	18.00	86
\$570 to \$599.99.....	140.00	36.00	176	70.00	18.00	88

8-PERSON HOUSEHOLD

\$0 to \$19.99.....	\$3.00	\$87.00	\$90	\$1.50	\$43.50	\$45
\$20 to \$29.99.....	6.00	84.00	90	3.00	42.00	45
\$30 to \$39.99.....	10.00	82.00	92	5.00	41.00	46
\$40 to \$49.99.....	16.00	76.00	92	8.00	38.00	46
\$50 to \$59.99.....	22.00	72.00	94	11.00	36.00	47
\$60 to \$69.99.....	28.00	68.00	96	14.00	34.00	48
\$70 to \$79.99.....	34.00	66.00	100	17.00	33.00	50
\$80 to \$89.99.....	40.00	64.00	104	20.00	32.00	52
\$90 to \$99.99.....	44.00	64.00	108	22.00	32.00	54
\$100 to \$109.99.....	50.00	62.00	112	25.00	31.00	56
\$110 to \$119.99.....	54.00	60.00	114	27.00	30.00	57
\$120 to \$129.99.....	58.00	58.00	116	29.00	29.00	58
\$130 to \$139.99.....	62.00	56.00	118	31.00	28.00	59
\$140 to \$149.99.....	66.00	54.00	120	33.00	27.00	60
\$150 to \$159.99.....	70.00	54.00	124	35.00	27.00	62
\$160 to \$179.99.....	74.00	52.00	126	37.00	26.00	63
\$180 to \$199.99.....	78.00	50.00	128	39.00	25.00	64
\$200 to \$219.99.....	82.00	48.00	130	41.00	24.00	65
\$220 to \$239.99.....	86.00	46.00	132	43.00	23.00	66
\$240 to \$259.99.....	90.00	44.00	134	45.00	22.00	67
\$260 to \$279.99.....	94.00	42.00	136	47.21	21.00	68
\$280 to \$299.99.....	98.00	40.00	138	49.00	20.00	69
\$300 to \$319.99.....	102.00	40.00	142	51.00	20.00	71
\$320 to \$339.99.....	106.00	40.00	146	53.00	20.00	73
\$340 to \$359.99.....	110.00	40.00	150	55.00	20.00	75
\$360 to \$389.99.....	114.00	40.00	154	57.00	20.00	77
\$390 to \$419.99.....	118.00	40.00	158	59.00	20.00	79
\$420 to \$449.99.....	122.00	40.00	162	61.00	20.00	81
\$450 to \$479.99.....	126.00	40.00	166	63.00	20.00	83
\$480 to \$509.99.....	130.00	40.00	170	65.00	20.00	85
\$510 to \$539.99.....	134.00	40.00	174	67.00	20.00	87
\$540 to \$569.99.....	138.00	40.00	178	69.00	20.00	89
\$570 to \$599.99.....	142.00	40.00	182	71.00	20.00	91
\$600 to \$629.99.....	146.00	40.00	186	73.00	20.00	93
\$630 to \$659.99.....	150.00	40.00	190	75.00	20.00	95

Note:—To extend tables for households with incomes above the maximum shown refer to last page of Basis of Issuance.

FOOD STAMP PROGRAM—NET INCOME BASIS OF COUPON ISSUANCE

To extend tables for eligible households with income above the maximum shown and to provide for issuance to households of more than eight persons use the following formulas:

A. For households of one and two persons

The Basis of Issuance for eligible households with income above the maximum shown on the one and two person schedules will be the same as listed at the highest income level in the appropriate schedule.

B. For households of three to eight persons

(1) For eligible households with income above the maximum shown on the schedules add \$4 to the maximum monthly purchase requirement, and \$2 to the maximum semi-monthly purchase requirement for each \$30 of monthly income (or portion thereof) over the maximum income shown for the last income interval on the appropriate schedule.

(2) The bonus will be the same as listed at the highest income level in the appropriate schedule.

C. For households of more than eight persons

(1) Use the purchase requirement by income level for 8 person household up to the maximum shown. For each \$30 worth of income (or portion thereof) over the maximum income shown, add \$4 to the maximum monthly purchase requirement shown and \$2 to the maximum semi-monthly purchase requirement.

(2) Add \$4 to the appropriate monthly bonus coupons, or \$2 to the appropriate semi-monthly bonus for each person in excess of 8.

ISSUANCE NO. 2—SOUTHERN

FOOD STAMP PROGRAM—NET INCOME BASIS OF COUPON ISSUANCE

Monthly net income	Monthly			Semimonthly		
	Purchase	Bonus	Total	Purchase	Bonus	Total
1-PERSON HOUSEHOLD						
0 to \$19.99.....	\$0.50	\$15.50	\$16	\$0.25	\$7.75	\$8
\$20 to \$29.99.....	2.00	14.00	16	1.00	7.00	8
\$30 to \$39.99.....	6.00	10.00	16	3.00	5.00	8
\$40 to \$49.99.....	8.00	10.00	18	4.00	5.00	9
\$50 to \$59.99.....	10.00	8.00	18	5.00	4.00	9
\$60 to \$69.99.....	14.00	6.00	20	7.00	3.00	10
\$70 to \$89.99.....	16.00	6.00	22	8.00	3.00	11
\$90 and over.....	18.00	6.00	24	9.00	3.00	12
2-PERSON HOUSEHOLD						
0 to \$19.99.....	\$1.00	\$29.00	\$30	\$0.50	\$14.50	\$15
\$20 to \$29.99.....	3.00	27.00	30	1.50	13.50	15
\$30 to \$39.99.....	7.00	25.00	32	3.50	12.50	16
\$40 to \$49.99.....	10.00	24.00	34	5.00	12.00	17
\$50 to \$59.99.....	16.00	20.00	36	8.00	10.00	18
\$60 to \$79.99.....	20.00	18.00	38	10.00	9.00	19
\$80 to \$99.99.....	24.00	14.00	38	12.00	7.00	19
\$100 to \$119.99.....	28.00	12.00	40	14.00	6.00	20
\$120 to \$139.99.....	32.00	10.00	42	16.00	5.00	21
\$140 and over.....	36.00	10.00	46	18.00	5.00	23
3-PERSON HOUSEHOLD						
0 to \$19.99.....	\$1.50	\$42.50	\$44	\$0.75	\$21.25	\$22
\$20 to \$29.99.....	3.00	41.00	44	1.50	20.50	22
\$30 to \$39.99.....	6.00	40.00	46	3.00	20.00	23
\$40 to \$49.99.....	10.00	36.00	46	5.00	18.00	23
\$50 to \$59.99.....	16.00	32.00	48	8.00	16.00	24
\$60 to \$69.99.....	22.00	28.00	50	11.00	14.00	25
\$70 to \$79.99.....	28.00	22.00	50	14.00	11.00	25
\$80 to \$89.99.....	32.00	22.00	54	16.00	11.00	27
\$90 to \$109.99.....	36.00	20.00	56	18.00	10.00	28
\$110 to \$129.99.....	42.00	18.00	60	21.00	9.00	30
\$130 to \$149.99.....	46.00	16.00	62	23.00	8.00	31
\$150 to \$169.99.....	50.00	14.00	64	25.00	7.00	32
\$170 to \$189.99.....	54.00	14.00	68	27.00	7.00	34
\$190 to \$209.99.....	58.00	14.00	72	29.00	7.00	36
\$210 to \$229.99.....	62.00	14.00	76	31.00	7.00	38
\$230 to \$249.99.....	66.00	14.00	80	33.00	7.00	40
\$250 to \$279.99.....	70.00	14.00	84	35.00	7.00	42
\$280 to \$309.99.....	74.00	14.00	88	37.00	7.00	44
4-PERSON HOUSEHOLD						
0 to \$29.99.....	\$2.00	\$56.00	\$58	\$1.00	\$28.00	\$29
\$30 to \$39.99.....	8.00	50.00	58	4.00	25.00	29
\$40 to \$49.99.....	12.00	48.00	60	6.00	24.00	30
\$50 to \$59.99.....	18.00	42.00	60	9.00	21.00	30
\$60 to \$69.99.....	24.00	38.00	62	12.00	19.00	31
\$70 to \$79.99.....	30.00	34.00	64	15.00	17.00	32
\$80 to \$89.99.....	36.00	32.00	68	18.00	16.00	34
\$90 to \$109.99.....	40.00	30.00	70	20.00	15.00	35
\$110 to \$129.99.....	44.00	26.00	70	22.00	13.00	35
\$130 to \$149.99.....	48.00	24.00	72	24.00	12.00	36
\$150 to \$169.99.....	52.00	22.00	74	26.00	11.00	37
\$170 to \$189.99.....	56.00	22.00	78	28.00	11.00	39
\$190 to \$209.99.....	60.00	20.00	80	30.00	10.00	40
\$210 to \$229.99.....	64.00	18.00	82	32.00	9.00	41
\$230 to \$249.99.....	68.00	18.00	86	34.00	9.00	43
\$250 to \$279.99.....	72.00	18.00	90	36.00	9.00	45
\$280 to \$309.99.....	76.00	18.00	94	38.00	9.00	47
\$310 to \$339.99.....	80.00	18.00	98	40.00	9.00	49
\$340 to \$369.99.....	84.00	18.00	102	42.00	9.00	51

ISSUANCE NO. 2—SOUTHERN—Continued

FOOD STAMP PROGRAM—NET INCOME BASIS OF COUPON ISSUANCE—Continued

Monthly net income	Monthly			Semimonthly		
	Purchase	Bonus	Total	Purchase	Bonus	Total
5-PERSON HOUSEHOLD						
0 to \$29.99	\$2.50	\$63.50	\$66	\$1.25	\$31.75	\$33
\$30 to \$39.99	8.00	58.00	66	4.00	29.00	33
\$40 to \$49.99	14.00	54.00	68	7.00	27.00	34
\$50 to \$59.99	20.00	48.00	68	10.00	24.00	34
\$60 to \$69.99	26.00	44.00	70	13.00	22.00	35
\$70 to \$79.99	30.00	40.00	70	15.00	20.00	35
\$80 to \$89.99	36.00	38.00	74	18.00	19.00	37
\$90 to \$99.99	40.00	36.00	76	20.00	18.00	38
\$100 to \$109.99	44.00	34.00	78	22.00	17.00	39
\$110 to \$129.99	48.00	32.00	80	24.00	16.00	40
\$130 to \$149.99	52.00	30.00	82	26.00	15.00	41
\$150 to \$169.99	56.00	28.00	84	28.00	14.00	42
\$170 to \$189.99	60.00	26.00	86	30.00	13.00	43
\$190 to \$209.99	64.00	24.00	88	32.00	12.00	44
\$210 to \$229.99	68.00	24.00	92	34.00	12.00	46
\$230 to \$249.99	72.00	22.00	94	36.00	11.00	47
\$250 to \$269.99	76.00	22.00	98	38.00	11.00	49
\$270 to \$289.99	80.00	22.00	102	40.00	11.00	51
\$290 to \$319.99	84.00	22.00	106	42.00	11.00	53
\$320 to \$349.99	88.00	22.00	110	44.00	11.00	55
\$350 to \$379.99	92.00	22.00	114	46.00	11.00	57
\$380 to \$409.99	96.00	22.00	118	48.00	11.00	59
6-PERSON HOUSEHOLD						
0 to \$29.99	\$3.00	\$71.00	\$74	\$1.50	\$35.50	\$37
\$30 to \$39.99	8.00	66.00	74	4.00	33.00	37
\$40 to \$49.99	14.00	62.00	76	7.00	31.00	38
\$50 to \$59.99	20.00	56.00	76	10.00	28.00	38
\$60 to \$69.99	26.00	52.00	78	13.00	26.00	39
\$70 to \$79.99	32.00	48.00	80	16.00	24.00	40
\$80 to \$89.99	38.00	46.00	84	19.00	23.00	42
\$90 to \$99.99	42.00	44.00	86	21.00	22.00	43
\$100 to \$109.99	46.00	42.00	88	23.00	21.00	44
\$110 to \$119.99	50.00	40.00	90	25.00	20.00	45
\$120 to \$129.99	52.00	38.00	90	26.00	19.00	45
\$130 to \$149.99	56.00	36.00	92	28.00	18.00	46
\$150 to \$169.99	60.00	34.00	94	30.00	17.00	47
\$170 to \$189.99	64.00	32.00	96	32.00	16.00	48
\$190 to \$209.99	68.00	30.00	98	34.00	15.00	49
\$210 to \$229.99	72.00	28.00	100	36.00	14.00	50
\$230 to \$249.99	76.00	26.00	102	38.00	13.00	51
\$250 to \$269.99	80.00	26.00	106	40.00	13.00	53
\$270 to \$289.99	84.00	26.00	110	42.00	13.00	55
\$290 to \$319.99	88.00	26.00	114	44.00	13.00	57
\$320 to \$349.99	92.00	26.00	118	46.00	13.00	59
\$350 to \$379.99	96.00	26.00	122	48.00	13.00	61
\$380 to \$409.99	100.00	26.00	126	50.00	13.00	63
\$410 to \$439.99	104.00	26.00	130	52.00	13.00	65
7-PERSON HOUSEHOLD						
0 to \$29.99	\$3.00	\$77.00	\$80	\$1.50	\$38.50	\$40
\$30 to \$39.99	8.00	72.00	80	4.00	36.00	40
\$40 to \$49.99	14.00	68.00	82	7.00	34.00	41
\$50 to \$59.99	20.00	62.00	82	10.00	31.00	41
\$60 to \$69.99	26.00	58.00	84	13.00	29.00	42
\$70 to \$79.99	32.00	54.00	86	16.00	27.00	43
\$80 to \$89.99	38.00	52.00	90	19.00	26.00	45
\$90 to \$99.99	42.00	50.00	92	21.00	25.00	46
\$100 to \$109.99	46.00	48.00	94	23.00	24.00	47
\$110 to \$119.99	50.00	46.00	96	25.00	23.00	48
\$120 to \$129.99	54.00	44.00	98	27.00	22.00	49
\$130 to \$139.99	58.00	42.00	100	29.00	21.00	50
\$140 to \$149.99	60.00	40.00	100	30.00	20.00	50
\$150 to \$169.99	64.00	38.00	102	32.00	19.00	51
\$170 to \$189.99	68.00	36.00	104	34.00	18.00	52
\$190 to \$209.99	72.00	34.00	106	36.00	17.00	53
\$210 to \$229.99	76.00	32.00	108	38.00	16.00	54
\$230 to \$249.99	80.00	30.00	110	40.00	15.00	55
\$250 to \$269.99	84.00	30.00	114	42.00	15.00	57
\$270 to \$289.99	88.00	30.00	118	44.00	15.00	59
\$290 to \$309.99	92.00	30.00	122	46.00	15.00	61
\$310 to \$329.99	96.00	30.00	126	48.00	15.00	63
\$330 to \$349.99	100.00	30.00	130	50.00	15.00	65

ISSUANCE NO. 2—SOUTHERN—Continued

FOOD STAMP PROGRAM—NET INCOME BASIS OF COUPON ISSUANCE—Continued

Monthly net income	Monthly			Semimonthly		
	Purchase	Bonus	Total	Purchase	Bonus	Total
7-PERSON HOUSEHOLD—Continued						
\$350 to \$379.99	\$104.00	\$30.00	\$134	\$52.00	\$15.00	\$67
\$380 to \$409.99	108.00	30.00	138	54.00	15.00	69
\$410 to \$439.99	112.00	30.00	142	56.00	15.00	71
\$440 to \$469.99	116.00	30.00	146	58.00	15.00	73
8-PERSON HOUSEHOLD						
\$0 to \$29.99	\$3.00	\$83.00	\$86	\$1.50	\$41.50	\$43
\$30 to \$39.99	8.00	78.00	86	4.00	39.00	43
\$40 to \$49.99	14.00	74.00	88	7.00	37.00	44
\$50 to \$59.99	20.00	68.00	88	10.00	34.00	44
\$60 to \$69.99	26.00	64.00	90	13.00	32.00	45
\$70 to \$79.99	32.00	60.00	92	16.00	30.00	46
\$80 to \$89.99	38.00	58.00	96	19.00	29.00	48
\$90 to \$99.99	42.00	56.00	98	21.00	28.00	49
\$100 to \$109.99	46.00	54.00	100	23.00	27.00	50
\$110 to \$119.99	50.00	52.00	102	25.00	26.00	51
\$120 to \$129.99	54.00	50.00	104	27.00	25.00	52
\$130 to \$139.99	58.00	48.00	106	29.00	24.00	53
\$140 to \$149.99	62.00	46.00	108	31.00	23.00	54
\$150 to \$169.99	66.00	44.00	110	33.00	22.00	55
\$170 to \$189.99	70.00	42.00	112	35.00	21.00	56
\$190 to \$209.99	74.00	40.00	114	37.00	20.00	57
\$210 to \$229.99	78.00	38.00	116	39.00	19.00	58
\$230 to \$249.99	82.00	36.00	118	41.00	18.00	59
\$250 to \$269.99	86.00	34.00	120	43.00	17.00	60
\$270 to \$289.99	90.00	34.00	124	45.00	17.00	62
\$290 to \$309.99	94.00	34.00	128	47.00	17.00	64
\$310 to \$329.99	98.00	34.00	132	49.00	17.00	66
\$330 to \$349.99	102.00	34.00	136	51.00	17.00	68
\$350 to \$379.99	106.00	34.00	140	53.00	17.00	70
\$380 to \$409.99	110.00	34.00	144	55.00	17.00	72
\$410 to \$439.99	114.00	34.00	148	57.00	17.00	74
\$440 to \$469.99	118.00	34.00	152	59.00	17.00	76
\$470 to \$499.99	122.00	34.00	156	61.00	17.00	78

Note: To extend tables for households with incomes above the maximum shown, refer to last page of "Basis of Issuance."

FOOD STAMP PROGRAM—NET INCOME BASIS OF COUPON ISSUANCE

To extend tables for eligible households with income above the maximum shown and to provide for issuance to households of more than eight persons use the following formulas.

A. For households of one and two persons

The Basis of Issuance for eligible households with income above the maximum shown on the one and two person schedules will be the same as listed at the highest income level in the appropriate schedule.

B. For households of three to eight persons

(1) For eligible households with income above the maximum shown on the schedules add \$4 to the maximum monthly purchase requirement, and \$2 to the maximum semi-monthly purchase requirement for each \$30 of monthly income (or portion thereof) over the maximum income shown for the last income interval on the appropriate schedule.

(2) The bonus will be the same as listed at the highest income level in the appropriate schedule.

C. For households of more than eight persons

(1) Use the purchase requirement by income level for 8 person household up to the maximum shown. For each \$30 worth of income (or portion thereof) over the maximum income shown, add \$4 to the maximum monthly purchase requirement shown and \$2 to the maximum semi-monthly purchase requirement.

(2) Add \$4 to the appropriate monthly coupons, or \$2 to the appropriate semi-monthly bonus for each person in excess of 8.

*Family food programs—Counties and independent cities without plans, as of
May 16, 1969*

Counties -----			414
Independent cities (all in Virginia) -----			17
Total -----			431
California (2) :			
Butte	Sierra		
Colorado (4) :			
Douglas	Pitkin		
Jackson	Summit		
Connecticut (2) :			
Fairfield	Middlesex		
Florida (15) :			
Brevard	Indian River	Osceola	
Charlotte	Marion	Putnam	
Citrus	Martin	St. Johns	
Collier	Nassau	Sarasota	
Flagler	Orange	Seminole	
Georgia (1)			
Troup			
Idaho (28) :			
Ada	Cassia	Madison	
Adams	Clark	Minidoka	
Bear Lake	Custer	Oneida	
Blaine	Elmore	Owyhee	
Boise	Franklin	Payette	
Bonneville	Gem	Twin Falls	
Butte	Gooding	Valley	
Camas	Jefferson	Washington	
Canyon	Jerome		
Caribou	Lincoln		
Indiana (2) :			
Newton	White		
Iowa (1) : Fayette			
Kansas (78) :			
Allen	Greeley	Pottawatomie	
Anderson	Haskell	Pratt	
Barber	Jackson	Rawlins	
Barton	Jefferson	Reno	
Brown	Jewell	Republic	
Butler	Kiowa	Rice	
Chase	Lane	Riley	
Chautauqua	Lincoln	Rooks	
Cheyenne	Linn	Rush	
Clay	Logan	Russell	
Cloud	Lyon	Saline	
Coffey	McPherson	Scott	
Comanche	Marion	Seward	
Cowley	Marshall	Sheridan	
Decatur	Miami	Smith	
Dickinson	Mitchell	Stafford	
Doniphan	Morris	Stanton	
Douglas	Morton	Stevens	
Edwards	Nemaha	Sumner	
Ellis	Ness	Thomas	
Ellsworth	Norton	Trego	
Finney	Osage	Wabaunsee	
Geary	Osborne	Wallace	
Gove	Ottawa	Washington	
Graham	Pawnee	Wichita	
Gray	Phillips	Woodson	
Louisiana (3) :			
Bossier	Plaquemines	Terrebonne	
Maryland (3) :			
Calvert	Howard	Washington	

*Family food programs—Counties and independent cities without plans, as of
May 16, 1969—Continued*

Massachusetts (4):		
Barnstable	Dukes	Nantucket
Berkshire		
Michigan (1): Midland		
Minnesota (13):		
Clay	Houston	Watonwan
Dodge	Martin	Wilkin
Fillmore	Olmsted	Winona
Freeborn	Rice	
Goodhue	Wabasha	
Missouri (50):		
Adair	Crawford	Monroe
Andrew	Franklin	Montgomery
Atchison	Gasconade	Morgan
Audrain	Grundy	Newton
Barry	Henry	Pettis
Barton	Holt	Phelps
Bates	Howard	Platte
Boone	Jasper	Pulaski
Callaway	Johnson	Randolph
Camden	Knox	Ray
Carroll	Laclede	Ste. Genevieve
Cass	Lafayette	Saline
Cedar	Lawrence	Scotland
Chariton	Lincoln	Taney
Clinton	Macon	Vernon
Cole	Miller	Warren
Cooper	Moniteau	
Montana (27):		
Carbon	Jefferson	Powell
Carter	Judith Basin	Prairie
Custer	Liberty	Ravalli
Dawson	McCone	Stillwater
Fallon	Madison	Sweet Grass
Fergus	Meagher	Teton
Garfield	Park	Toole
Golden Valley	Petroleum	Treasure
Granite	Powder River	Wheatland
Nebraska (15):		
Burt	Grant	Polk
Brown	Jefferson	Red Willow
Cherry	Keya Paha	Saline
Cheyenne	Kimball	Seward
Fillmore	Platte	Sioux
Nevada (5):		
Douglas	Lander	Storey
Esmeralda	Nye	
New York (5):		
Chenango	Putnam	Sullivan
Ontario	Rockland	
North Carolina (1): Randolph		
North Dakota (4):		
Bowman	Slope	
Renville	Wells	
Ohio (3):		
Gallia	Putnam	
Hancock		
Oklahoma (4):		
Beaver	Major	
Harmon	Woods	
Oregon (1): Tillamook		
Pennsylvania (1): Adams		
South Dakota (3):		
Fall River	Lawrence	Sully

Family food programs—Counties and independent cities without plans, as of May 16, 1969—Continued

Texas (104) :

Andrews	Fort Bend	Ochiltree
Aransas	Gaines	Oldham
Archer	Garza	Palo Pinto
Armstrong	Gillespie	Parker
Bailey	Glasscock	Parmer
Bandera	Gray	Randall
Baylor	Gregg	Reagan
Bell	Hall	Reeves
Blanco	Hansford	Refugio
Borden	Harrison	Roberts
Bosque	Hartley	Rockwall
Bowie	Hood	Runnels
Brazoria	Hopkins	Rusk
Brazos	Hunt	San Saba
Briscoe	Jack	Schleicher
Burnet	Johnson	Shackelford
Calhoun	Kaufman	Sherman
Castro	Kendall	Somervell
Chambers	Kenedy	Stephens
Clay	Kerr	Sterling
Coleman	Kimble	Sutton
Collin	Lamar	Taylor
Collingsworth	Lampasas	Throckmorton
Colorado	Llano	Uvalde
Concho	Loving	Van Zandt
Coryell	Lynn	Victoria
Crane	McCulloch	Wharton
Crockett	McMullen	Wheeler
Deaf Smith	Mason	Wichita
Denton	Menard	Winkler
Donley	Midland	Wise
Ector	Mills	Wood
Edwards	Mitchell	Yoakum
Ellis	Montgomery	Young
Erath	Navarro	

Virginia (30) :

Alleghany	Hanover	Orange
Augusta	Henrico	Prince George
Bedford	James City	Pulaski
Botetourt	King George	Rockbridge
Campbell	King William	Rockingham
Chesterfield	Lancaster	Shenandoah
Clarke	Loudon	Spotsylvania
Culpeper	Mathews	Stafford
Fauquier	Montgomery	Warren
Frederick	New Kent	York

(Independent Cities) (17)

Buena Vista	Galax	South Boston
Clifton Forge	Harrisonburg	Staunton
Colonial Heights	Hopewell	Waynesboro
Covington	Lexington (New)	Williamsburg
Franklin	Petersburg	Winchester
Fredericksburg	Radford	

Wisconsin (4) :

Calumet	Jefferson	Walworth
Green Lake		

THE EXTENT OF POVERTY

A family is "poor" if its income is insufficient to buy enough food, clothing, shelter, and health services to meet minimum requirements. Universally acceptable standards for determining these minimum needs are impossible to formulate since the line between physical necessities and amenities is imprecise.

The social and psychological aspects of poverty further complicate efforts to measure poverty. As average incomes rise, society amends its assessment of basic needs. Individuals who cannot afford more than a small fraction of the

items enjoyed by the majority are likely to feel deprived. Consequently, an absolute standard that seems appropriate today will inevitably be rejected tomorrow, just as we now reject poverty definitions appropriate a century ago.

Even a rough measure of progress in reducing poverty requires an explicit definition, although the line drawn is unavoidably arbitrary. In its 1964 Annual Report, the Council used a poverty line of \$3,000 annual family income. Since 1965, the Council has employed the more refined definition of poverty developed by the Social Security Administration (SSA).

The SSA poverty lines reflect the differing consumption requirements of families based on their size and composition, the age of members, and whether their residence is farm or nonfarm. The calculations center around the U.S. Department of Agriculture's Economy Food Plan, which in December 1967 added up to a per capita weekly food outlay of \$4.90. For families of three or more, the SSA measure assumes all other family needs can be obtained for an amount equal to twice the family's food requirement. In 1967, the nonfarm poverty threshold for an average four-person family was \$3,335 as compared to a median income, for families of that size, of \$8,995. Poverty lines for different types of households are shown in the attached table.

The problems of low-income families neither begin nor end at any arbitrary poverty line. A sharp decline in poverty may be a misleading indicator of progress if a large number of families are raised just above the poverty line. Accordingly, the SSA has also developed a "near poor" standard averaging about one-third higher than the poverty line but still less than one-half of median income for many types of families. Near-poor income standards are also shown in the attached table.

The SSA poverty definitions have some limitations. Since they are multiples of food costs, the poverty lines change only when food prices change, and these prices do not necessarily parallel the prices of other essentials. Regional differences in living costs are not reflected in the poverty line. The income data take no account of income in kind such as health care, subsidized housing, and food-stuffs (except for food grown on farms). No adjustment is made for either net assets or fluctuating incomes, and yet families with savings or temporary income-interruptions have different problems than the chronically poor.

These problems are currently under study in an effort to refine the poverty concept. A different threshold could affect the distribution of measured poverty among various groups but would probably show much the same trend in total poverty over the long run.

Source: Economic Report of the President—January 1969.

POVERTY AND NEAR-POVERTY INCOME LINES, 1967

Household characteristic ¹	Poverty income line	Near-poverty income line
Nonfarm households:		
1 member.....	\$1, 635	\$1, 985
65 years and over.....	1, 565	1, 890
Under 65 years.....	1, 685	2, 045
2 members.....	2, 115	2, 855
Head 65 years and over.....	1, 970	2, 655
Head under 65 years.....	2, 185	2, 945
3 members.....	2, 600	3, 425
4 members.....	3, 335	4, 345
5 members.....	3, 930	5, 080
6 members.....	4, 410	5, 700
7 members or more.....	5, 430	6, 945
Farm households:		
1 member.....	1, 145	1, 390
65 years and over.....	1, 095	1, 330
Under 65 years.....	1, 195	1, 450
2 members.....	1, 475	1, 990
Head 65 years and over.....	1, 380	1, 870
Head under 65 years.....	1, 535	2, 075
3 members.....	1, 815	2, 400
4 members.....	2, 345	3, 060
5 members.....	2, 755	3, 565
6 members.....	3, 090	3, 995
7 members or more.....	3, 790	4, 850

¹ Households are defined here as the total of families and unrelated individuals.

Note. Poverty and near-poverty income standards are defined by the SSA; they take into account family size, composition, and place of residence. Income lines are adjusted to take account of price changes during the year.

Source: Department of Health, Education, and Welfare.

91ST CONGRESS
1ST SESSION

S. 6

IN THE SENATE OF THE UNITED STATES

JANUARY 15 (legislative day, JANUARY 10), 1969

Mr. MONDALE introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To repeal the Food Stamp Act of 1964 and enact in lieu thereof the Domestic Food Assistance Act of 1969.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Food Stamp Act of 1964 be and hereby is repealed
4 and replaced by this Act, which may be cited as the
5 “Domestic Food Assistance Act of 1969”.

6 SEC. 2. It is hereby declared to be the policy of Con-
7 gress, in order to promote the general welfare and insure a
8 just and decent society, that no person in the United States
9 should be denied an adequate and nutritious diet by reason of
10 poverty, that stunted and subnormal physical and intellectual
11 growth caused by starvation, malnutrition, or related ill

1 health does irreparable harm to the health and welfare of the
2 United States and all persons therein, that the existence of
3 hunger and malnutrition in this food-abundant Nation mocks
4 our search for peace, justice, and human dignity, that that
5 Nation's abundance of food be utilized by the States, by the
6 Federal Government, local governmental units, and other
7 agencies to the maximum extent possible to safeguard the
8 health and well-being of all persons in the United States and
9 its territories and to raise to a full and adequate level the
10 food and nutritional intake of those in low-income households.

11 DEFINITIONS

12 SEC. 3. As used in this Act—

13 (a) The term "Secretary" means the Secretary of
14 Agriculture.

15 (b) The term "food" means any food or food product
16 for human consumption except alcoholic beverages, tobacco,
17 those foods which are identified in the package as being
18 imported, and meat and meat products which are imported.

19 (c) The term "coupon" means any stamp, coupon, or
20 type of certificate issued pursuant to the provisions of this
21 Act.

22 (d) The term "coupon allotment" means the total value
23 of coupons to be issued to a household during each month
24 or other period of time established by the Secretary.

25 (e) The term "household" means a single individual or

1 a group of related or nonrelated individuals, who singly or
2 together in combination with others have, or have access to,
3 cooking facilities and who prepare and consume food.

4 (f) The term "retail food store" means an establish-
5 ment, including a recognized department thereof, or a house-
6 to-house trade route which sells food to households for home
7 consumption.

8 (g) The term "wholesale food concern" means an
9 establishment which sells food to retail food stores for resale
10 to households.

11 (h) The term "State agency" means the agency of the
12 State government which has responsibility for the adminis-
13 tration of the federally aided public assistance programs.

14 (i) The term "bank" means member or nonmember
15 banks of the Federal Reserve System.

16 (j) The term "State" means the fifty States, the Dis-
17 trict of Columbia, the Commonwealth of Puerto Rico, Guam,
18 the Virgin Islands, American Samoa, and any other territory
19 or possession of the United States.

20 (k) The term "food stamp program" means any pro-
21 gram of food assistance promulgated pursuant to the pro-
22 visions of this Act.

23 (l) The term "private agency" means any nonprofit or
24 charitable organization, business enterprise or Federal, State
25 (other than as defined in subsection (h)) or local govern-

1 mental agency, capable of administering programs under this
2 Act.

3 ESTABLISHMENT OF FOOD STAMP PROGRAMS

4 SEC. 4. (a) The Secretary shall formulate and admin-
5 ister a food stamp program under which eligible households
6 within any State shall be provided with a full and effective
7 opportunity to obtain a nutritionally adequate diet through
8 the issuance to them of a coupon allotment. The Secretary
9 shall, where that would assist in achieving the purposes of
10 this Act, cooperate with an appropriate State agency or pri-
11 vate agency in the administration of food stamp programs.
12 The coupons so received by such households shall be used
13 only to purchase food from retail food stores which have been
14 approved for participation in the food stamp program. Cou-
15 pons issued and used as provided in this Act shall be redeem-
16 able at face value by the Secretary through the facilities of
17 the Treasury of the United States.

18 (b) In areas where a food stamp program is in effect,
19 there shall be sufficient distribution of federally owned foods
20 under the authority of any other law in order to bring the
21 diets of all persons up to an adequate and nutritious level,
22 notwithstanding the absence of a declaration by any agency
23 of government that an emergency caused by a national dis-
24 aster or other disaster exists.

25 (c) The Secretary shall issue annually such regulations

1 as he deems necessary for the effective and efficient adminis-
2 tration of the food stamp program, after affording interested
3 persons an opportunity to present views thereon in public
4 hearings. Such regulations shall include a prohibition against
5 raising retail food prices to coincide with the issuance of food
6 stamps or a coupon allotment to eligible households.

7 ELIGIBLE HOUSEHOLDS

8 SEC. 5. (a) Participation in the food stamp program
9 shall be limited to those households whose income is deter-
10 mined by the Secretary to be insufficient to attain a nutri-
11 tionally adequate diet. For the purposes of eligibility for
12 participation in the food stamp program, households which
13 have no income or whose income is below the poverty index
14 as established by the Office of Economic Opportunity shall
15 be absolutely eligible without regard to any other factor.

16 (b) In complying with the limitation on participation
17 in cases other than absolute eligibility as set forth in subsec-
18 tion (a) above, the Secretary shall establish standards to
19 determine the eligibility of applicant households. Such stand-
20 ards shall enable the attainment of a nutritionally adequate
21 diet, but shall also include maximum income limitations,
22 which may include a maximum value for personal or real
23 property owned by an applicant household above which level
24 assistance will not be needed to assure a nutritionally ade-
25 quate diet. In determining the formula for participation in

1 cases other than absolute eligibility, recognition shall be made
2 of family size, age of children, and the prevailing local cost
3 of living.

4 (c) Households which are absolutely eligible shall re-
5 ceive without charge a coupon allotment which will enable
6 such households to attain a fully adequate and nutritional
7 diet. Households whose annual income is below the maximum
8 income limitations, but above the poverty index, shall re-
9 ceive without charge a coupon allotment whose total value
10 shall be proportionately reduced as the household income
11 approaches the maximum income limitations.

12 ISSUANCE AND USE OF COUPONS

13 SEC. 6. (a) Coupons shall be printed in such denomina-
14 tion as may be determined to be necessary, and shall be
15 issued only to households which have been duly certified
16 as eligible to participate in the food stamp program.

17 (b) Coupons issued to eligible households shall be used
18 by them only to purchase food in retail food stores which
19 have been approved for participation in the food stamp pro-
20 gram at prices prevailing in such stores: *Provided*, That
21 nothing in this Act shall be construed as authorizing the
22 Secretary to specify the prices at which food may be sold
23 by wholesale food concerns or retail food stores, except that
24 where the Secretary determines that a pattern or practice

1 of raising retail food prices to coincide with the issuance of
2 food stamps exists, he shall institute an action in Federal
3 district court against such retail food store or stores to re-
4 strain such action and to prosecute such violations under
5 section 14 of this Act.

6 (c) Coupons issued to eligible households shall be simple
7 in design and shall include only such words or illustrations as
8 are required to explain their purpose and define their denom-
9 ination. The name of any public official shall not appear on
10 such coupons.

11 (d) Eligible households shall be certified for eligibility
12 solely by execution of an affidavit by the applicant household
13 in such form as the Secretary may prescribe. If the Secretary
14 or the State agency or private agency finds an error in the
15 income level specified in the affidavit, the level of assistance
16 to which the eligible household is entitled shall be properly
17 adjusted in accordance with the standards of this Act and
18 regulations thereunder, and no further penalty of any kind
19 shall be imposed.

20 (e) Eligible households shall not be required to sign or
21 assent to any document which purports to entitle or permit
22 any State agency, private agency, the Secretary, or any unit
23 of Federal, State, or local government to assume title to
24 personal or real property owned by individuals or households.

1 VALUE OF THE COUPON ALLOTMENT AND CHARGES TO BE
2 MADE

3 SEC. 7. (a) The face value of the coupon allotment
4 which State agencies or private agencies shall be authorized
5 to issue to households certified as eligible to participate in
6 the food stamp program shall be in such amount as will pro-
7 vide households with a full and effective opportunity to
8 obtain a nutritionally adequate diet.

9 (b) Households absolutely eligible under section 5 shall
10 receive without charge a coupon allotment fully adequate to
11 provide them with food sufficient to achieve a nutritious
12 and adequate diet. Other eligible households shall receive
13 without charge such lesser coupon allotment (in accordance
14 with section 5) based on income, family size, cost of living,
15 and such other factors as will enable such other households
16 to achieve a nutritious and adequate diet.

17 (c) The value of the coupon allotment provided to any
18 eligible household shall not be considered to be income or
19 resources for any purposes under any Federal or State laws
20 including, but not limited to, laws relating to taxation, wel-
21 fare, and public assistance programs.

1 APPROVAL OF RETAIL FOOD STORES AND WHOLESALE FOOD
2 CONCERNS

3 SEC. 8. (a) Regulations issued pursuant to this Act
4 shall provide for the submission of applications for approval
5 by retail food stores and wholesale food concerns which
6 desire to be authorized to accept and redeem coupons under
7 the food stamp program and for the approval of those ap-
8 plicants whose participation will effectuate the purposes of
9 the food stamp program. In determining the qualifications of
10 applicants there shall be considered among such other factors
11 as may be appropriate, the following: (1) the nature and
12 extent of the retail or wholesale food business conducted by
13 the applicant; (2) the volume of coupon business which may
14 reasonably be expected to be conducted by the applicant
15 retail food store or wholesale food concern; and (3) the
16 business integrity and reputation of the applicant. Approval
17 of an applicant shall be evidenced by the issuance to such
18 applicant of a nontransferable certificate of approval.

19 (b) Regulations issued pursuant to this Act shall require
20 an applicant retail food store or wholesale food concern to
21 submit information which will permit a determination to be

1 made as to whether such applicant qualifies, or continues to
2 qualify, for approval under the provisions of this Act or
3 the regulations issued pursuant to this Act. Regulations
4 issued pursuant to this Act shall provide for safeguards
5 which restrict the use of disclosure of information obtained
6 under the authority granted by the subsection to purposes
7 directly connected with administration and enforcement of
8 the provisions of this Act or the regulations issued pur-
9 suant to this Act.

10 (c) Any retail food store or wholesale food concern
11 which has failed upon application to receive approval to
12 participate in the food stamp program may obtain a hearing
13 on such refusal as provided in section 13 of this Act.

14 (d) Retail food stores and wholesale food concerns are
15 prohibited from raising prices to coincide with the issuance
16 of stamps or coupons.

17 REDEMPTION OF COUPONS

18 SEC. 9. Regulations issued pursuant to this Act shall
19 provide for the redemption of coupons accepted by retail
20 food stores through approved wholesale food concerns or
21 through banks, with the cooperation of the Treasury Depart-
22 ment.

23 ADMINISTRATION

24 SEC. 10. (a) All practicable efforts shall be made in the
25 administration of the food stamp program to insure that

1 participants use their increased food purchasing power to
2 obtain those foods most needed to assure fully adequate and
3 balanced nutritional levels in their diets, without regard to
4 the existence or absence of a surplus in any particular com-
5 modity, without regard to the total consumption of surplus
6 commodities, and whether or not made available through
7 direct distribution programs or any other Federal program.
8 In addition to such steps as may be taken administratively,
9 the voluntary cooperation of existing Federal, State, local,
10 or private agencies which carry out informational and edu-
11 cational programs for consumers shall be enlisted to place
12 special emphasis on providing nutrition counseling and
13 home economics services for eligible low-income households
14 using such authorities as may be available to the Secretary,
15 or in cooperation with other agencies of the Federal Gov-
16 ernment or private agencies. The Secretary is specifically
17 authorized to use the educational potential of the national
18 school lunch program and its extension to introduce better
19 eating patterns and better nutrition to eligible households
20 under this Act.

21 (b) The State agency or private agency participating
22 in food stamp programs shall assume responsibility for the
23 certification of applicant households and for the issuance of
24 coupons: *Provided*, That the Secretary may make any rea-
25 sonable arrangements with respect to the issuance of coupons

1 with any Federal, State, local, or private agency as will
2 enable him to assure an adequate and nutritious diet to every
3 eligible household. There shall be kept such records as may
4 be necessary to ascertain whether the program is being con-
5 ducted in compliance with the provisions of this Act and the
6 regulations issued pursuant to this Act. Such records shall
7 be available for inspection and audit at any reasonable time
8 and shall be preserved for such period of time, not in excess
9 of three years, as may be specified in the regulations.

10 (c) In the certification of applicant households for the
11 food stamp program there shall be no discrimination against
12 any household by reason of race, religious creed, national
13 origin, or political beliefs.

14 (d) Participating States or participating political sub-
15 divisions thereof shall not decrease welfare grants or other
16 similar aid extended to any person or persons as a conse-
17 quence of such person's or persons' participation in benefits
18 made available under the provisions of this Act or the regula-
19 tions issued pursuant to this Act.

20 (e) The State agency or private agency in each State
21 desiring to participate in the food stamp program shall submit
22 for approval a plan of operation specifying the manner in
23 which such program will be conducted within the State,
24 within the political subdivisions in which the State or private
25 agency desires to conduct the program, and the effective dates

1 of participation with respect to each such political subdivi-
2 sion. In addition, such plan of operation shall provide, along
3 with other provisions as may by regulation be required, the
4 following: (1) safeguards which restrict the use or dis-
5 closure of information obtained from applicant households to
6 persons directly connected with the administration or enforce-
7 ment of the provisions of this Act or the regulations issued
8 pursuant to this Act; and (2) for the submission of such
9 reports and other information as may from time to time be
10 required.

11 (f) If the Secretary determines that in the adminis-
12 tration of the program there is a failure by a State agency
13 or private agency to comply substantially with the provisions
14 of this Act, or with the regulations issued pursuant to this
15 Act, or with the approved plan of operation, he shall inform
16 such State agency or private agency of such failure and
17 shall allow the State agency or private agency a reasonable
18 period of time for the correction of such failure. Upon the
19 expiration of such period, the Secretary shall discharge said
20 State agency or private agency from further administration
21 of the food stamp program, and shall take whatever steps
22 may be necessary to assure that the program is administered
23 either directly by the Secretary or through a private agency.

24 (g) If the Secretary determines that there has been

1 gross negligence or fraud on the part of the State agency in
2 the certification of applicant households, the State shall upon
3 request of the Secretary deposit into the separate account
4 authorized by section 7 of this Act, a sum equal to the
5 amount by which the value of any coupons issued as a result
6 of such negligence or fraud exceeds the amount that was
7 charged for such coupons under section 7 (b) of this Act.

8 DISQUALIFICATION OF RETAIL FOOD STORES AND WHOLE-
9 SALE FOOD CONCERNS

10 SEC. 11. Any approved retail food store or wholesale
11 food concern may be disqualified from further participation in
12 the food stamp program on a finding, made as specified in the
13 regulations, that such store or concern has violated any of the
14 provisions of this Act, or of the regulations issued pursuant
15 to this Act. Such disqualification shall be for such period of
16 time as may be determined in accordance with regulations
17 issued pursuant to this Act. The action of disqualification
18 shall be subject to review as provided in section 13 of this
19 Act.

20 DETERMINATION AND DISPOSITION OF CLAIMS

21 SEC. 12. The Secretary shall have the power to deter-
22 mine the amount of and settle and adjust any claim and to
23 compromise or deny all or part of any such claim or claims
24 arising under the provisions of this Act or the regulations
25 issued pursuant to this Act.

ADMINISTRATIVE AND JUDICIAL REVIEW

SEC. 13. Whenever—

(a) an application of a retail food store or wholesale food concern to participate in the food stamp program is denied,

(b) a retail food store or a wholesale food concern is disqualified under the provisions of section 11 of this Act, or

(c) all or part of any claim of a retail food store or wholesale food concern is denied under the provisions of section 12 of this Act, notice of such administrative action shall be issued to the retail food store or wholesale food concern involved. Such notice shall be delivered by certified mail or personal service. If such store or concern is aggrieved by such action, it may, in accordance with regulations promulgated under this Act, within ten days of the date of delivery of such notice, file a written request for an opportunity to submit information in support of its position to such person or persons as the regulations may designate. If such a request is not made or if such store or concern fails to submit information in support of its position after filing a request, the administrative determination shall be final. If such a request is made by such store or concern, such information as may be submitted by the store or

1 concern, as well as such other information as may be
2 available, shall be reviewed by the person or persons
3 designated, who shall, subject to the right of judicial
4 review hereinafter provided, make a determination
5 which shall be final and which shall take effect fifteen
6 days after the date of the delivery or service of such
7 final notice of determination. If the store or concern
8 feels aggrieved by such final determination he may ob-
9 tain judicial review thereof by filing a complaint against
10 the United States in the United States district court for
11 the district in which he resides or is engaged in business,
12 or in any court of record of the State having competent
13 jurisdiction, within thirty days after the date of delivery
14 or service of the final notice of determination upon him,
15 requesting the court to set aside such determination. The
16 copy of the summons and complaint required to be
17 delivered to the official or agency whose order is being
18 attacked shall be sent to the Secretary or such person
19 or persons as he may designate to receive service of
20 process. The suit in the United States district court or
21 State court shall be a trial de novo by the court in which
22 the court shall determine the validity of the questioned
23 administrative action in issue. If the court determines
24 that such administrative action is invalid it shall enter
25 such judgment on order as it determines is in accordance

1 with the law and the evidence. During the pendency of
2 such judicial review, or any appeal therefrom, the ad-
3 ministrative action under review shall be and remain in
4 full force and effect, unless an application to the court
5 on not less than ten days' notice, and after hearing
6 thereon and a showing of irreparable injury, the court
7 temporarily stays such administrative action pending
8 disposition of such trial or appeal.

9 VIOLATIONS AND ENFORCEMENT

10 SEC. 14. (a) Notwithstanding any other provisions of
11 this Act, the Secretary may provide for the issuance or
12 presentment for redemption of coupons to such person or
13 persons, and at such times and in such manner, as he deems
14 necessary or appropriate to protect the interests of the United
15 States or to insure enforcement of the provisions of this
16 Act or the regulations issued pursuant to this Act.

17 (b) Whoever knowingly uses, transfers, acquires, or
18 possesses coupons in any manner not authorized by this Act
19 or the regulations issued pursuant to this Act shall, if such
20 coupons are of the value of \$100, shall be guilty of a mis-
21 demeanor and shall, upon conviction thereof, be fined not
22 more than \$5,000 or imprisoned for not more than one year,
23 or both.

24 (c) Whoever presents, or causes to be presented, cou-

1 pons for payment or redemption of the value of \$100 or
2 more, knowing the same to have been received, transferred,
3 or used in any manner in violation of the provisions of this
4 Act or the regulations issued pursuant to this Act shall be
5 guilty of a felony and shall, upon conviction thereof, be
6 fined not more than \$10,000 or imprisoned for not more
7 than five years, or both, or, if such coupons are of a value
8 of less than \$100, shall be guilty of a misdemeanor and
9 shall upon conviction thereof, be fined not more than \$5,000
10 or imprisoned for not more than one year, or both.

11 (d) Coupons issued pursuant to this Act shall be deemed
12 to be obligations of the United States within the meaning of
13 section 8 of title 18, United States Code.

14 (e) This section shall not apply with respect to mat-
15 ters covered by section 6 (d).

16 SEC. 15. (a) Each State or private agency shall be re-
17 sponsible for financing, from funds available to the private
18 agency or State or political subdivision thereof, the costs of
19 carrying out the administrative responsibilities assigned to it
20 under provisions of this Act. Except as provided for in sub-
21 section (b) of this section, such costs shall include, but shall
22 not be limited to, the certification of households; the accept-
23 ance, storage, and protection of coupons after their delivery
24 to receiving points within the States; and the issuance of

1 such coupons to eligible households and the control and ac-
2 counting therefor.

3 (b) The Secretary is authorized to cooperate with State
4 agencies or private agencies in the certification of households
5 so as to insure the effective certification of such households
6 in accordance with the eligibility standards for participation
7 under this Act. Such cooperation shall include payments to
8 State agencies for part of the cost they incur in the certifica-
9 tion of such households. The amount of such payment to any
10 one State agency shall be 50 per centum of the sum of:
11 (1) the direct salary costs (including the cost of such fringe
12 benefits as are normally paid to its personnel by the State
13 agency) of the personnel used to make such interviews and
14 such postinterview field investigations as are necessary to
15 certify the eligibility of such households, and of the immedi-
16 ate supervisor of such personnel, for such periods of time as
17 they are employing in certifying the eligibility of such house-
18 holds; (2) travel and related costs incurred by such person-
19 nel in postinterview field investigations of such households;
20 and (3) an amount not to exceed 25 per centum of the cost
21 computed under (1) and (2) above. The Secretary shall
22 require from each State a cost-sharing plan in order that the
23 most economically deprived counties shall be assured local
24 administrative funding. The Secretary is authorized to declare

1 up to three hundred counties in the United States as being
2 counties needing special hunger attention and to assist such
3 counties in the expense of local administrative costs. The
4 Secretary shall pay all of the costs of private nonprofit or
5 charitable agencies responsible for administering programs
6 under this Act, and costs plus a reasonable profit to private
7 commercial enterprises given administrative or other respon-
8 sibilities under this Act.

9 SEC. 16. (a) To carry out the provisions of this Act,
10 there is hereby authorized to be appropriated such sums as
11 may be necessary, in addition to funds unused under the au-
12 thorization of section 32 of Public Law 74-320.

13 SEC. 17. The Secretary is authorized to cooperate with
14 private food companies and commercial enterprises in the
15 establishment of a coalition against hunger, whose function
16 shall be to organize the private sector in an effort to lead
17 the fight against hunger in the United States. The Secre-
18 tary shall meet at the earliest possible date with representa-
19 tives of all sectors of the grocery and food business, includ-
20 ing but not limited to growers and producers of food com-
21 modities, processors, handlers, manufacturers, wholesalers,
22 brokers and agents, and retailers. When the Task Force on
23 Hunger is established, the Secretary shall allocate sufficient
24 funds out of those appropriated under this Act to provide
25 an adequate staff and reimbursement for the expenses of

1 members of the Task Force on Hunger, in addition to such
2 other assistance as may be available in the judgment of the
3 Secretary under other laws. The Task Force on Hunger shall
4 be deemed to be a "private agency" as defined in section
5 3, and eligible to administer programs to further the pur-
6 poses of this Act.

7 SEC. 18. (a) The Secretary shall establish such advi-
8 sory committees as in his judgment may be necessary, but at
9 least a permanent national advisory committee to be known
10 as the National Food Assistance Commission. Such advisory
11 committees shall consist of representatives of private and
12 public organizations, including the food industry, consumers,
13 government agencies, professional nutritionists, persons from
14 low-income households, with a majority of consumers and/or
15 persons from low-income households to be maintained
16 throughout the life of any advisory committee including the
17 National Food Assistance Commission.

18 (b) The National Food Assistance Commission shall be
19 made up of not less than eleven nor more than twenty-one
20 persons, and shall represent a permanent administrative
21 effort to ascertain where the nutritional standards of the
22 American public fall so far below the national norm as to be
23 inconsistent with the purposes of this Act. The Commission
24 is therefore authorized to expend sums appropriated to initi-
25 ate and maintain a continuing study of malnutrition and

1 hunger in the United States, and to contract with public or
2 private agencies to maintain complete data on the incidence
3 and severity of hunger and malnutrition.

4 (c) The Commission shall have access to all records,
5 regulations, and budgets pertinent and relevant to fulfillment
6 of its functions in any agency of the government.

7 APPEAL BY HOUSEHOLDS

8 SEC. 19. Any individual may appeal to the appropriate
9 Federal district court from any adverse action affecting his
10 eligibility or degree or participation in programs established
11 under this Act, without regard to the exhaustion of any other
12 private or administrative remedy.

13 MISCELLANEOUS

14 SEC. 20. Eligible households once found to be eligible
15 shall be given forty-five days prior notice to any change of
16 status or formula or participation in programs established
17 under this Act.

18 (b) Eligible households maintain their eligibility de-
19 spite moving to a new county or residence, but shall file an
20 affidavit in any new county or jurisdiction prior to the forty-
21 fifth day of residence in conformity with the requirements of
22 section 6 of this Act.

23 (c) The Secretary is authorized and directed to issue
24 student coupons without charge to eligible households for

1 redemption at schools for participation in the national school
2 lunch program or school lunch programs. The Secretary
3 shall by regulation provide for administration of such pro-
4 grams so as to avoid any stigma attaching to those partici-
5 pating in lunch programs.

6 (d) The Secretary shall administer any programs un-
7 der this Act so as to recognize the changing forms of food
8 consumption, the use of fortified foods in areas where the
9 prevailing diet of low-income groups is inadequate in certain
10 categories of nutrients, and shall facilitate the use of high
11 protein foods especially to households with children under
12 four years of age.

13 (e) The Secretary is authorized to work closely and
14 cooperate with medical schools, nutrition foundations, pri-
15 vate food companies, and private nonprofit and charitable
16 agencies and others interested in improving the prevailing
17 diets of low-income households. The Secretary is also au-
18 thorized to innovate programs by which low-income house-
19 holds can obtain access to a better food supply, including
20 but not limited to, the establishment of food growing co-
21 operatives, food processing cooperatives, food purchasing co-
22 operatives, and other cooperatives and private groups relat-
23 ing to feeding where that will assist in the attainment of the
24 purposes of this Act.

1 AMENDMENT OF OTHER LAWS

2 SEC. 21. Amend section 612c of title 7, United States
3 Code (section 32 of Public Law 74-320) by amending sub-
4 paragraph (2) to read as follows:

5 “(2) increase the utilization of any commodity whether
6 or not in surplus through benefits, indemnities, donations, or
7 by other means among persons in low-income groups either
8 directly or as a supplement to the Food Assistance Act of
9 1968, to assure to such persons an adequate and nutritious
10 diet; and”

11 SEC. 22. Amend the third sentence in the second para-
12 graph of section 32 of Public Law 74-320 to read as follows:
13 “The sums appropriated under this section shall be devoted
14 to commodities utilized under subparagraph (2) of this
15 section, to perishable nonbasic commodities (other than
16 those receiving price support under title II of the Agricul-
17 tural Act of 1949) and their products.”

18 SEC. 23. Amend the fourth sentence of the second para-
19 graph of section 32 of Public Law 74-320 by striking all
20 following the word “expended”, and by inserting a period
21 following the word “expended”.

22 SEC. 24. Amend section 1431 of title 7, United States
23 Code, by designating the existing section as “(a)” and by
24 adding the following new subsection (b) :

25 “(b) Notwithstanding any other provisions of law or

1 of this section, the Commodity Credit Corporation may pur-
2 chase food commodities, whether or not in surplus or likely
3 to be acquired by the Commodity Credit Corporation through
4 price-support operations, for the purposes specified in sub-
5 paragraph (3) of subsection (a) without regard to any
6 limitations or requirements therein and for direct distribution
7 to low-income households either directly or as a supplement
8 to the Food Assistance Act of 1968, in order to assure to
9 such persons a nutritionally adequate diet. The Commodity
10 Credit Corporation may pay, with respect to commodities
11 disposed of under this section, reprocessing, packaging, trans-
12 porting, handling, and other charges accruing up to the time
13 of their delivery to a Federal agency or to the designated
14 State or private agency. In addition, the Commodity Credit
15 Corporation may pay the cost of processing such commodities
16 into a form suitable for home use, such processing to be
17 accomplished through private trade facilities to the greatest
18 extent possible."

91ST CONGRESS
1ST SESSION

S. 339

IN THE SENATE OF THE UNITED STATES

JANUARY 16 (legislative day, JANUARY 10), 1969

Mr. MONTAYA introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To amend section 416 of the Agricultural Act of 1949, as amended, in order to require the Commodity Credit Corporation to distribute food commodities to needy persons under such section, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) section 416 of the Agricultural Act of 1949, as
4 amended (7 U.S.C. 1431), is amended by inserting "(a)"
5 immediately after "SEC. 416."

6 (b) Such section is further amended by striking out the
7 first three sentences and inserting in lieu thereof the fol-
8 lowing: "In order to prevent the waste of commodities
9 whether in private stocks or acquired through price support

1 operations by the Commodity Credit Corporation before
2 they can be disposed of in normal domestic channels without
3 impairment of the price-support program or sold abroad at
4 competitive world prices, the Commodity Credit Corpora-
5 tion, on such terms and under such regulations as the Sec-
6 retary may deem in the public interest, is authorized: (1)
7 upon application, to make such commodities available to any
8 Federal agency for use in making payment for commodities
9 not produced in the United States; (2) to barter or ex-
10 change such commodities for strategic or other materials as
11 authorized by law; and (3) as hereby directed in the case
12 of food commodities, to donate such commodities to the
13 Bureau of Indian Affairs and to such State, Federal, or
14 private agency or agencies as may be designated by the
15 proper State or Federal authority and approved by the Sec-
16 retary, for use in the United States in nonprofit school-lunch
17 programs, in nonprofit summer camps for children, in the
18 assistance of needy persons, and in charitable institutions, in-
19 cluding hospitals, to the extent that needy persons are served.
20 In the case of food commodities donated pursuant to clause
21 (3) of this subsection, the Secretary shall (1) obtain such
22 assurances as he deems necessary that the recipients thereof
23 will not diminish their normal expenditures for food by
24 reason of such donation; and (2) make available in assist-
25 ing needy families and households a sufficient quantity and

1 variety of nutritionally balanced foods at a sufficient number
2 of locations as he deems necessary to provide recipients
3 thereof with at least the minimum daily nutritional allow-
4 ances recommended by competent nutrition authority. In
5 order to facilitate the appropriate disposal of such com-
6 modities, the Secretary may from time to time estimate
7 and announce the quantity of such commodities which he
8 anticipates will become available for distribution under clause
9 (3) of this subsection."

10 (c) Such section is further amended by adding at the
11 end thereof a new subsection as follows:

12 " (b) If the State, Federal, or private agency or agen-
13 cies designated by the proper State or Federal authority
14 under clause (3) of subsection (a) of this section have failed
15 to provide an adequate food commodity distribution pro-
16 gram, or a food stamp program under authority of the Food
17 Stamp Act of 1964, as amended, to meet the needs of needy
18 persons on any Indian Reservation or in any State or po-
19 litical subdivision thereof within one hundred twenty days
20 after the date of enactment of this subsection, the Secretary
21 shall promptly establish on such Indian Reservation or in any
22 State or political subdivision thereof such food commodity
23 distribution outlets as may be necessary to properly meet the
24 food needs of such persons. In order to facilitate the appro-
25 priate establishment of such food commodity distribution

1 outlets, the Secretary is authorized to contract with any pri-
2 vate person, business entity, or nonprofit organization which
3 he deems competent, for the receipt, storage and distribution
4 of such food commodities in accordance with such rules and
5 regulations as the Secretary may prescribe: *Provided, how-*
6 *ever,* That in any such contractual arrangements, the Secre-
7 tary shall take such measures as may be necessary to insure
8 that (1) such commodities are made available without
9 regard to race, color, religion, or national origin of the re-
10 cipients, and (2) the recipients of such commodities are
11 informed that such commodities have been donated by the
12 Federal Government."

[S. 1608, 91st Cong., First sess.]

A BILL

To amend the Food Stamp Act of 1964, as amended, to authorize the Secretary of Agriculture to establish minimum nationwide eligibility standards; to operate the food stamp program in any political subdivision when local governing officials will not agree to operate a food assistance program for needy families; to enter into cost-sharing arrangements with States or their political subdivisions to cover the cost of local administration of the food stamp program; and, to remove current limitations on the appropriations authorized for the program. .

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 5 (b) of the Food Stamp Act of 1964, as
4 amended, is amended by deleting the second sentence and

II

1 substituting in lieu thereof the following: "Such standards
2 shall include income limitations consistent with the income
3 standards used by the State agency in administration of its
4 federally aided public assistance programs or with minimum
5 income standards prescribed by the Secretary for eligible
6 households, whichever are higher."

7 SEC. 2. Section 10 of the Food Stamp Act of 1964, as
8 amended, is amended by adding the following subsection:

9 "(h) Notwithstanding the provision of subsection (b)
10 of this section, the Secretary is authorized to directly ad-
11 minister the food stamp program in any political subdivision
12 of any State when the appropriate governing officials of such
13 political subdivisions will not agree to operate a food stamp
14 program under the terms and conditions authorized by this
15 Act, if the Secretary determines that such direct operation
16 is necessary to accomplish the purposes of this Act. In the
17 event that the Secretary undertakes the direct operation of
18 the food stamp program in any political subdivision, he
19 shall observe all the applicable terms and conditions of this
20 Act and of any plan of operation that is approved by the
21 Secretary for the State in which such political subdivision is
22 located."

23 SEC. 3. Section 15 of the Food Stamp Act of 1964, as
24 amended, is amended to read as follows:

25 "(a) Each State shall be responsible for financing, from

1 funds available to the State or political subdivision thereof
2 except as provided for in subsection (b) of this section, the
3 costs of carrying out the administrative responsibilities as-
4 signed to it under the provisions of this Act. Such costs shall
5 include, but shall not be limited to, the certification of house-
6 holds; the acceptance, storage, and protection of coupons
7 after their delivery to receiving points within the States;
8 and the issuance of such coupons to eligible households and
9 the control and accounting therefor.

10 “(b) The Secretary is authorized to cooperate with
11 State agencies by furnishing financial assistance for the pay-
12 ment of administrative costs set forth in subsection (a)
13 above. The amount to be contributed to any State or political
14 subdivision thereof by the Secretary under this section from
15 Federal funds for any year shall not exceed 50 per centum
16 of the total cost of the food stamp program to the respective
17 State or political subdivision thereof, and the Federal funds
18 shall be allocated among the States on an equitable basis.
19 Such payment shall be contingent at all times upon the
20 administration of the food stamp program by the State or
21 political subdivision thereof in a manner which the Secre-
22 tary deems adequate to effectuate the purposes of this Act.”

23 SEC. 4. The first sentence of section 16(a) of the
24 Food Stamp Act of 1964, as amended, is amended to read
25 as follows: “To carry out the provisions of this Act, there

1 is hereby authorized to be appropriated not in excess of
2 \$315,000,000 for the fiscal year ending June 30, 1969.
3 For any subsequent fiscal year, there is hereby authorized
4 to be appropriated such sums as are determined to be neces-
5 sary to carry out the provisions of this Act.”

91ST CONGRESS
1ST SESSION

S. 1864

IN THE SENATE OF THE UNITED STATES

APRIL 18, 1969

Mr. TALMADGE introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To amend the Food Stamp Act of 1964.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Food Assistance Act of
4 1969".

5 SEC. 2. The second sentence of section 5 (b) of the
6 Food Stamp Act of 1964 is amended by striking out the
7 period and inserting in lieu thereof a comma and the follow-
8 ing: "except that the State agency may not take into con-
9 sideration income standards established for the purpose of
10 title 19 of the Social Security Act."

1 SEC. 3. Section 7 (b) of the Food Stamp Act of 1964 is
2 amended to read as follows:

3 “(b) Households shall be charged such portion of the
4 face value of the coupon allotment issued to them as is deter-
5 mined by the Secretary to represent a reasonable investment
6 by such households, taking into consideration the number of
7 persons in such households, the income of such households,
8 and such other factors as the Secretary deems appropriate;
9 but in no case shall a household be charged for a coupon
10 allotment an amount greater than an amount equal to 25 per
11 centum of the income of such household for a period equiva-
12 lent to the period for which such allotment is issued. The Sec-
13 retary may authorize the issuance of a coupon allotment with-
14 out charge to any household determined to have little or no
15 income; but a free coupon allotment may not be issued to any
16 household with an income greater than \$40 per month.”

17 SEC. 4. (a) The second sentence of section 10 (e) of the
18 Food Stamp Act of 1964 is amended by striking out the word
19 “and” at the end of clause (3) ; by striking out the period at
20 the end of clause (4) and inserting in lieu thereof a semi-
21 colon and the word “and”; and by adding after such clause
22 (4) a new clause as follows: “(5) that the State agency
23 shall, notwithstanding any other provision of law, institute
24 procedures under which any household participating in the
25 food stamp program may, if it so elects, have the charges, if

1 any, for its coupon allotment deducted from any grant or
2 payment such household may be entitled to receive under a
3 federally aided public assistance program of the State.”

4 (b) Section 10 of such Act is further amended by
5 adding at the end thereof a new subsection as follows:

6 “(h) The Secretary shall require the State agency of
7 each participating State to encourage and assist physically
8 and mentally able adult members of households receiving
9 coupon allotments under this Act to obtain employment.”

10 SEC. 5. The third sentence of section 15 (b) of the Food
11 Stamp Act is amended by striking out everything following
12 the semicolon in clause (2), and inserting in lieu thereof
13 the following: “(3) the direct costs incurred in the issuance
14 of coupons to eligible households; and (4) an amount not
15 to exceed 25 per centum of the costs computed under (1)
16 and (2) above. The Secretary shall prescribe general guide-
17 lines and minimum requirements with respect to the quality
18 of certification and issuance services to be provided by State
19 agencies to eligible households, including, but not limited to,
20 matters relating to the places, times, and frequency of coupon
21 issuance services in political subdivisions approved for par-
22 ticipation in the food stamp program. In no case shall the
23 Secretary approve the issuance of coupons less often than
24 twice monthly. The Secretary may withhold or deny pay-

1 ment under this subsection to any State agency which fails
2 to comply with such guidelines or minimum standards.”

3 SEC. 6. Section 15 of the Food Stamp Act of 1964 is
4 further amended by adding at the end thereof a new sub-
5 section as follows:

6 “(c) Notwithstanding any other provision of law, in
7 any local subdivision in which the food stamp program is
8 in operation, the postmaster or other person in charge of
9 the United States post office in such local subdivision shall,
10 without reimbursement by the State agency, assume re-
11 sponsibility (1) for the acceptance, storage, and protection
12 of coupons after the delivery thereof to such post office,
13 (2) for the issuance of such coupons to eligible households
14 within the local subdivision in which such post office is
15 located, and (3) for the control and accounting for such
16 coupons.”

17 SEC. 7. The first sentence of section 16(a) of the
18 Food Stamp Act is amended by striking out everything
19 immediately following “June 30, 1969;” and inserting in
20 lieu thereof the following: “not in excess of \$525,000,000
21 for the fiscal year ending June 30, 1970; not in excess of
22 \$900,000,000 for the fiscal year ending June 30, 1971;
23 and not in excess of such sum as may hereafter be author-
24 ized by Congress for any subsequent fiscal period.”

1 SEC. 8. (a) The Food Stamp Act is further amended
2 by adding at the end thereof a new section as follows: "

3 "SEC. 17. (a) The Secretary shall establish within
4 the Department of Agriculture a separate agency to be
5 known as the 'Federal Food Administration'. The Secre-
6 tary shall administer and coordinate through such agency
7 the food stamp program provided for in this Act and other
8 similar and related food assistance and nutritional education
9 programs administered by the Secretary, including, but not
10 limited to, those programs carried out under the National
11 School Lunch Act, the Child Nutrition Act of 1966, clause
12 (2) of section 32 of Public Law 320 of the Seventy-fourth
13 Congress, and clause (3) of section 416 of the Agricultural
14 Act of 1949.

15 "(b) The Secretary shall establish an interdepartmental
16 committee, which shall be known as the 'National Nutrition
17 Committee', to advise him on matters relating to the admin-
18 istration of this Act and other programs referred to in sub-
19 section (a) of this section. The Secretary shall appoint such
20 persons from the various departments and agencies of the
21 Federal Government as he determines are exceptionally well
22 qualified by virtue of their background, training, education,
23 and experience in matters relating to food, diet, and nutri-
24 tion. The Secretary of Health, Education, and Welfare, and

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1 the Secretary of Housing and Urban Development shall
2 serve as members of such committee. The Secretary shall also
3 appoint to such committee one or more representatives from
4 the food industry."

91ST CONGRESS
1ST SESSION

S. 2014

IN THE SENATE OF THE UNITED STATES

APRIL 29, 1969

Mr. MCGOVERN (for himself, Mr. BAYH, Mr. BURDICK, Mr. CHURCH, Mr. CRANSTON, Mr. DODD, Mr. EAGLETON, Mr. HARRIS, Mr. HART, Mr. HARTKE, Mr. HATFIELD, Mr. HOLLINGS, Mr. HUGHES, Mr. INOUE, Mr. JACKSON, Mr. KENNEDY, Mr. MCCARTHY, Mr. MCGEE, Mr. MAGNUSON, Mr. MONDALE, Mr. MONTAYA, Mr. MOSS, Mr. MUSKIE, Mr. NELSON, Mr. PELL, Mr. RANDOLPH, Mr. RIBICOFF, Mr. STEVENS, Mr. TYDINGS, Mr. WILLIAMS of New Jersey, Mr. YARBOROUGH, and Mr. YOUNG of Ohio) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To amend the Food Stamp Act of 1964, and other Acts, to provide adequate food and nutrition among low-income households, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Food Stamp Reform
4 Act of 1969".

5 SEC. 2. The Food Stamp Act of 1964 is amended as
6 follows:

7 (1) Section 2 is amended to read as follows:

1 “SEC. 2. It is hereby declared to be the policy of
2 Congress, in order to promote the general welfare, that
3 the Nation’s abundance of food should be utilized coopera-
4 tively by the States, the Federal Government, local govern-
5 mental units, and other agencies to the maximum extent to
6 safeguard the health and well-being of the Nation’s popula-
7 tion and provide adequate levels of food consumption and
8 nutrition among low-income households. The Congress hereby
9 finds that increased utilization of foods in establishing and
10 maintaining adequate levels of food consumption and nutri-
11 tion will tend to cause the distribution in a beneficial manner
12 of our agricultural abundances and will strengthen our agri-
13 cultural economy, as well as result in more orderly marketing
14 and distribution of food. To effectuate the policy of Con-
15 gress and the purposes of this Act, a food stamp program,
16 which will permit those households with low incomes to
17 receive a share of the Nation’s food abundance sufficient to
18 provide them with adequate levels of food consumption and
19 nutrition, is herein authorized.

20 (2) Subsection (b) of section 3 is amended by adding
21 at the end thereof a new sentence to read as follows:

22 “The term ‘food’ also means such products as the Sec-
23 retary may determine to be necessary for personal cleanli-
24 ness, hygiene, and home sanitation.”

1 (3) Subsection (j) of section 3 is amended to read as
2 follows:

3 “(j) The term ‘State’ means the fifty States, the District
4 of Columbia, the Commonwealth of Puerto Rico, Guam, and
5 the Pacific Trust Territories.”

6 (4) Subsection (a) of section 4 is amended by strik-
7 ing out the first sentence and inserting in lieu thereof the
8 following: “The Secretary is authorized to formulate and
9 administer a food stamp program under which eligible house-
10 holds within a State will be provided with coupon allotments
11 of sufficient monetary value to enable them to purchase a
12 nutritionally adequate diet. Such program shall be carried
13 out in any State at the request of the appropriate State
14 agency of such State or pursuant to section 15(c) of this
15 Act.”

16 (5) Subsection (b) of section 4 is amended to read
17 as follows:

18 “(b) Nothing in this or any other Act shall be con-
19 strued as prohibiting the Secretary from distributing federally
20 owned foods, under any other federally authorized program, to
21 households in any area in which a food stamp program is
22 in effect.”

23 (6) Section 5 is amended to read as follows:

24 “SEC. 5. (a) Participation in the food stamp program

1 shall be limited to those households whose income is deter-
2 mined, as provided in this subsection, to be insufficient
3 to permit them to purchase a nutritionally adequate diet.
4 The Secretary shall prescribe, not less often than once a
5 year, the minimum level of income a household must have
6 in order to purchase a nutritionally adequate diet for the
7 members of such household and be financially able to meet
8 the other normal living expenses of a household. He shall
9 prescribe such level of income for households composed
10 of varying numbers of individuals; but in no case shall the
11 minimum income level prescribed by the Secretary be less
12 for any household than three times the amount necessary
13 to purchase a nutritionally adequate diet determined as
14 provided in section 7 (a) of this Act. In prescribing mini-
15 mum income levels for households under this subsection the
16 Secretary shall take into consideration such relevant factors
17 as he deems appropriate but may not consider the avail-
18 ability or expected availability of appropriations to carry
19 out this Act. Any household with an income below the
20 minimum level prescribed by the Secretary for a household
21 of comparable size shall be eligible to participate in the
22 food stamp program. Notwithstanding the foregoing pro-
23 visions of this subsection, if the Secretary determines that
24 funds are insufficient for the fiscal year ending June 30,
25 1970, to permit an increase in participation in the food

1 stamp program by eligible households whose income is
2 greater than two-thirds of the current amount necessary
3 to purchase a nutritionally adequate diet prescribed by the
4 Secretary under this section (7 (a) of this Act), he may, by
5 regulation, limit the number of such households which may
6 participate in the program in such fiscal year to the extent
7 that funds are available; but in no case shall the participation
8 of any household be discontinued under authority of this
9 sentence if such household is participating in the program.

10 “(b) In complying with the limitation on participation
11 set forth in subsection (a) above, each State agency shall
12 establish standards to determine the eligibility of applicant
13 households. Such standards shall include income limitations
14 consistent with the minimum income levels determined by
15 the State agency to be the minimum income required to
16 enable eligible households to purchase an adequate diet at
17 prices currently prevailing in the political subdivision served
18 by the State agency or with the minimum income levels
19 for eligible households prescribed by the Secretary under
20 subsection (a) of this section, whichever minimum income
21 level is higher. Such standards shall also place a limitation
22 on the resources to be allowed eligible households, but such
23 limitations shall apply to the income, if any, realized from
24 such resources and not to any income which might be

1 realized through liquidation of such resources. The standards
2 of eligibility to be used by each State for the food stamp pro-
3 gram shall be subject to the approval of the Secretary.

4 “(c) Minimum income limitations prescribed under this
5 section shall be revised annually to reflect any increase in
6 the cost of living, as determined on the basis of the Con-
7 sumer Price Index (all items, United States city average)
8 published monthly by the Bureau of Labor Statistics, De-
9 partment of Labor.”

10 (7) Section 6 is amended by adding at the end thereof
11 a new subsection as follows:

12 “(d) Any household making application for the benefits
13 of this Act shall be certified for eligibility solely by execu-
14 tion of an affidavit, in such form as the Secretary may pre-
15 scribe, by the member of such household making applica-
16 tion. If an error is found in the income level specified in
17 the affidavit, the level of assistance to which such household
18 is entitled shall be properly adjusted in accordance with the
19 standards of this Act and regulations issued thereunder and
20 no further penalty of any kind shall be imposed on any
21 member of such household.”

22 (8) Subsections (a) and (b) of section 7 are amended
23 to read as follows:

24 “(a) Except as hereinafter provided in this subsection,
25 the face value of the coupon allotment which is issued to

1 any household certified as eligible to participate in the food
2 stamp program shall be not less than an amount necessary
3 to purchase a nutritionally adequate diet for the members
4 of such household. The amount necessary to purchase a
5 nutritionally adequate diet for households composed of vary-
6 ing numbers of individuals shall be determined by the Sec-
7 retary and shall be revised annually by the Secretary when
8 necessary to reflect any increase in the cost of living (de-
9 termined as provided in section 5(c) of this Act). In
10 determining the amount necessary to purchase a nutritionally
11 adequate diet for any household the Secretary shall take
12 into consideration such relevant factors as he deems appro-
13 priate but may not consider the availability or expected
14 availability of appropriations to carry out this Act. In no
15 event shall the amount determined by the Secretary to be
16 necessary to purchase a nutritionally adequate diet for a
17 household be less than the equivalent of \$120 a month for
18 a household composed of four persons. A household may,
19 if it so elects, purchase any amount of coupons less than the
20 full coupon allotment it is entitled to purchase. The amount
21 charged any household for any portion of a coupon allotment
22 less than the full coupon allotment shall be an amount which
23 bears the same ratio to the amount which would have been
24 charged such household for the full coupon allotment as

1 such portion of the full coupon allotment bears to the full
2 coupon allotment such household was entitled to purchase.

3 “(b) Households shall be charged such portion of the
4 face value of the coupon allotment issued to them as is deter-
5 mined to be equivalent to their normal expenditure for food,
6 except that (1) any eligible household whose income is less
7 than two-thirds the current amount necessary to purchase a
8 nutritionally adequate diet prescribed by the Secretary under
9 section 7 (a) of this Act shall not be charged any amount for
10 such coupon allotment; (2) any eligible household whose
11 income is less than the full amount necessary to purchase a
12 nutritionally adequate diet prescribed by the Secretary under
13 section 7 (a) of this Act but greater than two-thirds such
14 amount shall not, after June 30, 1970, be charged for such
15 coupon allotment an amount greater than an amount equal
16 to 15 per centum of the income of such household; and (3)
17 in no case, after June 30, 1971, shall any eligible household
18 be charged an amount greater than an amount equal to 25
19 per centum of the income of such household for such coupon
20 allotment. The Secretary shall implement the provisions of
21 clauses (2) and (3) of the preceding sentence prior to the
22 dates specified therein to the extent that funds are available
23 for such purpose.”

24 (9) Section 10 (a) is amended to read as follows:

25 “SEC. 10. (a) The food stamp program shall be admin-

1 istered to insure that participants are afforded the opportunity
2 to receive at schools, at approved retail food stores, in their
3 homes, or at other appropriate places convenient to partici-
4 pants such instruction and counseling as will best assure that
5 they are able to use their increased purchasing power to
6 obtain those nutritious foods most likely to insure that they
7 receive a nutritionally adequate diet. The food stamp program
8 shall also be administered to insure that all households eligible
9 to participate in the program are informed of its existence and
10 given such assistance as may be required to enable them to
11 make application for the benefits of this Act. In addition to
12 such steps as may be taken administratively, the voluntary
13 cooperation of existing Federal, State, local, or private agen-
14 cies which carry out informational and educational programs
15 for consumers shall be enlisted for the purpose of providing
16 nutrition counseling and home economics services for eligible
17 low-income households using such authorities as may be
18 available to the Secretary, or in cooperation with other agen-
19 cies of the Federal Government or private agencies. The Sec-
20 retary is specifically authorized to use the educational poten-
21 tial of the national school lunch program and its extension
22 to introduce better eating patterns and better nutrition to eli-
23 gible households under this Act.”

24 (10) Subsection (b) of section 10 is amended by strik-

1 ing everything following the colon and inserting in lieu
2 thereof the following:

3 “*Provided*, That the State agency shall comply with
4 the requirements of clauses (2) and (3) of section 10 (e)
5 of this Act.”

6 (11) Subsection (e) of section 10 is amended by strik-
7 ing “(3)” and “(4)” and inserting in lieu thereof “(4)”
8 and “(5)”, respectively, and by striking clause (2) and
9 inserting in lieu thereof the following:

10 “(2) that the State agency shall make every pos-
11 sible effort to insure that all households who meet the
12 eligibility requirements set forth in this Act are certified
13 to participate in the food stamp program; (3) that the
14 State agency shall arrange for the issuance of coupons
15 to eligible households and for the collection of sums
16 required from eligible households as payment therefor
17 through the facilities of United States Post Offices di-
18 rectly or by mail, through the facilities of participating
19 retail food stores or in such manner as shall best in-
20 sure participation of eligible households.”

21 (12) Subsection (f) of section 10 is amended to read
22 as follows:

23 “(f) If the Secretary determines that in the admin-
24 istration of the program in any area there is a failure by
25 the State agency to comply with the provisions of this Act,

1 or with the regulations issued thereunder, or with the State
2 plan of operation approved by the Secretary, he shall inform
3 such State agency of such failure and if such failure is not
4 immediately corrected he shall directly administer the pro-
5 gram in such area or administer it through any private non-
6 profit organization or through any Federal, State, or county
7 agency he deems appropriate.”

8 (13) Section 14 is amended by adding at the end
9 thereof a new subsection as follows:

10 “(e) No person shall be charged with a violation of
11 this Act or of any regulation issued thereunder or of any
12 State plan of operation on the basis of any statements or
13 information contained in an affidavit filed pursuant to section
14 6 (d) of this Act.”

15 (14) The second sentence of section 15 (a) is amended
16 by striking out “in subsection (b)” and inserting in lieu
17 thereof “in subsections (b) and (c).”

18 (15) Subsection (b) of section 15 is amended to read
19 as follows:

20 “(b) The Secretary is authorized to pay to the State
21 agency of a State any amount not exceeding the total cost
22 of carrying out the administrative responsibilities under this
23 Act in any political subdivision if he determines that such
24 payment is necessary to enable such political subdivision to

1 conduct a food stamp program for eligible households living
2 in such political subdivision.”

3 (16) Section 15 is further amended by adding at the
4 end thereof a new subsection as follows:

5 “(c) Notwithstanding any other provision of this Act,
6 the Secretary is authorized, in any political subdivision of
7 a State, to administer a food stamp program in such polit-
8 ical subdivision through any private nonprofit organization
9 or through any Federal, State, or county agency he deems
10 appropriate, if (1) the appropriate officials of such political
11 subdivision or the State fail to request a food stamp program
12 for such political subdivision after the Secretary has made
13 an offer of Federal payments authorized by subsection (b)
14 of this section, or (2) he determines that such a program
15 is necessary in such political subdivision to accomplish the
16 purposes of this Act or to alleviate severe undernutrition
17 or malnutrition.”

18 (17) Section 16(a) is amended to read as follows:

19 “(a) There are hereby authorized to be appropriated
20 such sums as may be necessary to carry out the provisions
21 of this Act. Such portion of any such appropriation as may
22 be required to pay for the value of the coupon allotments
23 issued to eligible households which is in excess of the charges
24 paid by such households for such allotments shall be trans-

1 ferred to and made a part of the separate account created
2 under section 7 (d) of this Act.”

3 (18) Subsection (b) of section 16 is amended to read
4 as follows:

5 “(b) Upon written notification to the Congress of his
6 intent to do so, the Secretary is authorized in any fiscal year
7 to obligate sums in excess of the sums appropriated for such
8 fiscal year pursuant to subsection (a) of this section, if such
9 excess obligations are necessary to meet unanticipated in-
10 creases in participation as the result of a change in economic
11 conditions, or as the result of other unforeseeable circum-
12 stances, as determined by the Secretary. In no event shall
13 the amount of excess obligations in any fiscal year exceed
14 an amount equal to 10 per centum of the sums appropriated
15 for such fiscal year pursuant to subsection (a) of this section.
16 The amount of any excess obligation incurred in any fiscal
17 year shall be paid for out of funds appropriated to carry out
18 this Act in the succeeding fiscal year.”

STAFF EXPLANATION OF S. 6

(Subcommittee No. 4)

SHORT EXPLANATION

This bill repeals the Food Stamp Act of 1964 and replaces it with a Domestic Food Assistance Act of 1969. Under it—

(1) Food stamps would be free, with coupon allotments being reduced as income rises,

(2) Administration of programs would be by State, private, or Federal agencies,

(3) Commodity distribution would be available in the same counties as food stamp programs,

(4) Section 32 and Commodity Credit Corporation funds would be available for the purchase and distribution of food without regard to surplus removal or price supports,

(5) Excesses of section 32 funds over \$300 million would not revert to the Treasury,

(6) Appropriation authorizations for food stamp programs would not be limited,

(7) Certification of eligibility would be based solely on an affidavit by the applicant household and eligibility would not be lost by change of residence,

(8) Nutrition counseling and home economics services for low-income households would be encouraged,

(9) A Task Force on Hunger, and a National Food Assistance Commission would be established,

(10) The Secretary could innovate programs by which low-income households could obtain access to a better food supply (e.g. establishment of food growing, purchasing, or processing cooperatives), and

(11) The program would be extended to all United States territories and possessions.

Department Views: Not yet received.

Suggested Amendments: Technical and clarifying amendments are suggested in the Section-by-Section Analysis.

SECTION-BY-SECTION ANALYSIS

SECTION 1. *Repeal of Food Stamp Act. Short Title.* This section repeals the Food Stamp Act of 1964 and provides the bill with a short title "Domestic Food Assistance Act of 1969".

SECTION 2. *Declaration of Policy.* The declaration of policy differs from that in the Food Stamp Act of 1964 in several respects, the main ones being that it—

(1) declares that no person in the United States should be denied an adequate diet by reason of poverty;

(2) indicates that private agencies will be utilized in the program;

(3) indicates that the program is to be extended to the territories; and

(4) omits language relating to strengthening the agricultural economy.

Suggested Technical Amendments: (1) On page 1, between lines 5 and 6, a section heading "Declaration of Policy" should be inserted.

(2) On page 2, line 5, after "food" the word "should" should be inserted as grammatically needed.

(3) On the same line the second word "by" should be stricken as grammatical surplusage.

SECTION 3. *Definitions.* This section differs from section 3 of the Food Stamp Act of 1964 in the following material respects:

(1) It makes it clear that the coupon allotment period is to be established by the Secretary;

(2) It extends the program to residents of institutions and boarding houses;

(3) It extends the program to Puerto Rico, Guam, the Virgin Islands, American Samoa, and all other territories and possession of the United States; and

(4) It defines the term "private agency" as "any non-profit or charitable organization, business enterprise or Federal, State (other than as defined

in subsection (h)) or local governmental agency, capable of administering programs under this Act."

Suggested Amendment: On page 2, line 17, the word "on" should be substituted for "in" to correct a typographical error.

SECTION 4. *Establishment of Food Stamp Programs.* This section differs from section 4 of the Food Stamp Act of 1964 in the following material respects:

(1) It requires, rather than authorizes, the Secretary to establish a food stamp program in any State;

(2) No request from a State agency is required for the establishment of a program;

(3) Coupons are to provide eligible households with a "full and effective" opportunity to obtain an adequate diet, rather than an opportunity "more nearly" to obtain such a diet;

(4) Cooperation with State or private agencies is provided for;

(5) Instead of prohibiting distribution of foods under other programs in areas where a food stamp program is in effect, this section requires such distribution as needed to bring all persons' diets to an adequate level;

(6) This section requires regulations to be issued "annually", provides for public hearings on proposed regulations, and requires that the regulations include a prohibition against raising retail food prices to coincide with the issuance of food stamps.

SECTION 5. *Eligible Households.* This section differs from section 5 of the Food Stamp Act of 1964 in that it—

(1) Provides for issuance of food stamps to households whose income is insufficient to attain an adequate diet, rather than those whose income is a "substantially limiting factor" in the attainment of such a diet; and provides that the determination of that fact shall be made by the Secretary;

(2) Provides absolute eligibility for households which have no income or whose income is below the poverty index as established by the Office of Economic Opportunity;

(3) Provides that eligibility standards shall be established by the Secretary, rather than by the State agency subject to approval by the Secretary;

(4) Provides that maximum income limitations must be sufficient for an "adequate diet", rather than "consistent with the income standards used by the State agency in the administration of its federally aided public assistance programs";

(5) Provides for a limitation on personal or real property owned by the applicant household, in lieu of a limitation on "resources".

(6) Requires recognition of "family size, age of children, and the prevailing local cost of living";

(7) Provides for a coupon allotment fully adequate for a nutritional diet in the case of an absolutely eligible household; and proportionately reduced in the case of other eligible households as their income approaches maximum income limitations. All coupons would be issued without charge.

SECTION 6. *Issuance and Use of Coupons.* This section differs from section 6 of the Food Stamp Act of 1964 in that it—

(1) requires the institution of injunction and criminal proceedings against retail food stores which raise prices to coincide with the issuance of food stamps;

(2) provides that eligible households shall be certified for eligibility solely by execution of an affidavit by the applicant household. In the event of an error in the income level specified in the affidavit, the level of assistance is to be adjusted, and no further penalty of any kind is to be imposed;

(3) prohibits eligible households being required to sign or assent to any document entitling any Government or private agency to assume title to property owned by individuals or households.

Suggested Amendments: (1) On page 6, lines 13 and 14, "denomination" should be changed to "denominations" to correct a typographical error.

(2) Under subsection (d) the level of assistance can be adjusted for errors in "income level". It is not clear whether adjustment can be made for errors as to number of persons in the household and other factors which affect the assistance level. The intention should be made clear.

(3) It is not clear whether or not subsection (d) is intended to prohibit prosecutions under other laws for wilful misrepresentation as to income level, and whether penalties are prohibited in the case of errors as to other matters, such as the number of children in the family. The intention should be made clear.

SECTION 7. *Value of the Coupon Allotment and Charges to be Made.* This section differs from section 7 of the Food Stamp Act of 1964 in that—

(1) No charge would be made for coupons. Under existing law a charge equivalent to the household's normal expenditure for food is required.

(2) Absolutely eligible households would receive coupons sufficient to provide an adequate diet. Other eligible households would receive such lesser coupon allotment as would enable them to achieve an adequate diet. Existing law provides for a coupon allotment in all cases which will enable households "more nearly to obtain a low-cost" adequate diet.

(3) Private agencies (as defined, including the Department of Agriculture) could be authorized to issue coupons.

Section 8. *Approval of Retail Food Stores and Wholesale Food Concerns.* This section differs from section 8 of the Food Stamp Act of 1964 in that it prohibits retail food stores and wholesale food concerns from raising prices to coincide with the issuance of coupons.

Suggested Amendments: (1) On page 10, line 5, "of" should be "or".

(2) On page 10, line 6, "the" should be "this".

SECTION 9. *Redemption of Coupons.* This section, which is identical to section 9 of the Food Stamp Act of 1964, provides for regulations under which retail food stores could have coupons accepted by them redeemed through wholesale concerns or banks with the cooperation of the Treasury.

SECTION 10. *Administration.* This section differs from section 10 of the Food Stamp Act of 1964 in that—

(1) Coupons would be used to obtain a nutritionally balanced diet without regard to "staple" or "abundant or surplus" foods;

(2) Cooperating educational agencies would be encouraged to place special emphasis on nutrition counseling and home economics services for eligible low-income households. The Secretary is specifically authorized to use the educational potential of the national school lunch program and its extension to introduce better eating patterns and better nutrition to eligible households;

(3) Certification of eligible households and issuance of coupons could be made by a private agency, instead of by the State agency or its delegee, and the Secretary is required to make any reasonable arrangements for issuance of coupons with any Federal, State, local or private agency;

(4) A plan of operation for a State or political subdivision may be submitted by a private agency (as well as by the State agency as now provided);

(5) Requirements that the plan provide (1) standards of eligibility and (2) certification in accordance with procedures applicable to federally aided public assistance programs would be omitted, as inconsistent with other provisions of the bill;

(6) A provision for orderly expansion among the States in accordance with their relative need and readiness would be omitted; and

(7) In the event a State or private agency after reasonable notice failed to correct a deficiency in its administration, the agency would be discharged from further administration, but the program would not be discontinued in the State or political subdivision as is now required.

Suggested Amendments: (1) On page 11, line 13, "low-income" should be stricken from the term "eligible low-income households" since "eligible households" is a defined term.

(2) The word "or" should be substituted for the comma on page 12, at the end of line 23.

(3) While administration can be delegated to either "private agencies" or "State agencies", subsection (g) makes only State agencies accountable for fraud. Consideration should be given as to whether private agencies should be included in subsection (g).

(4) Subsection (g) requires the deposit of funds "into the separate account authorized by section 7 of this Act", but section 7 does not authorize such an account. This might be amended to provide for deposit into the general fund of the Treasury.

(5) Subsection (g) also refers to "the amount by which the value of any coupons issued as a result of such negligence or fraud exceeds the amount that was charged for such coupons under section 7(b) of this Act." Since no charge is provided for by section 7(b) this language should be amended to "the face value of such coupons".

SECTION 11. *Disqualification of Retail Food Stores and Wholesale Food Concerns.* Except for a typographical error, this section is identical to section 11 of the Food Stamp Act of 1964.

Suggested Amendment: On page 14, line 17, "The" should be changed to "This".

SECTION 12. *Determination and Disposition of Claims.* This section is identical to section 12 of the Food Stamp Act of 1964.

SECTION 13. *Administrative and Judicial Review.* Except for a typographical error, this section is identical to section 13 of the Food Stamp Act of 1964.

Suggested Amendments: (1) On page 16, lines 8, 11, and 14, the words "he" or "him" should be changed to "it" to conform with earlier use of "it".

(2) On page 16, line 25, "on" should be changed to "or".

SECTION 14. *Violation and Enforcement.* This section differs from section 14 in that it exempts from its provisions matters covered by section 6(d), and contains a typographical error as noted below.

Suggested Amendments: (1) Subsection (b) differs from section 14(b) of the Food Stamp Act of 1964 in that it provides a penalty only if the amount of coupons involved is exactly \$100. The existing law makes the offense a felony if the amount of coupons involved is \$100 or more, a misdemeanor if less than \$100 is involved. The bill also repeats the word "shall" on page 17, line 20. It appears likely that section 14(b) of the bill was intended to be identical to section 14(b) of the existing law, and that several lines were omitted in setting the type. Section 14(b) should therefore be amended to read like section 14(b) of existing law.

(2) Subsection (d) exempts "matters covered by section 6(d)". We take it that this is intended to exempt from penalty the knowing acquisition of stamps through an erroneous affidavit of income level, and probably the use, transfer, possession, and presentment of such stamps. However, it may be considerably broader since section 6(d) covers the entire affidavit upon which eligibility is certified. The intention should be clarified, and the language amended to carry out that intention.

SECTION 15. *Cooperation with State and Private Agencies.* This section is the same as section 15 of the Food Stamp Act of 1964 except that

(1) It provides for cooperation with private, as well as State, agencies,

(2) The Secretary would pay part of the cost of certifying *all* households.

(3) The Secretary would require from each State a cost-sharing plan to assure the most economically deprived counties local administrative funding, and

(4) The Secretary would be authorized to declare up to 300 counties in the United States as being counties needing special hunger attention and to assist such counties in the expense of local administrative costs.

The Secretary would pay all of the costs of private nonprofit or charitable agencies responsible for administering programs under the Act, and costs plus a reasonable profit to private commercial enterprises given administrative or other responsibilities under the Act.

Suggested Amendments: (1) A center heading "Cooperation with State and Private Agencies" should be inserted on page 18 between lines 15 and 16.

(2) On page 19, line 17, "employed" should be substituted for "employing".

SECTION 16. *Appropriations.* This section authorizes appropriation of such sums as may be necessary, in addition to funds "unused" under the authorization of section 32 of Public Law 74-320. This section differs from section 16 of existing law which (1) authorizes appropriations only through December 31, 1970, (2) limits the amount which may be appropriated to \$340 for the fiscal year ending June 30, 1970, \$170 for the six months ending December 31, 1970, and (3) prohibits the use of section 32 funds or other funds derived from permanent appropriations.

This section further differs from section 16 of the Food Stamp Act of 1964 in that it does not require an annual report from the Secretary on operations for the preceding year, and omits a requirement that amounts expended be considered as welfare rather than price support expenditures.

It also omits subsections (b) and (c) of existing section 16 to reflect changes made by other provisions of the bill.

Suggested Amendments: (1) On page 20, between lines 8 and 9, insert "Appropriations".

(2) On page 20, line 9, strike out "(a)", since there are no other subsections.

(3) On page 20, line 11, the word "unused" probably should be changed to "used for such purpose".

SECTION 17. *Task Force on Hunger.* This section authorizes the Secretary to cooperate with commercial enterprises in the establishment of a coalition against hunger to organize the private sector to lead the fight against hunger in the United States. The Secretary would be required to meet at the earliest practicable date with representatives of all sectors of the grocery and food business, including growers and producers of food commodities, processors, handlers, manufacturers, wholesalers, brokers and agents, and retailers. The Secretary would provide the Task Force on Hunger with funds for an adequate staff and reimbursement for the expenses of its members. The Task Force would be deemed a "private agency" eligible to administer programs to further the purposes of the bill.

Suggested Amendments: (1) On page 20, between lines 12 and 13, insert "Task Force on Hunger".

(2) If the Task Force on Hunger and the coalition against hunger are the same entity, this should be made clear by striking the comma on page 20, line 15, and inserting "to be known as the Task Force on Hunger and". If the Task Force on Hunger is a different entity it should be further identified.

SECTION 18. *National Food Assistance Commission.* This section requires the Secretary to establish such advisory committees as may be necessary, consisting of representatives of private and public organizations, including the food industry, consumers, government agencies, professional nutritionists, and persons from low-income households. A majority of each committee's members must be consumers and/or persons from low-income households. The Secretary must establish at least one such committee, to be permanent and to be known as the National Food Assistance Commission.

The National Food Assistance Commission would consist of at least eleven and not more than twenty-one persons and "shall represent a permanent administrative effort to ascertain where the nutritional standards of the American public fall so far below the national norm as to be inconsistent with the purpose of this Act. The Commission would use funds appropriated for that purpose to initiate and maintain a continuing study of malnutrition and hunger in the United States, and to contract with public or private agencies to maintain complete data on the incidence and severity of hunger and malnutrition. The Commission would have access to all records, regulations, and budgets pertinent to its functions in any government agency.

Suggested Amendment: On page 21, between lines 6 and 7, insert "National Food Assistance Commission."

SECTION 19. *Appeal By Households.* This section provides for appeal to the appropriate Federal district court by any individual from any adverse action affecting his eligibility or degree of participation in programs established under the Act.

SECTION 20. *Miscellaneous.* This section provides for—

(1) maintenance of status as an eligible household for 45 days after notice of change of status, formula, or participation.

(2) maintenance of such status despite moving to a new residence, with the requirement that a new affidavit of eligibility be filed prior to the 45th day of such residence,

(3) student coupons for use in school lunch programs,

(4) program administration recognizing changing forms of food consumption and the use of fortified foods in areas where the prevailing diet of low-income groups is inadequate in certain categories of nutrients and facilitating the use of high protein foods especially by households with children under four years of age, and

(5) cooperation in improving the diets of low-income households, and innovation of programs by which low-income households can obtain access to a better food supply (such as the establishment of food growing, processing, or purchasing cooperatives).

Suggested Amendments: (1) On page 22, line 14, after "Sec. 20." insert "(a)".

(2) On page 23, line 11, change "to" to "by".

SECTIONS 21, 22, and 23. *Amendment of Section 32 of Public Law No. 320, 74th Congress.* These three sections amend section 32 in a number of respects.

Section 21 amends clause (2) of section 32 by—

(1) repealing that part that limited it to the encouragement of domestic consumption and that part that provided for diversion from the normal channels of trade,

- (2) expanding it to non-agricultural commodities,
- (3) making it clear that such commodities need not be surplus, and
- (4) limiting it to increasing utilization to assure persons in low-income groups of an adequate and nutritious diet.

The last would probably largely exclude non-edible commodities.

As amended, clause (2) would authorize the use of section 32 funds to "increase the utilization of any commodity whether or not in surplus through benefits, indemnities, donations, or other means among persons in low-income groups either directly or as a supplement to the Food Assistance Act of 1968, to assure such persons an adequate and nutritious diet."

Suggested Amendments: (1) Since title 7 of the U.S. Code has not been codified, the language on page 24, lines 2 through 4, should be changed to "Clause (2) of section 32 of Public Law No. 320, 74th Cong. (7 U.S.C. 612c) is amended to read as follows:"

(2) On page 24, lines 8 and 9, "Food Assistance Act of 1968" should probably be changed to "Domestic Food Assistance Act of 1969".

Section 22 amends the third sentence in the second paragraph of section 32 to provide that the sums appropriated under that section shall be devoted exclusively "to commodities utilized under subparagraph (2) of this section, to perishable nonbasic commodities (other than those receiving price support under title II of the Agricultural Act of 1949) and their products." At present such sentence provides that such sums shall be devoted "primarily" to perishable nonbasic agricultural commodities not receiving price support under title II and their products. This section would probably exclude cotton and other non-edible, non-perishable commodities from the provisions of section 32.

Suggested Amendments: (1) On page 24, line 14, "subparagraph" should be changed to "clause".

(2) On page 24, line 15, the comma should be changed to "and".

(3) On page 24, line 15, after "nonbasic" the word "agricultural" should be inserted, since "nonbasic agricultural commodity" is a defined term.

Section 23 would amend section 32 by striking out the provision which requires the excess of the amount remaining unexpended at the end of any fiscal year over \$300,000,000 to revert to the general fund of the Treasury.

SECTION 24. *Food Purchase and Donation by Commodity Credit Corporation.* This section adds a new subsection to section 416 of the Agricultural Act of 1949, to authorize the Commodity Credit Corporation to purchase food commodities without regard to price support or surplus removal for use in the United States in nonprofit school lunch programs, in nonprofit summer camps for children, in the assistance of needy persons, and in charitable institutions, and for direct distribution to low-income households either directly or as a supplement to the "Food Assistance Act of 1968".

Suggested Amendments: (1) Since title 7 of the U.S. Code has not been codified the language on page 24, lines 22 through 24 should be changed to provide for amending section 416 of the Agricultural Act of 1949.

(2) Since the last two sentences of the proposed new subsection are identical in substance with the two sentences preceding the last sentence of the existing section, and since the last three sentences of the existing section are applicable to the entire section, it might be well to make those 3 sentences subsection (c) and delete the two sentences beginning on page 25, line 9.

(3) On page 25, line 8, "Food Assistance Act of 1968" probably should be "Domestic Food Assistance Act of 1969".

SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

STAFF EXPLANATION OF S. 339

(Subcommittee No. 3)

Short Explanation.—This bill amends section 416 of the Agricultural Act of 1949 to:

(1) require foods made available to needy families thereunder to be in sufficient quantity and variety and available at a sufficient number of locations to provide recipients with their minimum daily requirements, and

(2) require the Secretary to establish adequate commodity distribution or food stamp programs in each Indian reservation, State, and political subdivision within 120 days after enactment of the bill.

Departmental Views.—Not yet received.

Suggested Amendments.—Clarifying amendments are set out in the section-by-section analysis.

SECTION-BY-SECTION ANALYSIS

Subsection (a) is purely formal designating the existing text of section 416 of the Agricultural Act of 1949 as subsection (a) of that section.

Subsection (b) amends the first three sentences of section 416. The only material change is to add a new clause (2) at the end of the second sentence to require the Secretary to make available under clause (3) of that section a sufficient quantity and variety of foods at sufficient locations to provide needy families and households with at least minimum daily nutritional allowances.

Subsection (c) adds a new subsection (b) to section 416 to provide that "If the State, Federal, or private agencies designated by the proper State or Federal authority under clause (3) of subsection (a) of this section have failed to provide an adequate food commodity distribution program", or a food stamp program under the Food Stamp Act of 1964, to meet the needs of needy persons on any Indian Reservation or in any State or political subdivision within 120 days after enactment of the bill, the Secretary shall promptly establish a commodity distribution program to meet the food needs of such persons. The Secretary may do so through contract, and in such case (1) commodities shall be made available without regard to race, color, religion, or national origin, and (2) the recipients are to be informed that the commodities have been donated by the Federal Government.

Suggested Clarifying Amendments.—(1) On page 3, beginning with the word "If" in line 12, strike out all through the word "of" in line 16, and insert "If an adequate program has not been established under clause (3) of subsection (a) or under". This would make it clear that the Secretary would take action under this subsection if an adequate commodity distribution or food stamp program were not established in 120 days. It would eliminate reference to food stamp programs being established by agencies designated under clause (3) of subsection (a), since that clause is not relevant to food stamp programs. It would also eliminate any question as to whether the failure to establish a program resulted from failure of the Secretary, failure of the proper State or Federal authority to designate a State, Federal, or private agency, or the failure of the agency so designated to provide a program.

(2) On page 3, line 21, strike out "any" and insert "such", since this refers to the particular State or subdivision in which a program has not been established.

STAFF EXPLANATION OF S. 1608

(Subcommittee No. 4)

This bill would amend the Food Stamp Act of 1964 to provide for—

- (1) Establishment of minimum requirements as to maximum income limitations on eligibility,
- (2) Direct administration by the Secretary in any political subdivision in which local authorities refuse to operate the program,
- (3) Payment by the Federal Government of up to 50 percent of local administration costs, and
- (4) Permanent authority for appropriation of such amounts as may be necessary.

Suggested Amendments: Technical and clarifying amendments are suggested in the section-by-section analysis.

SECTION-BY-SECTION ANALYSIS

SECTION 1. *Income Limitations.* This section amends section 5 (b) of the Food Stamp Act of 1964 to provide that the maximum income which a household may have and still be eligible for food stamps must be at least as high as a minimum requirement prescribed by the Secretary of Agriculture. At present maximum income limitations must be consistent with the income standards used by the State agency in administration of its federally aided public assistance programs. Under the bill they would have to be consistent with those standards or minimum standards prescribed by the Secretary, whichever were higher.

Suggested Amendment: Existing law provides for "maximum" income limita-

tions. The bill drops the word "maximum" and provides for "minimum income standards prescribed by the Secretary for eligible households". Since the limitation is one on the maximum income a household may have and still be eligible, the use of the term "minimum income . . . for eligible households" is confusing. To avoid this, the quoted sentence on page 2, line 1 through 6, might be amended to read: "Such standards shall include maximum income limitations consistent with the income standards used by the State agency in administration of its federally aided public assistance programs or with minimum standards prescribed by the Secretary, whichever are higher."

SECTION. 2 *Direct Administration By Secretary.* This section authorizes the Secretary to administer the food stamp program in any political subdivision if the appropriate authority refuses to do so and the Secretary determines direct operation is necessary to accomplish the purposes of the Act.

Suggested Amendment: Since (1) the proposed direct operation is inconsistent with section 10 (e) and other provisions of the Act (as well as section 10 (b)), (2) the State agency (rather than officials of the political subdivision) is the agency named by the Act to administer programs, and (3) the word "subdivisions" on page 2, line 13, should be singular, the language beginning on page 2, line 9, with "Notwithstanding" and ending on line 13 with "subdivisions" ought to be amended to read: "Notwithstanding any other provision of this Act, the Secretary is authorized to administer the food stamp program directly in any political subdivision in which the State agency"

SECTION 3. *State Administration Expenses.* This section authorizes the Secretary to pay up to 50 percent of the costs incurred by States and political subdivisions in administering the program. Federal funds available for this purpose are to be allocated among the States on an equitable basis. Under existing law the Secretary is authorized to pay State agencies only 50 percent of certain expenses incurred by them in certifying households which do not receive any type of public assistance.

Suggested Amendment: On page 2, line 25, after the quotation marks insert "SEC. 15."

SECTION 4. *Appropriations.* This section provides permanent authority for appropriations to carry out the Act, and beginning with the fiscal year ending June 30, 1969, increases the authorization to such sums as are determined to be necessary. Existing law authorizes appropriations only through December 31, 1970, with a maximum of \$340 million for the fiscal year ending June 30, 1970, and a maximum of \$170 million for the six months ending December 31, 1970.

STAFF EXPLANATION OF S. 1864

(Subcommittee No. 4)

SHORT EXPLANATION

This bill would amend the Food Stamp Act of 1964 to:

- (1) prohibit consideration of Medicaid standards in fixing maximum income limitations for food stamp eligibility;
- (2) provide that the coupon allotment charge shall represent a reasonable investment, not exceeding 25 percent of the household's income; and may be zero if such income does not exceed \$40 per month;
- (3) provide that such charge may be deducted from federally-assisted welfare program payments at the election of the recipient;
- (4) provide that State agencies shall encourage and assist recipients to obtain employment;
- (5) provide that coupons shall be issued at least twice monthly and that local post offices shall assume responsibility for such issuance;
- (6) authorize appropriation of \$525 million for fiscal 1970; \$900 million for fiscal 1971; and
- (7) provide for a Federal Food Administration and a National Nutrition Committee.

SECTION-BY-SECTION ANALYSIS

Section 1. *Short Title.* "Food Assistance Act of 1969".

Section 2. *Maximum Income Limitations on Eligibility.* This section prohibits the State agency from taking income standards established for the purpose of title 19 of the Social Security Act into consideration in fixing maximum income limitations for eligibility under the food stamp program. Title 19 of the Social

Security Act (42 U.S.C. 1396 et seq.) deals with Medicaid for persons whose income and resources are insufficient to meet the costs of necessary medical services. The authority to prescribe income standards for Medicaid eligibility is contained in 42 U.S.C. 1396a (a) (17). Senator Talmadge, the author of the bill, states that the "purpose of this provision is to insure that the Food Stamp Program will never get out of reasonable bounds as the Medicaid Program has in some States."

Section 3. *Charge for Coupon Allotments.* This section provides that a household shall be charged such portion of the face value of its coupon allotment as represents, in the opinion of the Secretary, a reasonable investment by it; but in no case more than 25 percent of its income. Coupon allotments could be issued without charge to households having little or no income, but any household with an income greater than \$40 a month would be required to pay.

At present section 7 requires each household to pay an amount equivalent to its normal expenditures for food. Under other authority contained in the 1969 appropriation Act the Secretary has provided for the issuance of free coupons in certain cases in two counties.

Section 4. *Check-off, Employment Assistance.* This section provides that:

(1) any household may have the charge for its coupon allotment deducted from any grant or payment it may be entitled to receive under a federally aided public assistance program of the State, and

(2) State agencies shall encourage and assist physically and mentally able adult members of households receiving coupon allotments to obtain employment.

Suggested Amendment: On page 3, line 6, strike out "require" and insert "require".

Section 5. *Cost of Issuing Coupon Allotments to Households Not Receiving Public Assistance.* This section authorizes the Secretary to pay the States 50 percent of the cost of issuing coupons to households which are not receiving any type of public assistance. It also requires issuance of coupons at least twice monthly, and authorizes the Secretary to issue guidelines and requirements for certification of households and issuance of coupons. Payments of administrative expenses may be withheld or denied for failure to comply with such guidelines.

Suggested Amendments: (1) On page 3, line 14, strike "eligible" and insert "such". This will make it clear that costs are to be paid by the Secretary for coupon issuance only in the case of households not receiving any type of public assistance.

(2) On page 3, line 10, after "Sec. 5." insert "(a)"; on page 4, between lines 2 and 3, insert the following:

"(b) The first sentence of such section 15 (b) is amended by inserting '(i)' before 'the certification' and inserting before the period a comma and the following: 'and (ii) the issuance of coupons to such households'.

'(c) The second sentence of such section is amended by inserting after 'certification of' the following: ', or issuance of coupons to,'. These changes will make the first two sentences conform to the third sentence as amended by the bill to provide for payment of costs of coupon issuance in the case of households not receiving public assistance.

Section 6. *Issuance of Coupons By Local Postmaster.* This section requires the person in charge of the post office in any local subdivision in which the food stamp program is in operation to assume responsibility for the storage, issuance, and accounting for coupons in such subdivision. He would not be reimbursed by the State agency.

Section 7. *Appropriations.* This section increases the appropriation authorization for fiscal 1970 from \$340 million to \$525 million, and authorizes appropriation of \$900 million for fiscal 1971, in lieu of the existing authority for \$170 million for the six months ending December 31, 1970.

Section 8. *Federal Food Administration.* This section requires the Secretary to establish a Federal Food Administration within the Department of Agriculture. The Secretary would act through such agency in administering the Food Stamp Act; National School Lunch Act; Child Nutrition Act of 1966; clause (2) of section 32, P.L. 320, 74th Cong., clause (3) of section 416 of the Agricultural Act of 1949, and similar and related food assistance programs.

This section would also require the Secretary to establish an interdepartmental committee, to be known as the "National Nutrition Committee", to advise him on such programs. Membership would include the Secretaries of Health, Education, and Welfare and Housing and Urban Development, one or more representatives of the food industry, and other persons appointed by the Secretary from various agencies of the Federal Government.

SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

STAFF EXPLANATION OF S. 2014

(Subcommittee No. 4)

Short Explanation.—This bill amends the Food Stamp Act of 1964 to:

- (1) Extend it to hygienic products;
- (2) Extend it to the Trust Territory of the Pacific;
- (3) Provide for a nutritionally adequate diet (instead of "more nearly");
- (4) Permit direct distribution in food stamp areas;
- (5) Make more households eligible;
- (6) Permit self-certification of eligibility without penalty for mistakes;
- (7) Increase the value of coupon allotments, reduce their cost (to zero in certain cases), and permit purchase of less than the full allotment;
- (8) Provide for nutrition education;
- (9) Permit issuance of coupons through post offices, retail stores, or other methods;
- (10) Permit local administration by the Secretary or private or other Federal agencies (as well as by State agencies);
- (11) Permit the Secretary to pay all local costs;
- (12) Authorize appropriation of any amounts necessary; and
- (13) Permit obligation 10 percent in excess of appropriation.

Departmental Views.—Not yet received.

Suggested Amendments.—Clarifying amendments are suggested in the section by section analysis.

SECTION-BY-SECTION ANALYSIS

The bill is divided into two sections. The first section provides a short title "Food Stamp Reform Act of 1969". The second section consists of 18 subsections, which amend the Food Stamp Act of 1964 as follows:

Subsection (1)—Declaration of Policy.—Amends section 2 of the Food Stamp Act of 1964 to declare that it is the policy of Congress that the food stamp program should provide adequate levels of food consumption and nutrition to this nation's low income households. The present law aims only to raise levels of nutrition among low income households.

Subsection (2)—Hygienic Products.—Redefines "food" to permit participants to use their food stamps to purchase items necessary for "personal cleanliness, hygiene, and home sanitation". Present law permits purchase of food items only.

Subsection (3)—Pacific Trust Territory.—Extends the food stamp program to Puerto Rico, Guam, and the Trust Territory of the Pacific Islands.

Suggested Amendment.—The bill refers to the "Pacific Trust Territories". P.L. 204, 80th Cong., 61 Stat. 397, states that the former Japanese mandated islands shall "be known as the Territory of the Pacific Islands". It is generally referred to in laws as the "Trust Territory of the Pacific Islands" (Ch. 14 of title 48, U.S. Code). If this is the area intended, the bill should be amended by striking "Pacific Trust Territories" out of line 5 on page 2 and inserting "Trust Territory of the Pacific Islands". The section-by-section analysis inserted in the Congressional Record by the author of the bill states that the program would be extended to other territories over which the United States has direct authority. If the purpose is to extend it to other territories, the bill should be amended to accomplish that intention.

Subsection (4)—Coupon Allotments.—Provides for the issuance of coupon allotments of sufficient monetary value to permit recipients to purchase a nutritionally adequate diet. Under the present law, coupon allotments need only provide recipients with "an opportunity more nearly to obtain" such a diet.

Subsection (5)—Concurrent Food Programs.—Removes the existing limitation on distribution of federally owned foods in areas where the food stamp program is being operated.

Subsection (6)—Eligibility Households.—Provides that eligibility would be limited to households whose income is insufficient to purchase a nutritionally adequate diet (instead of, as at present, whose income is a "substantially limiting factor" in the attainment of such a diet. Each State agency would establish eligibility standards subject to the following:

- (a) At least once a year the Secretary would prescribe the minimum level of income needed by a household of each size to purchase an adequate diet and meet other expenses. In no case would such income level be less than 3 times the cost of such a diet. In prescribing such income levels, the

Secretary could not consider the availability or expected availability of appropriations.

(b) Each State's eligibility standards would have to be "consistent with" the higher of:

(i) the minimum income level required to purchase an adequate diet at currently prevailing prices in the political subdivision served by the State agency, or

(ii) the minimum level prescribed by the Secretary as described in (a) above.

Existing law does not provide for determination of such a minimum income level by the Secretary; but provides for the State agency establishing "maximum" income limitations consistent with the income standards used by it in administration of its federally aided public assistance programs.

Both existing law and the bill provide for a limitation on the resources to be allowed eligible households, but the bill converts this to an income limitation by providing that it shall apply to income realized from such resources, and not to income which might be realized through liquidation of such resources.

The bill adds a new provision requiring annual revision of minimum income limitations to reflect any increase in the cost of living as determined by certain statistics.

This section contains additional provisions which will be discussed in connection with the following suggested amendments.

Suggested Amendments.—(1) Section 5(a) of the Act, as it would be amended by this section of the bill, would provide that participation would be limited to households whose income is determined "as provided in this subsection" to be insufficient. Section 5(b) as it would be amended conflicts with this by permitting, if not requiring, extension of the program to families having an income above the level determined in subsection (a). This conflict would not appear to be intentional since section 5(b) recites that the standards established under it are "complying with the limitation on participation set forth in subsection (a)". This conflict should be resolved.

(2) Section 5(b) provides for the establishment of standards "consistent with":

(i) a minimum income level prescribed by the State; or

(ii) the minimum income level prescribed by the Secretary,

"whichever minimum income level is higher". We would construe "consistent with" as meaning "equal to", particularly since the purpose of the bill is to permit low income families to obtain an adequate diet. However, the analysis submitted by the author indicates that the standard need be no higher than that set by the Secretary, but "may permit participation by households whose income is above this standard". Section 5(b) should be clarified.

(3) On page 5, line 19, the words "for eligible households" probably should be stricken from the phrase "minimum income levels for eligible households". The minimum income level referred to is the minimum income level necessary to purchase an adequate diet, and no household with that income could be eligible. It is therefore more than the maximum income of an eligible household.

(4) Beginning on page 4, line 14, and ending on page 5, line 21, the bill provides that (1) the Secretary may not take the availability of appropriations into account in determining minimum income levels, (2) any household with an income below the minimum is eligible, (3) notwithstanding the foregoing, if funds for fiscal year 1970 are insufficient to permit an increase in participation in the food stamp program by "eligible households" whose income is greater than two-thirds of the cost of an adequate diet (i.e. or two-ninths of the smallest minimum income the Secretary can prescribe), the Secretary may limit the number of "such" families which may participate in the program in such fiscal year to the extent that funds are available; but in no case shall the participation of any participating household be discontinued thereby; and (4) the State agencies must establish standards including incomes "consistent with" minimum income levels for fiscal 1970 as well as other years.

The language just described therefore deals with (A) "eligible households" that are not eligible to participate; and (B) participation by households for which funds are not available. We are unable to understand these concepts and the language just described. The language should be clarified to carry out whatever the intent may be.

(5) On page 5, line 4, "this section (7(a) of this Act)" appears to contain typographical errors, and probably should be changed to "section 7(a) of this Act".

(6) On page 5, lines 6 and 7, strike "extent that" and insert "number for which" as more grammatically correct.

(7) On page 4, line 4, the Secretary is required to prescribe minimum income levels at least once a year. On page 6, line 4, minimum income limitations are required to be revised "annually to reflect any increase in the cost of living". It does not seem appropriate to revise annually a figure that is determined annually, or that if such revision is necessary it should be limited to reflecting only increases. It may be advisable to strike or clarify lines 4 through 9 on page 6.

Subsection (7)—Self-Certification.—Provides that certification of eligibility to participate in the food stamp program shall be granted upon execution of an affidavit by a member of the applicant household. Any error in the income level subsequently found in this affidavit will result only in an adjustment of the assistance granted to the applicant household.

Suggested Amendments.—(1) Under this provision the level of assistance can be adjusted for errors in "income level". It is not clear whether adjustment can be made for errors as to number of persons in the household and other factors which affect the assistance level. The intention should be made clear.

(2) It is not clear whether or not this provision is intended to prohibit prosecutions under other laws for willful misrepresentation as to income level, and whether penalties are prohibited in the case of errors as to other matters, such as the number of children in the family. The intention should be made clear. Subsection (13) of the bill makes it clear that no misstatement in the affidavit shall constitute a violation of the Food Stamp Act.

Subsection (8)—Value and Cost of Coupons.—Makes the following provisions concerning the face value of coupon allotments and the charges to be made for these allotments:

(a) The Secretary is directed to establish the minimum cost of purchasing a nutritionally adequate diet for varying sizes of households, which must be not less than the equivalent of \$120 per month for a family of four. Availability of appropriations may not be considered. All participating households are entitled to receive a coupon allotment equal in value to this cost. Households may purchase all, or any portion of the coupons to which they are entitled. Should they purchase less than their full allotment the purchase price will be reduced proportionately.

(b) The bill limits the price to be paid by certain households for coupon allotments as follows: Any household whose income is less than two-thirds of the cost of purchasing a nutritionally adequate diet will receive its coupon allotment free; no household whose income is less than such cost will pay over 15% of its income for its coupon allotment (effective 6/30/70 or when funds become available, whichever is earlier); no participating household will pay over 25% of its income for its coupon allotment (effective 6/30/71 or when funds become available, whichever is earlier).

Subsection (9)—Nutrition and Program Information.—Section 10(a) of the Food Stamp Act of 1964 now provides for insuring that participants obtain needed "staple foods" and encouraging them to use those in abundant supply. As amended by subsection (9), section 10(a) would provide for counseling participants on obtaining nutritious diets, home economics services for them, and program information.

Suggested Amendment.—On page 9, line 17, strike out "low-income" from the term "eligible low-income households", since "eligible households" is a defined term.

Subsection (10)—Repeal of Provisions for Delegation, Record-Keeping, and Inspection.—This subsection amends section 10(b) of the Food Stamp Act of 1964 by repealing provisions (1) authorizing a State agency to delegate its responsibility in the issuance of coupons to another agency of the State government, (2) requiring the keeping of records, and (3) making such records available for inspection and audit. Subsection (10) also provides that the State agency shall comply with the requirements of clauses (2) and (3) of section 10(e) of the Act (see explanation of subsection (11).)

Suggested Amendments.—(1) The section-by-section analysis submitted by the author does not indicate an intention to repeal the recordkeeping or inspection requirements. If their repeal is not intended, the bill should be corrected by striking out "Subsection" from page 9, line 24, and inserting "The first sentence of subsection".

(2) The State agency is supposed to comply with all requirements of the State plan. The requirement on page 10, lines 3 through 5, that the State comply with two provisions of the State plan is either surplusage or an indication that it need not comply with other provisions of the plan. Consideration should be given to striking this provision.

Subsection (11)—Certification and Coupon Issuance.—Adds new clauses (2) and (3) to section 10(e) of the Act to require the State plan to include provisions requiring the State agency to (1) make every effort to insure that all households which meet the eligibility requirements of the Act are certified, and (2) arrange for issuance of coupons and collection of charges therefor through post offices, participating retail food stores, or such other manner as will best insure program participation.

Subsection (12)—Local Administration by Secretary.—Requires the Secretary to administer any food stamp program directly through any appropriate non-profit private, Federal, State, or county agency where the local administering agency has failed to comply with the provisions of the Act. The present law provides for terminating any program which does not comply with the law.

Subsection (13).—State Administration Costs To Be Paid By the Secretary.—This subsection does not appear to have any substantive effect, unless it relieves the State of responsibility for administrative costs in all cases. The analysis submitted by the author does not indicate that this was the intention.

Technically, this subsection excludes the costs provided for by section 15(c) of the Act, as added by the bill, from the costs of carrying out those administrative responsibilities assigned to the State for which the State is made responsible by section 15(a). (The costs provided for by section 15(b) are already excluded.) Section 15(c) does not appear to deal with costs, but rather provides for administration through various private or government agencies in either of two enumerated cases. If any agency but a State agency is used by the Secretary, section 15(a) is inapplicable by its items, since it applies only to the cost of carrying out administrative responsibilities assigned to the State. If a State agency is used as provided for by clause (1) of section 15(c), the Federal payments would appear to be authorized by section 15(b). Clause (2) of section 15(c) deals with cases where the Secretary "determines that such a program is necessary in such political subdivision to accomplish the purposes of this Act or . . .". Since the purpose of the Act would be to utilize food "to the maximum extent to . . . provide adequate levels of food consumption and nutrition among low-income households" every food stamp program would appear to be necessary to accomplish the purposes of the Act.

Furthermore, exclusion of any State costs provided for by section 15(c) would appear inconsistent with section 15(b) as amended by the bill, since it could only be construed to exclude costs in cases where the Secretary does not determine such exclusion to be necessary as provided by section 15(b).

Suggested Amendment.—For the reasons given above subsection (14) should be stricken or clarified.

Subsection (15)—State Administrative Costs to be Paid by the Secretary (Continued).—Authorizes the Secretary to pay to the State agency any amount up to the total cost of carrying out the administrative responsibilities under this Act in any political subdivision if he determines that such payment is necessary to enable such political subdivisions to conduct a food stamp program. At present the Secretary is authorized only to pay the State agency certain of its costs in the certification of households not receiving any type of public assistance.

Subsection (16)—Administration by Private and Federal Agencies.—Authorizes the Secretary to administer a food stamp program through private nonprofit, or Federal, State or county agencies where (1) local officials fail to request a program after the Secretary has offered to pay all or part of its costs, or (2) the Secretary has determined that the local program is necessary to accomplish the purposes of the Act or to alleviate severe malnutrition.

Suggested Amendment.—It should be noted that the Secretary may use a private or Federal agency under clause (2) even though the State has requested, and is willing to administer, the program. If this is not intended, the language should be amended.

Subsection (17)—Appropriations.—Authorizes the appropriation of such sums as may be necessary to carry out the provisions of the Act. This is in lieu of the present authorization for \$340 million for fiscal 1970 and \$170 million for the first half of fiscal 1971, and no authorization thereafter. This subsection also repeals the present prohibition against the use of funds appropriated under the authority of any other Act, such as section 32 of Public Law 320, 74th Cong.

Subsection (18)—Obligational Authority.—Authorizes the Secretary to obligate up to 10 percent more than the sum appropriated for any fiscal year where necessary to meet unanticipated decreases in participation resulting from a change in economic conditions or other unforeseeable circumstances. The excess obligation would be paid out of funds appropriated to carry out the Act in the succeeding year.

SENATE COMMITTEE ON AGRICULTURE AND FORESTRY—STAFF COMPARISON OF MAJOR PROVISIONS OF S. 6, S. 1608, S. 1864, S. 2014, AND PRESIDENTIAL MESSAGE ON HUNGER AND MALNUTRITION

	S. 6 (Mondale)	S. 1608 (Montoya)	S. 1864 (Talmadge)	S. 2014 (McGovern)	Presidential message
Funds: (Present law limits appropriation to \$340,000,000 for fiscal 1970; \$170,000,000 for first 6 months of fiscal 1971).	Authorizes unlimited appropriations and use of unused sec. 32 funds. Sec. 32 funds and CCC funds made available for purchase and distribution of food. Excess of sec. 32 funds over \$300,000,000 would not revert to Treasury.	Authorizes unlimited appropriations.	Authorizes appropriation of \$525,000,000 for fiscal 1970, \$900,000,000 for fiscal 1971.	Authorizes unlimited appropriations. Permits obligation 10 percent above appropriation.	Program will cost an additional \$270,000,000 over present requests for fiscal 1970, an additional \$1,000,000,000 per year thereafter.
Cost of coupon allotment: (Present law: Household's normal expenditure for food).	No cost, but value of allotment is diminished as household income increases.	(1)-----	Reasonable, not exceeding 25 percent of household income, may be free if income does not exceed \$40 per month.	No cost if income less than $\frac{3}{4}$ cost of adequate diet. Not more than 15 percent of income if income less than cost of adequate diet (effective June 30, 1970, or when funds become available). No household would pay over 25 percent of income (effective June 30, 1971, or when funds become available).	No cost to those in very lowest income brackets; not more than 30 percent of income to others.
Value of coupon allotment: (Present law: Amount needed "more nearly" to obtain adequate low-cost diet).	Absolutely eligible households would receive an amount sufficient to provide an adequate diet. Others would receive such lesser amounts as would enable them to achieve an adequate diet. Income insufficient to attain adequate diet. Absolute eligibility where income below OEO poverty index. Secretary would establish standards.	(1)-----	(1)-----	Amount equal to cost of adequate diet (not less than \$120 per month for a family of 4).	Amount needed to purchase a complete diet (estimated at \$100 per month for a family of 4).
Eligibility requirements: (Present law: Income must be a substantially limiting factor in attainment of adequate diet. State standards must be consistent with State standards for federally aided public assistance).	Secretary would prescribe minimum requirements as to maximum income limitations on eligibility.	Secretary would prescribe minimum requirements as to maximum income limitations on eligibility.	Prohibits consideration of medicaid standards in fixing maximum income limitations.	Income need only be insufficient to attain adequate diet. Secretary would prescribe minimum requirements as to maximum income limitations (not less than 3 times cost of adequate diet).	(1).
Local administration: (Present law: Administration by, and upon request of, State agency).	Administration by Federal, State, or private agencies without State request.	Direct administration by Secretary in any political subdivision in which local authorities refuse to operate program.	(1)-----	Administration by Secretary, through any nonprofit private Federal, State, or county agency where (1) local agency fails to comply with law, (2) local officials fail to request program after Secretary has offered to pay part of costs, or (3) the Secretary determines that local program is necessary to effectuate act or alleviate severe malnutrition.	(1).

Cost of local administration: (Present law: Federal payment of part of the costs of certifying households which do not receive public assistance).	Secretary would pay part of the costs of certifying all eligible households. Additional assistance in local administrative costs is authorized for up to 300 counties. Secretary would pay all costs of private non-profit or charitable agencies, and costs plus reasonable profit to commercial enterprises.	Secretary would pay up to 50 percent of all local costs.	In addition to part of certification costs, Secretary would pay part of coupon issuance costs for households not receiving public assistance.	Secretary could pay all local costs.	(1).
Concurrent direct food distribution: (Present law: Prohibited except in disaster emergency). Self-certification: (Present law: State agency assumes responsibility for certification of eligible households). Issuance of coupons: (Present law: State agency has responsibility, may delegate).	Sufficient distribution required to bring all diets to an adequate level. Certification solely by affidavit of household.	(1)	(1)	Concurrent distribution permitted.	Concurrent distribution permitted.
Information assistance	State agency has responsibility, but Secretary may make any reasonable arrangements with any Federal, State, local, or private agency. Encourages nutrition and home economics education.	(1)	Issued at least twice monthly through local post offices. Recipient may have charge deducted from welfare check.	State agencies may issue through post office, mail, food stores, or otherwise. Permits purchase of less than full allotment. Encourages nutrition, home economics, and program education.	Expanding role of community action agencies and Vista volunteers in delivering stamps.
Territorial coverage: (present law: 50 States and District of Columbia).	Extends to include Puerto Rico, Guam, Virgin Islands, American Samoa, any other U.S. territory or possession.	(1)	(1)	Extends to Puerto Rico, Guam, and Trust Territory of the Pacific.	(1) President will ask executives attending White House Conference on Food and Nutrition to work with advertising industry to develop an educational advertising and packaging program to publicize importance of good food habits.
Food covered: (present law: Only food and drink).	(1)	(1)	(1)	Extends to products needed for personal cleanliness, hygiene, and home sanitation.	(1)
New organizations	"Task Force on Hunger"; "National Food Assistance Commission"; other advisory committees (all advisory).	(1)	"Federal Food Administration" (administrative); "National Nutrition Committee" (advisory).	(1)	(1) "Food and Nutrition Service" (administrative) will be considered.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 6, 1969.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate.

DEAR MR. CHAIRMAN: This is in response to your request for a report on S. 6, a bill to amend the Food Stamp Act and for other purposes.

This Department is in full accord with the declaration of policy set forth in section 2 of the proposed bill. It also believes that the cooperation of the private business and voluntary sectors should be sought in the attack on hunger and malnutrition and that an effective vehicle should be established to coordinate Federal research, action, and educational food and nutrition programs. It further believes that the Food Stamp Program should be modified to increase its effectiveness and that its funding should be increased.

The Department, however, would prefer legislation which more fully embodies the specific recommendations to modify the Food Stamp Program which are outlined in the President's Message to the Congress of May 6, 1969.

S. 6 would repeal the Food Stamp Act of 1964. It would provide for the operation of another type of Food Stamp Program in the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa and any other territory or possession of the United States. The new stamp program:

(a) could be operated directly by the Department of Agriculture or through State welfare agencies or through "private" agencies, which are defined as any non-profit or charitable organization, business enterprise, or Federal, State or local agency capable of administering the program;

(b) provides that any household whose income is below the poverty index of the Office of Economic Opportunity would be eligible;

(c) permits other (higher-income) households to qualify for participation under income and property limitations established by the Secretary;

(d) authorizes the issuance of free coupons to households with incomes below the poverty index and provides that the value of the coupon allotment so issued would be equal to the cost of a fully adequate diet;

(e) authorizes the free issuance of a monthly allotment of food coupons to other eligible households, but in a lesser value than the monthly allotment issued to households with incomes below the poverty index;

(f) requires that households be certified solely by their execution of an affidavit, with no penalty prescribed if the affidavit was subsequently found to be in error or fraudulent;

(g) directs that additional free "student" coupons be issued to eligible households to be used by their children to purchase lunch at school;

(h) authorizes continuation of the present level of Federal payments to assist State welfare agencies to finance part of the cost of certifying certain households but would permit additional payments to up to 300 counties; and

(i) authorizes Federal payments to cover the full costs incurred by any non-profit agency in administering the program; and in the event that a business enterprise was used to administer the program, Federal funds would be available to cover the full cost incurred by such enterprise, plus a reasonable profit to the enterprise.

Other major provisions of the bill are: (1) a Task Force on Hunger would be established in order to enlist private food companies and commercial enterprises in the fight against hunger. Appropriations provided under the bill would be used to provide adequate staff services and to reimburse members of the Task Force for their expenses; (2) a National Food Assistance Commission would be established, among other things, to maintain a continuing study of malnutrition, with authority to contract with public or private agencies to maintain data on the incidence of hunger and malnutrition; (3) the Commodity Credit Corporation would be authorized to purchase supplies of any food and such foods could be made available to eligible households in addition to their allotment of food coupons in order to assure adequate diets; and (4) the program and activities authorized by the bill would be financed by direct appropriations and by unused funds under the authority of Section 32 of Public Law 74-320.

The Department does not favor the provisions of S. 6 that authorize the issuance of free coupons to all eligible households. It believes that the self-help principle of the present Food Stamp Program should be retained. However, we do

recommend that the Food Stamp Act be amended to provide that: (a) all participating households be issued a coupon allotment equal to the cost of a nutritionally adequate diet; (b) current charges for coupon allotments be reduced, particularly for the poorest of the eligible households; and (c) households in extreme poverty receive their coupon allotments free of charge.

The Department also believes that the current Federal, State and local governmental framework for the administration of the Food Stamp Program should be retained. It does not believe that hunger and serious malnutrition can be eliminated unless each of those three levels of government accepts a joint responsibility for outreach, action and educational programs. We recommend that the Food Stamp Act be amended to specify that the State welfare agency has a positive responsibility to undertake effective actions both to inform low-income households about the program and to facilitate the participation of eligible households. Moreover, we firmly believe that the resources of private and volunteer groups should be sought to assist governmental agencies in maximizing participation in the program.

The Department believes that current Federal legislation for school lunch and related child nutrition programs provides an effective and flexible base upon which to insure that needy children can fully participate in school and non-school feeding programs. Further, budget requests under these programs for the fiscal year 1970 are designed to provide the level of Federal school lunch funding needed to reach all needy children with free or greatly reduced priced lunches. Therefore, the Department believes the provisions of S. 6 that would authorize the issuance of student food coupons to be used to purchase lunches at school are not necessary.

The Department recommends that appropriation authorities under the Act be extended and liberalized.

Finally, the Department believes the President's Urban Affairs Council provides the vehicle by which Federal efforts in food and nutrition should be coordinated. The President already has announced that he is establishing a sub-cabinet working committee of the Urban Affairs Council to promote coordination between food and nutrition programs and other health, educational, and anti-poverty programs.

The President also has announced that he will call a White House Conference on Food and Nutrition, among other things, to seek effective ways to involve private business and volunteer resources in the total effort to improve the nutrition of all our citizens.

The Department is submitting a draft bill to the Congress to carry out the food stamp recommendations contained in the President's Message of May 6. We would recommend that that bill be enacted in lieu of S. 6.

The Bureau of the Budget advises that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

CLARENCE D. PALMBY,
Acting Secretary.

DEPARTMENT OF AGRICULTURE,
Washington, June 6, 1969.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate.

DEAR MR. CHAIRMAN: This is in response to your request for a report on S. 1608, a bill to amend the Food Stamp Act of 1964.

This Department supports the objectives of S. 1608. However, it would prefer legislation which more fully embodies the specific recommendations to modify the Food Stamp Program which are outlined in the President's Message to the Congress of May 6, 1969.

S. 1608 would amend Section 5 of the Food Stamp Act to provide that household eligibility standards in any State would be the higher of the following: (a) a minimum national standard established by the Secretary of Agriculture or (b) a State-established standard which would be consistent with the State's standard of eligibility for its federally-aided public assistance programs.

The bill also would authorize the Secretary to directly administer a program in any political subdivision when appropriate governing officials would not agree to operate such a program, if the Secretary determines that such direct operation

"is necessary to accomplish the purposes of this [Food Stamp] Act". It also provides that Federal funds could be used to pay up to 50 percent of the total State and local food stamp operating costs under a system that would result in an equitable allocation of Federal funds among the States.

Finally, the bill would amend Section 16 to provide that, for periods after fiscal year 1969, there would be a continuing authorization for annual appropriations, with the amount of such annual appropriations determined within the regular budget and appropriations process.

Under current provisions of the Food Stamp Program, program eligibility standards vary by States because the Act requires that such standards be consistent with the standards used by the State in its own federally-aided public-assistance programs. The provisions of S. 1608 would reduce current State-by-State variations by requiring that minimum Federal eligibility standards must be observed by all States. This Department recommends that individual State standards be eliminated—to be replaced by uniform standards especially developed for the Food Stamp Program.

The Department also believes that the current Federal, State and local governmental framework for the administration of the Food Stamp Program should be retained. It does not believe that hunger and serious malnutrition can be eliminated unless each of those three levels of government accepts a joint responsibility for outreach, action and educational programs. We recommend that the Food Stamp Act be amended to specify that the State welfare agency has a positive responsibility to undertake effective actions both to inform low-income households about the program and to facilitate the participation of eligible households. Moreover, we firmly believe that the resources of private and volunteer groups should be sought to assist governmental agencies in maximizing participation in the program.

The Department does believe that appropriation authorities under the Act must be extended and liberalized.

The Department is submitting a draft bill to the Congress to carry out the food stamp recommendations contained in the President's Message of May 6. We would recommend that that bill be enacted in lieu of S. 1608.

The Bureau of the Budget advises that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

CLARENCE D. PALMBY,
Acting Secretary.

DEPARTMENT OF AGRICULTURE,
Washington, June 6, 1969.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate.

Dear Mr. CHAIRMAN: This is in response to your request for a report on S. 1864, a bill to amend the Food Stamp Act.

This Department supports the objectives of S. 1864. However, it would prefer legislation which more fully embodies the specific recommendations to modify the Food Stamp Program which are outlined in the President's Message to the Congress of May 6, 1969.

S. 1864 would amend the Food Stamp Act to provide that—

(a) present State eligibility standards would continue to be related to State standards for the federally aided public assistance standards, except for those standards established by States under the title 19 (Medicaid) provisions of the Social Security Act;

(b) charges to households for the coupon allotments could not exceed 25 percent of household income and coupon allotments could be issued without charge to households in extreme poverty;

(c) a system would be authorized to allow public assistance households to authorize the State agency to withhold its coupon charge from its public assistance grant;

(d) State welfare agencies would be required to encourage and assist physically and mentally able adult members of food stamp households to obtain employment;

(e) additional Federal payments would be available to assist States in financing within-State administrative costs;

(f) the facilities of U.S. post offices would be used to issue food coupons at Federal expense;

(g) not in excess of \$525 million would be authorized to be appropriated for the fiscal year 1970; not in excess of \$900 million for the fiscal year 1971; and such sums as may be authorized by the Congress for any subsequent fiscal period;

(h) a separate agency would be established within the Department to carry out the food assistance and nutrition education programs administered by the Secretary; and

(i) a Federal interdepartmental committee would be established to advise the Secretary on matters relating to the administration of food assistance programs.

The changes in program eligibility standards proposed in S. 1864 are in accord with the present practices of the Department in approving State eligibility standards. This Department believes that, at this time, efforts must be concentrated upon the poorest households. Thus, it recommends that individual State standards of eligibility be eliminated—to be replaced by uniform standards especially developed for the Food Stamp Program.

The Department believes that charges for the coupon allotments should be reduced, particularly for the poorest households, and that those households in extreme poverty should be issued food coupons without charge. The Department also believes that the value of the coupon allotment should be sufficient to enable food stamp households to purchase a nutritionally adequate diet.

This Department also favors a voluntary system to allow public assistance households to pay for their coupon allotments through a withholding system. We also believe other new approaches must be developed to facilitate the sale and issuance of food coupons but we are not now in a position to evaluate the use of U.S. post offices as coupon issuing agencies.

The Department agrees that appropriation authorities under the Act should be extended and liberalized. However, it believes the levels of the maximum appropriation authorizations for 1970 and 1971 in S. 1864 are too limiting.

The President has already announced his intention to establish a separate agency within the Department of Agriculture to administer food assistance programs, and to provide for effective interdepartmental coordination of food and nutrition programs through the Urban Affairs Council. In addition, we believe that current legislation now authorizes broad programs to increase the employability of, and opportunities for, unemployed or underemployed employables.

The Department is submitting a draft bill to the Congress to carry out the food stamp recommendations contained in the President's Message of May 6. We would recommend that that bill be enacted in lieu of S. 1864.

The Bureau of the Budget advises that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

CLARENCE D. PALMBY,
Acting Secretary.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 6, 1969.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate.

DEAR MR. CHAIRMAN: This is in response to your request for a report on S. 2014, a bill to amend the Food Stamp Act.

This Department supports the objectives of S. 2014. However, it would prefer legislation which more fully embodies the specific recommendations to modify the Food Stamp Program which are outlined in the President's Message to Congress of May 6, 1969.

S. 2014 would amend the Food Stamp Act to provide that—

(a) coupons could be used to purchase nonfood items necessary for personal cleanliness, hygiene, and home sanitation;

(b) the value of coupon allotments would be equal to the retail cost of a nutritionally adequate diet and in no event less than the equivalent of \$120 for a family of four;

(c) the stamp and commodity distribution programs could be operated simultaneously in local political subdivisions;

(d) Federal eligibility standards would be established but States could establish higher standards if they so elected;

(e) the certification of applicant households would be made solely by the execution of an affidavit by the household and there would be no penalties for erroneous or fraudulent applications;

(f) free coupon allotments would be issued to household whose incomes were less than two-thirds of the cost of an adequate diet (for a family of four, free coupons would be issued to households with a monthly income of less than \$80);

(g) other eligible households would be charged for their coupon allotments in amounts equal to an increasing percentage of income, but not in excess of 25 percent of income; but reductions in current charges would not be fully implemented until fiscal 1972 unless sufficient funds were made available;

(h) the facilities of U.S. post offices and participating retail stores would be used to issue food coupons;

(i) the current requirement that applicant households be certified by merit-system personnel would be eliminated;

(j) if the Secretary found the State welfare agency was not complying with the provisions of the Act or its approved plan of operation, the Secretary could directly administer the program or administer it through a private non-profit agency or through any appropriate Federal, State or county agency;

(k) increased Federal payments could be made to help finance intrastate administrative costs and the amount of such payments could be up to 100 percent of such costs; and

(l) permanent appropriation authorities would be provided; the Department could over-obligate funds in any fiscal year, if necessary to meet unanticipated increases in participation.

The Department does not believe that the nutritional focus of the Food Stamp Program should be diluted by authorizing the use of coupons for a wide range of non-food items—such as soaps, detergents, shampoos, laundry aids, paper products, toothbrushes, pastes and powders, mops, brooms, etc.

We do recommend that the value of the coupon allotments should be based upon the cost of a nutritionally adequate diet and that current charges for coupon allotments should be reduced, particularly for the poorest households. We also recommend that coupon allotments be issued free of charge to those households in extreme poverty.

However, we do not believe it would be feasible to reduce coupon charges on a piecemeal basis in order to reduce funding needs for the fiscal years 1970 and 1971, as is contemplated in S. 2014. Many households participating in the Food Stamp Program have significant seasonal changes in the level of household income. Under S. 2014, they would be eligible for free coupons during some months and could be paying a substantial charge during the months of seasonal employment if the level of program funding was not sufficient to reduce current coupon charges. Thus, the schedule of coupon charges must be one that does not result in serious economic penalties to the household that gains employment.

The Department believes that there are conditions under which the simultaneous operation of a food stamp and commodity distribution program should be permitted. It does, however, contemplate that the Food Stamp Program would ultimately replace commodity distribution as the means of providing food assistance to low-income households.

The Department also believes that the current Federal, State and local governmental framework for the administration of the Food Stamp Program should be retained. It does not believe that hunger and serious malnutrition can be eliminated unless each of those three levels of government accepts a joint responsibility for outreach, action and educational programs. We recommend that the Food Stamp Act be amended to specify that the State welfare agency has a positive responsibility to undertake effective actions both to inform low-income households about the program and to facilitate the participation of eligible households. Moreover, we firmly believe that the resources of private and volunteer groups should be sought to assist governmental agencies in maximizing participation in the program.

We also believe that new approaches must be developed to facilitate the sale and issuance of food coupons but we are not now in a position to evaluate the use of U.S. post offices as coupon issuing agencies. The Department, however, does not favor the issuance of coupons through participating retail food stores.

The department does favor uniform minimum eligibility standards to insure that the program is available to those households in greatest need without regard to the section of the country in which the household resides. Thus, it believes that individual State standards should be eliminated—to be replaced by uniform standards especially developed for the Food Stamp Program. We also believe that continuing attention needs to be given to simplifying certification policies and procedures but believes positive corrective actions should be available in the event of deliberate household misrepresentation or fraud.

The Department does believe appropriation authorities under the Act must be extended and liberalized.

The Department is submitting a draft bill to the Congress to carry out the food stamp recommendations contained in the President's Message of May 6. We would recommend that that bill be enacted in lieu of S. 2014.

The Bureau of the Budget advises that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

CLARENCE D. PALMBY,
Acting Secretary.

DEPARTMENT OF AGRICULTURE,
Washington, June 6, 1969.

HON. SPIRO T. AGNEW,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed for the consideration of the Congress is a draft of a proposed bill to amend the Food Stamp Act of 1964, as amended.

The submission of this bill is one in a series of actions announced by the President in his Message to the Congress of May 6, 1969. In that Message, the President stated that the persistence of hunger and malnutrition in a land such as ours is embarrassing and intolerable. He reported that the Council for Urban Affairs had been studying the problem of malnutrition in America and assessing the capabilities of present food and nutrition programs. As a result, the President recommended, among other things, that the Food Stamp Program be modified and that its level of funding be increased. He further indicated that legislation would shortly be submitted to the Congress to amend the Food Stamp Act of 1964.

The enclosed bill, therefore, is being submitted. It sets forth the revisions in the Food Stamp Act which are required to implement the general recommendations of the President. These revisions are—

the issuance to eligible households of a coupon allotment of a value which will permit the household to purchase on adequate diet;

the charges to be made for the coupon allotment shall not exceed 30 percent of household income, with the poorest households paying less than 30 percent;

the issuance of coupon allotments without charge to households in extreme poverty;

the establishment of uniform standards of eligibility, which will replace the present standards that vary from State to State;

a requirement that each State welfare agency and its local counterpart offices undertake effective actions to inform low-income households about the program and to facilitate the participation of eligible households; some Federal payments would be made to assist States in financing a part of the cost of such outreach efforts;

a requirement that States establish a fair hearing procedure for households; some Federal payments would be made to assist States in financing a part of the cost of such hearings;

an opportunity for a public assistance household to elect to have its coupon charge deducted from its welfare check, thereby facilitating the participation of such households;

authority, under certain conditions, to permit States to operate both a food stamp and commodity distribution program in a political subdivision; and

appropriation authorities for fiscal years through 1973 would be provided.

The proposed bill also establishes a new provision which will require States participating in USDA family food assistance programs to arrange for the operation of either the Commodity Distribution or Food Stamp Program in each of its political subdivisions. States will be given until June 30, 1970, to meet this new provision, or until June 30, 1971, if the Governor of the State notifies the Secretary that State legislative action is necessary before the State can meet the requirement and that the State Legislature will not meet in regular session by June 30, 1970.

The recommended revisions in the Food Stamp Act will increase the effectiveness of the Food Stamp Program and will concentrate the increased program benefits among the poorest households. It is the intent, also, to strengthen supportive food and nutrition education programs for food stamp families to help them maximize the nutritional benefits they obtain from their increased food purchasing power.

Primary emphasis in the fiscal year 1970 will be placed upon increasing the effectiveness of the Food Stamp Program in those areas now approved for participation. Most of the increase in funds requested for the fiscal year 1970 will be used for this purpose.

It is also the intent to progressively expand the geographic coverage of the Food Stamp Program over the period of the next several years. Our long-range goal should be to use the stamp program as the basic program for family food assistance. However, the Commodity Distribution Program can fill many short-range needs for family food assistance and it will continue to have a permanent place in our programs of child, institutional and disaster feeding.

The increase in funds requested for 1970 will permit some increase in geographic coverage of the Food Stamp Program. Some of those funds will be used in 1970 to inaugurate a Food Stamp Program in those political subdivisions not then committed to the operation of a USDA family food program. Any remaining amount would be available to permit areas to transfer from the commodity program to food stamps.

The causes of hunger and malnutrition are complex. Some cannot be completely isolated from the other problems facing those who live in poverty. Having sufficient food purchasing power does not, of itself, guarantee that fully adequate diets will result. But, for those with the lowest incomes, and especially those now ineligible for public or general assistance grants, additional food purchasing power is the critical first step. Our recommended modifications in the Food Stamp Program are directed to better achieve that first critical step.

The Bureau of the Budget advises that the enactment of this proposed legislation would be in accord with the President's program.

A similar letter is being sent to the Speaker of the House.

Sincerely,

CLARENCE D. PALMBY,
Acting Secretary.

A BILL To amend the Food Stamp Act of 1964, as amended

Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled, That Section 2 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"It is hereby declared to be the policy of Congress, in order to promote the general welfare, that the Nation's abundance of food should be utilized cooperatively by the States, the Federal Government, local governmental units, and other agencies to safeguard the health and well-being of the Nation's population and raise levels of nutrition among low-income households. The Congress hereby finds that the limited food purchasing power of low-income households contributes to hunger and malnutrition among members of such households. The Congress further finds that increased utilization of foods in establishing and maintaining adequate national levels of nutrition will promote the distribution in a beneficial manner of our agricultural abundances and will strengthen our agricultural economy, as well as result in more orderly marketing and distribution of food. To alleviate such hunger and malnutrition, a food stamp program is herein authorized which will permit low-income households to purchase a nutritionally adequate diet through normal channels of trade."

SEC. 2. Subsections (a) and (b) of Section 4 of the Food Stamp Act of 1964, as amended, are amended to read as follows:

"(a) The Secretary is authorized to formulate and administer a food stamp program under which, at the request of the State agency, eligible households within the State shall be provided with an opportunity to obtain a nutritionally adequate diet through the issuance to them of a coupon allotment which shall have a greater monetary value than the charge to be paid for such allotment by eligible households. The coupons so received by such households shall be used only to purchase food from retail food stores which have been approved for participation in the food stamp program. Coupons issued and used as provided in this Act shall be redeemable at face value by the Secretary through the facilities of the Treasury of the United States.

"(b) In areas where the food stamp program is in operation, there shall be no distribution of federally donated foods to households under the authority of any other law except that distribution thereunder may be made: (1) during temporary emergency situations when the Secretary determines that commercial channels of food distribution have been disrupted because of a disaster; (2) on request of the State agency, for such period of time as the Secretary determines necessary, to effect an orderly transition in an area in which the distribution of federally donated foods to households is being replaced by a food stamp program; or (3) on request of the State agency if the State agrees to finance, from funds available to the State or political subdivisions thereof, all of the costs, subsequent to the delivery of such foods within the State, of handling, storing and issuing federally donated food to eligible households in the area."

SEC. 3. Section 5 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(a) Except for the temporary participation of households that are victims of a disaster as provided in subsection (b) of this section, participation in the food stamp program shall be limited to those households whose income and other financial resources are determined to be substantial limiting factors in permitting them to purchase a nutritionally adequate diet.

"(b) The Secretary, in consultation with the Secretary of Health, Education, and Welfare, shall establish uniform national standards of eligibility for participation by households in the food stamp program and no plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary. The standards established by the Secretary, at a minimum, shall prescribe the amounts of household income and other financial resources to be used as criteria of eligibility: *Provided*, That the Secretary may also establish temporary emergency standards of eligibility, without regard to income and other financial resources, for households that are victims of a disaster which disrupted commercial channels of food distribution when he determines that such households are in need of temporary food assistance, and that commercial channels of food distribution have again become available to meet the temporary food needs of such households."

SEC. 4. Subsections (a) and (b) of Section 7 of the Food Stamp Act of 1964, as amended, are amended to read as follows:

"(a) The face value of the coupon allotment which State agencies shall be authorized to issue to any households certified as eligible to participate in the food stamp program shall be in such amount as the Secretary determines to be the cost of a nutritionally adequate diet.

"(b) The maximum amount which State agencies shall be authorized to charge any eligible household for the coupon allotment issued to it shall not exceed 30 per centum of the household's income: *Provided*, That coupon allotments may be issued without charge to households with little or no income or other financial resources under standards of eligibility prescribed by the Secretary."

SEC. 5. Subsection (e) of Section 10 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"The State agency of each State desiring to participate in the food stamp program shall submit for approval a plan of operation specifying the manner in which such program will be conducted within the State, the political subdivisions within the State in which the State desires to conduct the program, and the effective dates of participation by each such political subdivision. In addition, such plan of operation shall provide, among such other provisions as may be required, the following: (1) the specific standards to be used in determining the eligibility of applicant households; (2) that the State agency shall undertake the certification of applicant households in accordance with the general procedures and personnel standards used by them in the certification of

applicants for benefits under the federally aided public assistance programs; (3) safeguards which restrict the use or disclosure of information obtained from applicant households to persons directly connected with the administration or enforcement of the provisions of this Act or the regulations issued pursuant to this Act; (4) for the submission of such reports and other information as from time to time may be required; (5) that the State agency shall undertake effective action, including the use of services provided by other Federally funded agencies and organizations, to inform low-income households concerning the availability and benefits of the food stamp program and ensure the participation of eligible households; and (6) for the granting of a fair hearing and a prompt determination thereafter to any household aggrieved by the action of a State agency under any provision of its plan of operation as it affects the participation of such household in the food stamp program. Upon the joint approval of the Secretary and the Secretary of Health, Education and Welfare the State plan may provide for withholding the amount to be paid by a household for its coupon allotment from any payment made by the State agency to such household under a Federally aided public assistance program, if such withholding is authorized by such household. In approving the participation of the subdivisions requested by each State in its plan of operation, the Secretary shall provide for an equitable and orderly expansion among the several States in accordance with their relative need and readiness to meet their requested effective dates of participation."

SEC. 6. Subsection (b) of Section 15 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(b) The Secretary is authorized to pay to each State agency an amount equal to 50 per centum of the sum of: (1) the direct salary, travel, and travel-related cost (including such fringe benefits as are normally paid) of personnel, including the immediate supervisors of such personnel, for such time as they are employed in taking the action required under the provisions of subsection 10(e) (5) of this Act and in making certification determinations for households other than those which consist solely of recipients of welfare assistance; (2) the direct salary, travel, and travel-related costs (including such fringe benefits as are normally paid) of personnel for such time as they are employed as hearing officials under section 10(e) of the Act; and (3) an amount equal to 25 per centum of the cost computed under (1) and (2)."

SEC. 7. Section 16(a) of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"To carry out the provisions of this Act, there is hereby authorized to be appropriated not in excess of \$315,000,000 for the fiscal year ending June 30, 1969, \$610,000,000 for the fiscal year ending June 30, 1970, such sums as the Congress may appropriate for the fiscal years ending June 30, 1971, June 30, 1972 and June 30, 1973, and not in excess of such sum as may hereafter be authorized by Congress for any subsequent fiscal year. Sums appropriated under this section shall, notwithstanding the provisions of any other law, continue to remain available for the purposes of this Act until expended. Such portion of any such appropriation as may be required to pay for the value of the coupon allotments issued to eligible households which is in excess of the charges paid by such households for such allotment shall be transferred to and made a part of the separate account created under section 7(d) of this Act. This Act shall be carried out only with funds appropriated from the general fund of the Treasury for that specific purpose and in no event shall it be carried out with funds derived from permanent appropriations."

SEC. 8. State plans of operation approved by the Secretary of Agriculture under the Food Stamp Act of 1964, as amended, prior to the date of the enactment of amendments thereto by this Act shall continue in effect until such plans are changed to accord with such amendments: *Provided*, That no such previously approved plan shall remain unchanged for more than 180 days after the enactment of such amendments.

SEC. 9. (a) Notwithstanding any other provision of law, the Secretary of Agriculture, after June 30, 1970, shall not approve, or continue the approval of, the participation of any State in the food stamp program or the program for the distribution of federally donated foods to households unless the State makes provision for the operation of one of such programs in each political subdivision within such State: *Provided*, That the Secretary of Agriculture may extend the period for compliance with this section to June 30, 1971, upon notification by the Governor of any State that State legislative action is required to provide au-

thority or funds to meet the requirements of this section and that the legislature of such State will not convene in regular session between the date of enactment of this Act and June 30, 1970: *Provided further*, That federally donated foods may be made available, under terms and conditions prescribed by the Secretary of Agriculture, to meet temporary emergency food needs of disaster victims of those States not approved in accordance with this section for participation in the food stamp program or the program for the distribution of federally donated foods to households.

(b) In making provision in accordance with subsection (a) of this section for operation of a food stamp program in any political subdivision, the State shall provide for the distribution of federally donated food to households in such political subdivision until the request by the State agency for the food stamp program in such political subdivision has been approved by the Secretary of Agriculture in accordance with the requirements of section 10(e) of the Food Stamp Act of 1964, as amended, relating to the equitable and orderly expansion of the food stamp program among the several States.

SECTION-BY-SECTION ANALYSIS

Section 1

This section of the bill amends section 2 of the Food Stamp Act of 1964, as amended.

While retaining the original policy of the Act that the Nation's abundance of food should be utilized to raise levels of nutrition among low-income households, the amendment changes the Declaration of Policy to reflect the finding of Congress that the limited food purchasing power of low-income households contributes to hunger and malnutrition. It also changes the current general purpose of the Act from that of "raising levels of nutrition" to that of enabling eligible households "to purchase a nutritionally adequate diet".

Section 2

This section of the bill revises subsections (a) and (b) of section 4 of the Act.

Subsection 4(a) of the Act sets forth a general description of the food stamp program authorized by the Act. The proposed amendment, by deleting the words "more nearly" from the first sentence of the subsection, will authorize the Secretary to formulate and administer a food stamp program which will provide eligible households with an opportunity to obtain a nutritionally adequate diet, rather than one which merely approaches this goal. Other provisions of the subsection remain unchanged.

The revisions in subsection 4(b) continue current authorities to temporarily operate a commodity distribution program in a food stamp area when a natural or other disaster disrupts commercial food distribution channels. The subsection contemplates that, in the event of such a disaster, federally donated commodities may be used to assist in mass feeding of households that are victims of the disaster and, when necessary, for distribution to individual households in the immediate aftermath of such a disaster until commercial food distribution facilities are again operating and the households have access to them.

In some disaster situations, commercial food distribution channels may become operative and available in some sections of a food stamp area before they are available in others. Therefore, revisions are also proposed in section 5 of the Act to authorize temporary food assistance through the food stamp program to households that are victims of a disaster, if and when such action is feasible. Thus, flexibility is provided in making the most effective use of Federal resources to provide emergency food assistance to households when disasters disrupt commercial food distribution facilities or prevent disaster victims from temporary access to such facilities.

The bill also amends subsection 4(b) to authorize the simultaneous operation of both the food stamp and commodity distribution programs in the same political subdivision in other than temporary situations caused by natural or other disasters when commercial food distribution facilities are disrupted. At the request of the State agency, such simultaneous operations can be authorized during the period deemed necessary (the initial months) to effect an orderly transition from the Commodity Distribution Program to the Food Stamp Program. During such a transition period, Federal payments would be available to help finance within-State administrative costs to the same extent such Federal payments are now, or may be, authorized under each of the two programs. If the State agency

requests simultaneous operation for a period of time beyond that deemed necessary for an orderly transition to a stamp program, or if the State agency wishes to institute the Commodity Distribution Program in an existing food stamp area, the full cost of handling and issuing the commodities in the food stamp area would be at the expense of the State agency or the local government unit.

Section 3

This section of the bill revises section 5 of the Act.

The proposed amendment retains the concept that the food stamp program shall be limited to households whose income and resources are substantial limiting factors in the attainment of a nutritionally adequate diet. However, unlike the current Act which provides that maximum income limitations shall be consistent with those used by the State agency in the administration of its federally aided public assistance programs, the amendment directs the Secretary of Agriculture, in consultation with the Secretary of Health, Education and Welfare, to establish, from time to time, new uniform national standards of eligibility. At a minimum, these new uniform standards will include the amounts of income and other financial resources to be used as eligibility criteria for households of various sizes. The Secretary would also be authorized to establish eligibility standards to meet the temporary food needs of households through the food stamp program when such households have been victims of disasters which have disrupted commercial food distribution facilities if such facilities have again become available to meet these temporary needs.

Section 4

This section of the bill revises section 7 of the Act.

Subsection 7(a) of the Act would be amended to provide that the value of the total coupon allotment to be issued to eligible households will be equal to the cost of a nutritionally adequate diet, as determined by the Secretary.

Subsection 7(b) of the Act also would be changed to provide a new basis for determining the charges to be made (the purchase requirements) for coupon allotments. Unlike the present Act, which provides that households shall be charged an amount determined to be equivalent to their normal expenditures for food, the proposed amendment directs the Secretary to limit such charges to an amount not in excess of 30 percent of income.

Under the revised language it is intended that an increasing percentage of income will be charged as the income of the household increases but that no household will be charged more than the maximum of 30 percent of its income specified in the amendment. Compared with the current level of coupon charges, the revised system would provide relatively larger reductions in coupon charges for those eligible households with the lowest incomes, among whom the incidence of hunger and serious malnutrition is considered to be most prevalent.

The revised language of subsection 7(b) of the Act also authorizes the issuance of coupon allotments without charge to households with little or no income, under standards of eligibility determined by the Secretary. It is expected that currently, these income standards of eligibility for free coupons will be set at a level of about \$30 in monthly income for a household of four members.

Section 5

This section of the bill revises subsection 10(e) of the Act.

While retaining all of the existing minimum provisions to be included in the plan of operation to be submitted by a State agency which desires to participate in the program, the proposed amendment adds two new requirements, as well as language which will permit households to authorize the withholding of coupon purchase requirements from their public assistance payments.

New language added by the amendment would place a positive responsibility upon the State agency to take effective action to inform low-income people about the program and to encourage the participation of eligible households. In undertaking such outreach actions, the State agency would be required to utilize the resources of other federally funded agencies such as those financed under the Economic Opportunity Act, as amended.

State plans of operation also would be required to include provisions under which the State agencies will grant fair hearings to households aggrieved by action of the State agencies.

The revised language also provides that, with the approval of the Secretary of Agriculture and the Secretary of Health, Education and Welfare, a State agency

may establish a system under which a food stamp household may elect to have its charge for the coupon allotment withheld from its public assistance check. The State agency could then automatically mail the monthly coupon allotment to certified public assistance households. State agencies may now issue coupons by mail but households must remit coupon charges to the State agency each month before the coupons can be mailed.

Section 6

This section revises subsection 15(b) of the Act.

The revised language will continue to provide for Federal payments to assist States in the costs they incur in the certification of non-welfare households. Federal payments now are available to pay a portion of the salary and travel costs of merit system caseworkers (and their immediate supervisors) used to make certification determinations in the local counterpart offices of the State welfare agency. The new language will provide Federal payments to assist States in the salary and travel costs incurred by personnel who undertake the outreach actions required under the new subsection 10(e)(5) and those who act as hearing officials under the new requirement for a State fair hearing procedure. It is deemed to be in the interest of the program to recognize the additional costs to States in insuring that there is a prompt and equitable system under which households can appeal State and local decisions concerning their program eligibility or basis of participation.

Section 7

This section of the bill revises subsection 16(a) of the Act.

The proposed amendment provides for appropriation authorities for the program through the fiscal year 1973. It also authorizes any portion of the sums appropriated for any fiscal year which are not expended in that fiscal year to remain available until expended.

Section 8

This section of the bill does not amend the Food Stamp Act of 1964, as amended. It provides for a period, not to exceed six months, in which existing State plans of operation may remain in effect while changes required in the plans by the proposed amendments are being made by the State agencies and the Federal Government. It is expected that State agencies will be able to carry out some changes in their plans of operation before others. In such cases these changes can be put into effect as soon as they have been approved in accordance with the provisions of section 10 of the Act.

Section 9

This section of the bill does not amend the Food Stamp Act of 1964, as amended.

Section 9 establishes a new requirement that each State shall provide for the operation of a food stamp or commodity distribution program in each of its political subdivisions if USDA food assistance is to be supplied to any of its low-income households. States will have until June 30, 1970, to meet the requirements of this section, or until June 30, 1971, if the Governor of any State notifies the Secretary of Agriculture that State legislative action is necessary to enable the State to meet this requirement and that the State Legislature will not convene in regular session by June 30, 1970. In the meantime, the Department will continue its plan to use all available alternatives to insure that every county will be committed to the operation of a USDA family food program by June 30, 1970.

However, the failure of a State to elect to participate in such USDA food programs will not preclude the continued use of federally donated foods to meet the emergency food needs of victims of natural or similar disasters in such a State.

It is contemplated that, over the period of the next few years, the Food Stamp Program will progressively replace the Commodity Distribution Program for households. Section 10(e) of the Food Stamp Act of 1964 authorizes the Secretary of Agriculture to approve new areas for the Food Stamp Program under a plan which, among other things, provides for the equitable and orderly expansion of the program among the several States. In the event that the sum appropriated for the program in any fiscal year is not sufficient to approve all new areas requesting participation, States will be required to operate a Commodity Distribution Program for households in such areas until their participation in the Food Stamp Program can be improved.

The CHAIRMAN. Are there any preliminary matters that any Senator has? Before I conclude I wish to say that yesterday was our regular meeting day, but because of the fact that we had no important legislation to report to the Senate I decided to cancel the meeting, so you did not receive any notice for yesterday.

Senator YOUNG. At the appropriate time, Mr. Chairman, it would be very helpful to me if we could have a further explanation by our counsel of the eligibility requirements for food stamp program assistance. Does \$3,000 mean net income or is that the only standard of qualifications for food stamps? For example, mine is an agricultural State. There have been years when practically all of our farmers lost money. They would not have a net income of \$3,000. They might have a net loss of \$10,000. Yet they could still have considerable assets. Would they be eligible if they had no income that year? This is a problem we are facing under the present program.

The CHAIRMAN. That is what we hope to take up during these hearings. The targets set under one bill, as I have just indicated, is that anyone receiving less than the OEO guideline, which is now \$3,300 for a family of four may receive stamps under certain conditions, and then the Talmadge bill provides certain ways and means under which free stamps may be obtained, and the Department itself gives an outline through the message from the President as to the conditions under which free stamps can be distributed. I think it is going to be up to the committee to devise ways and means by which we can have uniformity as to the distribution of stamps and the ceiling under which they can obtain these stamps.

As you know, under the present law we are guided by income to some extent, and rules and regulations have been issued whereby as many as \$24 of stamps could be issued for a 50-cent contribution by the applicant. All of this we hope to go over. I am sure that the Senators who have introduced these various bills will explain them to us, and each Senator will have the opportunity of asking as many questions as desired, so that we can understand and be able to have enough evidence before us to present to the Senate the bill which I hope will be considered soon, and that will be acceptable to the Congress.

Senator CURTIS?

Senator CURTIS. Perhaps this is not necessary for the other members and maybe it has already been considered, but I would find it very helpful if we could have early in the hearings someone make a concise statement, an objective statement, not for or against any of these proposals but just informing us how the present program works, just step by step what happens in an actual case, and how it is handled.

The CHAIRMAN. What your chairman has done is this. I have arranged so that all outside witnesses can be heard during the first 3 days of these hearings, and then the administration will be on hand on the fourth day, and I am sure that they will be prepared to answer any questions in respect to the present law as administered, what rules and regulations have been adopted, and we will have ample opportunity to question the administration on the present law and what they are proposing.

Senator CURTIS. What agency administers it now?

The CHAIRMAN. The Department of Agriculture. There are some proposals here made so that certain agencies at the State level that

are now employed, that are now engaged in welfare programs will participate in the program. We have some suggesting that anybody on welfare would be entitled to stamps, and then we will have a situation where a lot of people are not under welfare and they would be eligible for stamps, and that of course will depend on their income.

It seems to me that with all the bills before us, we could certainly take present law and add to it so as to make it a better working bill.

Senator CURTIS. I am sure the distinguished Senator has planned these hearings very well. As a junior member here I do not want to press my suggestion, but my thought was that if we had a little résumé of how it is working, we could listen to—and the testimony of the outside witnesses would be a little more helpful to us and our questions might be a little more intelligent as we proceeded with those hearings.

The CHAIRMAN. As chairman of the committee, I have submitted information to do just that, but I realize the Senator as well as other Senators and even the chairman have a lot of other work to do, and I agree that if the Senator desires that, we will try to have it either today or tomorrow.

Senator CURTIS. I shall not press it. It was just a suggestion.

The CHAIRMAN. But I feel confident that from the various witnesses we will be able to obtain quite a lot of information as to what the present law contains, and how the changes will be effected, because as I indicated, four of the bills dealing with food stamps simply amend the present law, and we will get quite a bit of information in the course of the testimony as to how the present law works and how these changes will affect it, and in that way I am satisfied that the committee will be furnished a lot of evidence to indicate what the Senator seeks to obtain at the moment.

Senator HOLLAND?

Senator AIKEN. I have to leave very soon.

Senator HOLLAND. I will yield.

Senator AIKEN. I think my State has had as much experience with the food stamp program as any State since we had one of the five original pilot programs previous to World War II. I will say it has worked very well indeed. First, we had two counties which were put under the program again in 1965, when it was resurrected, and it worked very well. Then a year ago come July 1 the entire State was put under the program, and it is still working very well. I think there are 13,000 recipients of food stamp benefits at the present time in the State. Over half of them do not participate in any welfare programs at all.

For a while there was distribution of free foods, which did not work out too well, because a lot of those free foods wound up on the dump. They did not want to eat cornmeal and whatever happened to be in surplus, and the stamp program has been very well received by all the business people of the State.

We make stamps purchasable every week through the local town clerk or city clerk's office. The last report I had was that the recipients were paying 68 percent of the costs themselves. The people were off relief instead of putting them on relief.

It seems to me if they are straight relief cases, perhaps they ought not to be involved in the same group that is standing up straighter by paying two-thirds or three-quarters of the cost of the food themselves.

I do not really like the idea of handing out free stamps, although I am in favor of handing out free food to people who simply cannot buy food. I do not know what the monetary limit is of income now. We did have \$3,100 as a limit, I think, a couple of years ago for a family of four. It is probably \$3,300 by now. But I will say that it has worked the best of any of these welfare programs. I would hope that it could be kept in the Department of Agriculture, which has done a very good job, I think, at handling it as far as they have been able to go. I am very much afraid that if it becomes a case of handing out free stamps to welfare cases, that the program will be transferred to another agency of government, where a lot of the money would be spent in administration instead of reaching the people for whom it is intended. That is all I have got to say.

The CHAIRMAN. Senator Holland?

Senator HOLLAND. Mr. Chairman, I just want to say this. I hope that we will soon have, and this follows up on the comments made by Senator Curtis, the report on two ongoing programs. The first of them is the nutrition aid program begun last fall with some section 32 funds, which were released not only by myself as chairman of the Appropriations Committee, but with the approval of the ranking member of the minority party.

The Department of Agriculture has roughly 5,000 nutrition aides who are really people of some intelligence chosen from the poverty groups to be instructed by the domestic science people in the Agriculture Extension Service, and then to work among the very poor people in trying to inform them as to what foods made up a balanced diet that are within their means to purchase.

I think that has been an important program, and I do not see how we can hope to solve this problem without having some report on that program. It is either good or bad. It is either getting results or it is not. I think we need it.

Now the second thing, early this year, at the request of the present Secretary of Agriculture, Secretary Hardin, we also agreed to release a limited amount of section 32 funds to attempt free distribution in two counties of South Carolina, which were reported to have an unusual number of people in abject poverty. That program has been carried on.

I do not know what the results of it have been, but it certainly should give us some information as to what can be expected from a free distribution program, which frankly I have not been disposed to favor. I have no fixed commitment on it. But my own feeling is sort of like that of the Senator from Vermont. It hardly goes along with a program which is generally acceptable to people not on welfare.

We should have I think, at an early stage of this hearing, a complete statement on both of these ongoing programs, because I think they will reflect real light on what success may or may not have been obtained under these two programs, and so I hope. Mr. Chairman, that the Department of Agriculture will be advised, and I request that they be advised that we have a full and clear report of those two ongoing programs at the earliest possible time in the course of this hearing.

The CHAIRMAN. As I stated, I have already arranged to have the Department on the last day, and of course the reason for that was so

they could review the various bills that we are discussing, and have their comments on them, and what I shall do in addition to that will be to have someone from the Department appear and state how the present program is going on or being administered, and I am also very anxious to find out about the rules and regulations that were issued in regard to the present law.

Many suggestions have been made that may not be included in these bills; for instance, I serve on the Nutrition Committee, headed by Senator McGovern, and I think the record will show that some of us propose that what we need is enactment of a law now so as to make food available to people, and not have hearings on top of hearings and then finally decided to do a year hence.

The purpose of this meeting today is to hear on all of the proposals already put before us, and I am sure that the committee will, in addition to the evidence produced, be able to obtain a lot of information as to ways and means of administering this bill.

Now I have taken the position that instead of forming a brand new bureaucracy to administer this program in particular, that we should try to find ways and means of using the people in the field now. For instance, we have the Extension Service. In the past the Extension Service has disseminated knowledge on agriculture. I do not see why they cannot disseminate knowledge on nutrition, because the most important evidence produced so far before the Nutrition Committee in my book was the fact that it is not so much, it did not indicate so many starving people but really and truly malnutrition. That was one of the important things.

It strikes me that if the 5,000 people that have been employed up to now by the Department of Agriculture in order to devise ways and means of disseminating or finding out what is good nutrition and then disseminating that knowledge, we will go far toward solving a lot of problems.

Then, of course, what this committee will have to decide is the amount to be appropriated each year, because that will be the big question. Some want to appropriate quite a bit more than is now being authorized and suggested by the Department, and it is my hope that we can get all of the evidence sufficient to make it possible for us to come to a good conclusion on this.

It is a program that has been in effect now for about 3 or 4 years and it has worked fairly well, except that it did not reach as many people as was anticipated, and also many State agencies or counties in the States refuse to participate in the program, and it is my hope that in the legislation that we consider, and bring to the Senate, that we will have some ways and means of making it possible for all who are entitled to it to receive assistance.

Senator HOLLAND. Mr. Chairman, the two experimental programs that I mentioned are both experimental.

The CHAIRMAN. Yes.

Senator HOLLAND. In each case the Department of Agriculture, first Mr. Freeman last fall, second Dr. Hardin this spring, advised us that the Solicitor had said that the present legislation was broad enough to permit such experimental programs to be initiated, and I hope they will prove to have been helpful, but I think we should have the information.

Second, of course the home demonstration workers in the Agricultural Extension Service have been always furnishing information about nutrition, and the idea of the nutritional aides was simply to enlarge very greatly the distribution of that information to people who needed to have it.

If we can have reports on these two programs, I think they would be more helpful in leading us to a sound decision than anything else we could have.

The CHAIRMAN. We will obtain that, and of course there is another thing that I hope we will go into. I think that there is a misconception of the 32 funds as to how it works. As I recall, this committee reported the 32 fund section of the Agricultural Act, and the purpose of those funds was to buy commodities in surplus, such as fruits or meat and things like that, and the food acquired would then be distributed to public schools, school lunch programs and things like that, and then if the funds made available were not all used, then it reverted to the Treasury.

Personally I cannot see the difference between appropriating directly from the Treasury for funds necessary to operate these programs, or take it out of 32 funds. We would have to amend the 32 law, and it is my hope that we can leave the 32 law as it is and let it be used, that is the funds obtained under that law can be used to purchase surplus perishables in order to help the producer of those commodities that are not supported by any program specifically and then use those funds in order to supplement the diets, I mean use the food obtained from those funds to supplement the diets of the needy. I think that program can be meshed into the present law and made to work.

It will be recalled that when Secretary Freeman appeared before us on several occasions, there was a tacit understanding as I recall it that the food stamp plan would in time be the way by which people who are hungry or in need would be serviced, instead of a direct food distribution. The direct distribution of food has been made for quite some time, and it has been rather costly, and it did not give the kind of food that would give a family a balanced diet.

Then there were a lot of losses sustained. I know of some cases in my home parish where as many as four pounds of butter were issued in midsummer to a family that never had it before and without refrigeration, and within 2 or 3 weeks, why that butter was so rancid that nobody could use it. All of those things I think we ought to take into consideration. As I said, when we started the food program as I recall, it was understood that the food stamp program would eventually take the place of the distribution program, direct distribution program, and I am very hopeful that we can look into that matter carefully, and do just that, because I believe that this one program would suffice if properly administered.

Senator AIKEN. Mr. Chairman, I will have to leave before 11 o'clock. The position of those who are handling the program in my State is that although they would go along with the issuance of stamps to people who do not have much, if any money, yet they have stated that they would be opposed to simultaneous operation of both the food stamp and the direct food distribution programs. As I have said, the purpose I have had in sponsoring the food stamp program is to keep

people off relief, and I believe the bill I introduced for some 20 years provided that if they could not pay 20 percent of the cost of the stamps, then they would be welfare cases anyway. It has worked as well in Vermont as it could anywhere, I think, but they do not like the idea of free food distribution and stamp distribution at the same time.

Senator JORDAN. You mean the same persons or families?

The CHAIRMAN. Same area.

Senator JORDAN. Same area.

Senator AIKEN. Two different programs set up in the same area, one handing out free surplus food.

Senator YOUNG. If you will yield.

Senator AIKEN. Yes.

Senator YOUNG. I think Indian reservations are a good example. I do not think you would want both on an Indian reservation.

Senator TALMADGE. You cannot have both under existing law.

The CHAIRMAN. I think that is a decision the committee will have to make. It is my belief that when we prepare the bills for submission to the Senate, that we will have one program.

Senator AIKEN. Yes.

The CHAIRMAN. I am sure that the testimony will indicate that that should be done and not have two programs. It is not practical, because all of these programs must be administered cooperatively by the State or the county or the city, and if you have two programs in the city, that would mean a double expense to administer the program, and there would be a lot of opposition to that.

Mr. AIKEN. And competition, too.

The CHAIRMAN. But in any event I believe that during the course of these hearings, although I have set 4 days, if we have to sit longer, why we will simply have to do so. Does anybody else desire to be heard before we proceed with the witnesses?

If not, before we proceed I wish to state that before you is a comparison of all of the bills that are before us except the one dealing with direct distribution, and you will see in column 1——

Senator HOLLAND. Is this in the record?

The CHAIRMAN. It is in the record already. In column 1 if you look you will see on funds what the present law holds, and then what is proposed by the four bills, S. 6, 1608, 1864 and 2014, so that you will be able to follow through with all of the bills.

Now the second thing is about the cost of coupons, what is now the law and what is proposed, and so on down the line, the value of coupon allotment, eligibility requirements in the present law and what is proposed, so that I believe with the data that we have before us, that we will be able to closely follow the bills that have been proposed.

If there are no further questions or statements, Senator Talmadge is the first witness and author of one of the bills, and we will be glad to hear from you, Senator.

STATEMENT OF HON. HERMAN E. TALMADGE, A U.S. SENATOR FROM THE STATE OF GEORGIA

Senator TALMADGE. Thank you, Mr. Chairman and my colleagues on the committee. It is a pleasure to appear as the first witness on the committee's hearings on food assistance legislation.

When I introduced my food stamp bill, S. 1864, on April 18, I stated that we have had enough investigation of the problem of hunger and malnutrition to provide a sound basis for legislative action.

Today's hearings are especially significant since they move the issue out of the area of investigation and dramatization, and into the realm of legislation.

This brings it at last before the committee with legislative authority to take the required action to improve and expand the Nation's food assistance programs.

I have come to testify for my bill. On introducing my bill, I stated my reasons for offering this legislation and submitted a short summary and a section-by-section analysis of its provisions. With the permission of the Chairman, I would like to enter these into the hearing record.

The CHAIRMAN. Without objection that will be done at this point in the record.

(The statement referred to follows:)

[From the Congressional Record, Apr. 18, 1969]

S. 1864—INTRODUCTION OF THE FOOD ASSISTANCE ACT OF 1969

Mr. TALMADGE. Mr. President, as a member of the Senate Committee on Agriculture and Forestry, I have long been aware of the fact that there are many citizens of the United States who suffer from some degree of hunger or malnutrition.

As one who has always attempted to stay attuned to the needs and desires of my fellow Georgians, I have also known that many of my own constituents are undernourished.

During my tenure as Governor of Georgia for two terms, State payments for public assistance increased three times over what they had been when I took office. The Talmadge administration recognized the State's obligation to the sick and the aged, to the blind and the disabled, and to abandoned and neglected children who are unfortunate victims of their environment or improvident parents.

We tried, to the best of our ability within the means available at that time, to do what we could to help people help themselves. And we have done so since coming to the Senate more than 12 years ago.

On the Agriculture Committee we have continued to show concern about the problem of poverty in the United States, not just by word but by deed, and by positive legislative action.

We helped formulate the commodity distribution program in 1959.

We helped write the food stamp program in 1964. The Senator from Georgia served on the conference committee that steered this legislation through to enactment.

We likewise worked for adoption of the Child Nutrition Act of 1965.

This is only a part of the overall picture. There has been a vast array of Federal efforts through the Office of Economic Opportunity, the Appalachia program, social security, public health and housing, and greatly increased educational expenditures for needy children.

Billions upon billions have been spent by the Federal Government and additional billions by State and local governments—not just to assuage poverty by giving people money to spend, but more important, to increase opportunities for everyone in education and job training.

I regard the latter approach as far more important than anything that can be done. We are going to see in the final analysis that only by educating more people and better training them for gainful employment are we ever going to break the poverty cycle.

I have said all this because I have been somewhat amazed by all the clamor in recent months over poverty in America. It is as though the Congress and even the American people have suddenly discovered for the first time that there are poor people in our midst.

Worst yet, public officials are accused of having been silent on the issue all these many years. Very often such accusations have come from sanctimonious

critics of the American society who do a great deal of talking, but very little of anything else. And the victims of their unjust attacks are frequently those who have been doing something, who have been passing laws and appropriating huge sums for programs primarily designed to aid the poor.

I submit that the record will not support claims that poverty has suddenly been discovered as something new under the sun in the United States. Spending for Federal social programs, including education, welfare, and housing, comes to some \$60 billion a year, ranking second only to defense as the highest budget item.

The Congress, then, has been neither silent nor inactive on this problem. And neither has the American public, which has worked hard to help pay for these programs through their taxes.

My position is well known. It has been consistent. I have favored and supported efforts to help people who are unable to help themselves because of their advanced years or physical disability. I am concerned about children caught in circumstances over which they have no control.

I have also backed programs to help people help themselves out of their predicaments by offering more educational opportunities and more of a chance to learn skills for a job.

But I do not now, and I have never favored the dole or the handout. I have no patience with anyone—man or woman—who is able but unwilling to work. I bring no brief for able-bodied people who fail, because of their own shiftlessness or lack of personal responsibility, to avail themselves of jobs that are offered, or educational and training opportunities within their reach.

It is no secret that we have such people in our midst, and I guess we will have some for all time. But I do not bleed for them. I feel no compulsion—and neither should American taxpayers—to look after their care and feeding. If they are able to look after themselves, to take whatever action necessary to improve their lot in life, then they should do so. There is no room for them on welfare rolls anywhere in any State. State and local authorities should make sure such people do not become wards of society to enjoy the fruits of other people's labor, when they have refused to do anything themselves.

There is of course room for improvement in our efforts to alleviate poverty. We can and should expand opportunities for education and training. We can do more to lift the oppressive burden of deprivation carried by the old and the infirm. We must especially see to the needs of children to whom we must look for the future of the Nation.

This is not only our humane duty. It is commonsense. For unless we help feed, clothe, and house children—who otherwise would be unfed, ragged, and ill-housed—and give them every chance to go to school and learn, we can never hope to make any meaningful progress in combating poverty and reducing the cost of welfare.

To this extent, all the current publicity about the poverty and hunger problem has served a useful purpose. It has dramatized the need and intensified public interest. The hearings before the Select Committee on Nutrition and Human Needs have also been productive. They have focused greater attention on the inconsistency and absurdity of hunger and malnutrition in a nation of great agricultural abundance and tremendous prosperity.

Publicity has been sufficient. Enough trips have been taken. We have ample evidence in hand. What we need now is less talking and more doing.

I am today introducing a bill, to be called the Food Assistance Act of 1969, to modify the food stamp program and to improve its operation in order to better serve the food needs of extremely low-income families.

I want to make it clear at the outset that I do not regard food assistance programs as a panacea. This is no poverty cureall. We cannot zero in on only a small fraction of a family's need and hope to solve this problem. I cannot overemphasize my view that the surest way and the only way to end poverty is to provide and promote more job training for non-productive segments of our society, and to maintain a viable economy that will continue to increase job opportunities.

Neither do I consider food assistance programs as a first step toward a national income maintenance system. I for one do not subscribe to the theory that it would be either practical or wise to establish any kind of national income maintenance program that would provide a certain standard of living for everyone whether he works or attempts to work or not.

First of all, I feel that this would destroy the individual's dignity and self-respect. And this, after all, is the most fundamental need of our welfare recipi-

ents—the need for pride and human dignity. Only a job, a satisfying productive job, and the ability to earn one's way through this world can meet this need.

Second, and not the least consideration, such a costly giveaway program would eventually virtually bankrupt our economy.

Testimony before the Select Committee on Nutrition and Human Needs has brought vividly to my attention the importance of using food to break the poverty cycle. The human brain attains its maximum growth in the first 5 to 6 years of a child's life, and severe malnutrition in children under 2 years of age can permanently impair the brain development and lead to retardation, and ultimately dependency. And in many cases, children suffer from dietary inadequacies even before they are born.

It takes no imagination to readily see that a child who is hungry and who is retarded will have little chance of learning the skills necessary to function in today's highly technical society.

I have had an opportunity on the Agriculture Committee to work firsthand from the beginning in the development of surplus food distribution and food stamp programs.

The progress we have made in recent years has been substantial indeed. In 1960, the U.S. Department of Agriculture offered only five food items worth \$2.20 per month, per person, for distribution to families. The selection was limited to lard, rice, flour, nonfat dry milk, and cornmeal.

Only about 1,200 counties and areas distributed these commodities and average participation for that year was 3.5 million persons. The late President John F. Kennedy in his first Executive order doubled the number of commodities and the amount of food for the program.

At the present time, 22 commodities worth \$12.70 per person monthly are offered. The program operates in 1,419 counties, cities, and administrative units.

More important, however, has been the evolution of the food stamp program. It began in 1961 with eight pilot projects and 50,000 persons participating. In 1968, the food stamp program reached almost 2½ million people at a cost to the Federal Government of \$173 million.

According to the standards of the Office of Economic Opportunity, a family of four with an income of less than \$2,200 per year is classified as hard core poor. The figures indicate that there are 12 to 15 million hard core poor in the Nation.

We must bear in mind that \$2,200 for a family of four is the upper income limit for this group of 12 to 15 million people. The average income of families with incomes under \$2,200 is about \$1,220, and the average income for 1.8 million families under \$1,000 was only \$630 per year.

I have never been one to place unreserved faith in the statistics of the Office of Economic Opportunity. However, even allowing for a certain margin of error, these statistics indicate that there are millions of citizens who need more food assistance and are not getting it.

The problem is basically one of insufficient funds.

I want to emphasize that the U.S. Department of Agriculture has done a tremendous job with the funds and resources available to it. The Department of Agriculture has waged a long and unpopular battle in trying to extend the commodity distribution program and the food stamp program.

It is most unfortunate that some critics have attempted to make the Department of Agriculture the whipping boy for all the Nation's nutrition problems. I believe that the Department of Agriculture's administrators are some of the most efficient in Government. I know that they have achieved considerable expertise through the years in administering our food programs.

It is worthy of mention that there has never been a major scandal in connection with the USDA's administration of food assistance programs. This is the case because the Department has insisted on strong supervision over its programs. Contrast this with the record of some other agencies involved in assisting the Nation's poor.

Moreover, the Department of Agriculture has never attempted to cut off Federal food assistance funds as a means of social engineering.

Here again, contrast this with the record of the Department of Health, Education, and Welfare, which has seen fit to cut off funds for the school lunch program in desegregation noncompliance cases. All school lunch assistance administered by the Department of Agriculture has been untouched by such controversy. Hungry and innocent children have not been penalized by Agriculture as they have by Health, Education, and Welfare.

My study of the problem of hunger and malnutrition in America indicates several flaws in the commodity distribution program. One of them is the inability of many families without transportation to get to the distribution point and carry their food home. In many large counties, there is only one point of distribution for the entire county. A family's monthly supply of food is a very bulky parcel. This is a serious problem yet to be resolved.

Another shortcoming of the program is the inflexibility of available foods. Often the food items available are not the ones needed by persons on special diets—such as the elderly or the very young.

Not the least of the flaws of the commodity distribution program is that it is a dole, a complete giveaway. It tends to be destructive of human dignity and self-respect.

On the other hand, the food stamp program requires that every participant must pay into the program a certain percentage of his income. The food stamp program requires a person to budget his income and to make a contribution.

However, under the present food stamp system, the contribution that is required is sometimes so high that it discourages participation in the program by families in the great need of food assistance. For instance, under the present system, a family in the Southeast with an income of \$70 per month must pay \$30 in order to obtain \$64 worth of food stamps.

It is easy to see how a family in this predicament finds it extremely difficult to allocate \$30 of its income at the beginning of the month to purchase food stamps. Doing so greatly reduces the family's ability to pay for other essentials, such as rent and utilities.

Another drawback of the food stamp program as presently constituted is the inaccessibility of points of sale. As in the case of the commodity distribution program, there is often only one point where food stamps can be sold in an entire county.

Although the food stamp participant does not have the added burden of lugging home large parcels of food, it is difficult and sometimes impossible for destitute people to travel across a county to buy food stamps every month.

Before leaving office, Secretary of Agriculture Freeman said that the Department was attempting to phase out commodity distribution programs in favor of food stamp programs. This policy should be continued. However, in the interim, we should continue to allow local authorities to determine which program they prefer.

If the bill which I am now offering is enacted into law, the food stamp program will be far more attractive than the commodity distribution program. It will be less cumbersome to operate and less costly from the county administrative standpoint.

The major proposals of my legislation are: First, to improve food stamp distribution and make them more accessible; second, to lower the purchase price of food stamps and to increase the bonus to participating households; and third, to authorize the Secretary of Agriculture to issue free coupons to households with no incomes or extremely minimal incomes.

A key part of my plan is designed to resolve one of the major problems in the food stamp program. We need to make them more readily accessible to participants, particularly those of extreme age and physical disability.

I propose to have food stamps sold at post offices throughout the Nation. I believe the post office to be the most logical agency to handle this assignment, and I know that we can rely on postal employees to do an efficient job of issuing and accounting for these coupons.

The reasoning behind my making this decision is simple. Everyone knows where his post office is located, and post offices are usually within fairly close proximity of everyone's home.

Also, in a further effort to enhance the accessibility of food stamps, my bill would give welfare recipients an option of having the cost of their food stamps deducted from their monthly welfare checks, and the coupons mailed to them along with the checks. Local welfare agencies would assume the administrative responsibility of deducting the purchase price of the coupons from the welfare checks.

I am firmly committed to this self-help principle embodied in the food stamp program. This approach provides poor families with the opportunity to convert their current food expenditures into food stamps, which in turn will buy more food than otherwise would be available and insure dietary gains.

However, current food stamp purchase requirements are so high that they prevent many needy families from participating in the program. Under the existing Food Stamp Act, households are charged an amount equivalent to their normal expenditure for food. This should be liberalized to some degree to reflect a more reasonable investment on the part of needy households, and to reduce the disproportionate bite it presently takes out of their total incomes.

Under my bill no family would be required to invest more than 25 percent of its total income for food stamps. This would not be a fixed, uniform standards. It would be a maximum level with suitable adjustments for families of various sizes and incomes.

This approach will bring increased food stamp assistance to the families and children who need it most. This is my recommended No. 1 change in the food stamp program. I hope that it will be given the highest priority.

To families with no income or with extremely minimum incomes, even a small purchase price is prohibitive of food stamp participation. My bill would authorize the Secretary of Agriculture to issue food stamps at no cost to such families. Households with an income of more than \$40 a month would not be eligible for free stamps.

In recent months, there have been increasing pressures to remove the administration of food programs from the Department of Agriculture and place them in the Department of Health, Education, and Welfare or some other agency.

I cannot imagine any action more unwarranted, or that would have a more unsettling effect on our food assistance programs. The record of the Department of Agriculture in administering food programs is a good one. The Department has done an exemplary job with the resources available to it. However, the limitations of the current Food Stamp Act and the inadequateness of appropriations have made it impossible for the Department to deal more effectively with the problem of hunger and malnutrition in the United States.

My legislation would give the Department the tools it has needed—and indeed asked for—in order to expand and improve the food stamp program, and to make more adequate nutrition available to truly needy families.

We should leave food assistance programs in the Department of Agriculture. But some additional changes are needed to insure better coordination of all the food programs. For this reason, I propose that the Secretary of Agriculture establish within his department a subagency to be known as the Federal Food Administration.

It would be the responsibility of this agency to coordinate the food stamp program, the commodity distribution program, the school lunch program, the nutritional education programs now administered by the Department of Agriculture, and any other food assistance programs of the Department.

Not all of the problem of malnutrition can be solved simply by providing more food.

We need increased education and training in the proper means of preparing nutritious food. Already the agricultural extension services of Georgia and other States are doing an excellent job in expanding the nutritional education program for low-income families throughout America. We should do more. We cannot attack this problem in a vacuum. The Department of Agriculture of course is not the only agency with an interest is not the only agency with an interest in seeing that more food and better nutrition are available to needy people. The Department must work with other agencies in attacking the poverty problem and all the other social ills which plague our Nation.

To strengthen the overall effort, I propose to establish an interdepartmental committee to be known as the National Nutrition Committee. This committee shall be chaired by the Secretary of Agriculture, with the Secretary of Health, Education, and Welfare, and the Secretary of Housing and Urban Development serving as members.

In addition, the Secretary may appoint such persons from various departments and agencies of the Federal Government that he determines exceptionally well qualified to contribute to the work of the committee.

The Secretary will also appoint to the committee representatives of the private sector. The Nation's food industry has much to offer the Federal Government in picking better ways to attack malnutrition.

Mr. President, I have offered a total program to insure that low-income families in the United States can obtain a diet that is more adequate and nutritious if they participate in the food stamp program.

My bill will cure many defects of the present system by making food stamps more accessible and by bringing purchase requirements more within the means of deserving families in real need.

The food stamp program cannot completely solve the poverty problem.

In closing, I reiterate my strong conviction that the only way to make significant progress against poverty and unemployment in America is to provide more and better educational opportunities, particularly in the area of job training. Even this, of course, cannot accomplish our goals overnight.

We must continue to seek ways to improve our schools, to get more people into school, and to keep them there. We must particularly do everything possible to promote occupational training. At the same time, we must also impress upon all our people that they, too, have obligations to keep, such as a sense of individual responsibility, initiative, and above all a willingness to work and take advantage of opportunities that are available in great abundance.

In fact, it is written into my bill that the Secretary shall require the State agencies of each participating State to encourage and assist physically and mentally able adults receiving food stamps to obtain employment. The intent of this is clear. All people have the personal responsibility to make every possible effort to secure employment, if they are able to do so and if employment is available. It is incumbent upon the State agencies to see that they do so to the fullest extent possible.

As we continue to strive for the attainment of these goals, we cannot afford to neglect the nutritional needs of our citizens, the old and disabled and especially our small children who must at all costs be educated to the fullest extent possible.

The Talmadge Food Stamp bill will help meet this problem. It is a moderate plan that can be kept within reasonable but effective bonds.

I believe this bill can be enacted into law now—during this session of Congress.

The poor of this Nation have had enough promises.

They have had enough investigations.

They do not need any more television coverage.

They do not need any more Senators going around the country telling them how poor they are.

What the poor and hungry of this Nation need is a practical, workable plan which will put food in their stomachs now, and give them more of an incentive to do more for themselves.

I believe that my bill meets this need.

I ask unanimous consent to have printed in the RECORD a brief summary of the bill, a section-by-section analysis and the bill. I send to the desk the bill for appropriate reference.

THE PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill and material will be printed in the RECORD.

The bill (S. 1864) to amend the Food Stamp Act of 1964, introduced by Mr. TALMADGE, was received, read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

S. 1864

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Food Assistance Act of 1969".

SEC. 2. The second sentence of section 5(b) of the Food Stamp Act of 1964 is amended by striking out the period and inserting in lieu thereof a comma and the following: "except that the State agency may not take into consideration income standards established for the purpose of title 19 of the Social Security Act."

SEC. 3. Section 7(b) of the Food Stamp Act of 1964 is amended to read as follows:

"(b) Households shall be charged such portion of the face value of the coupon allotment issued to them as is determined by the Secretary to represent a reasonable investment by such households, taking into consideration the number of persons in such households, the income of such households, and such other factors as the Secretary deems appropriate; but in no case shall a household be charged for a coupon allotment an amount greater than an amount equal to

25 per centum of the income of such household for a period equivalent to the period for which such allotment is issued. The Secretary may authorize the issuance of a coupon allotment without charge to any household determined to have little or no income; but a free coupon allotment may not be issued to any household with an income greater than \$40 per month."

SEC. 4. (a) The second sentence of section 10(e) of the Food Stamp Act of 1964 is amended by striking out the word "and" at the end of clause (3); by striking out the period at the end of clause (4) and inserting in lieu thereof a semicolon and the word "and"; and by adding after such clause (4) a new clause as follows: "(5) that the State agency shall, notwithstanding any other provision of law, institute procedures under which any household participating in the food stamp program may, if it so elects, have the charges, if any, for its coupon allotment deducted from any grant or payment such household may be entitled to receive under a federally aided public assistance program of the State."

(b) Section 10 of such Act is further amended by adding at the end thereof a new subsection as follows:

"(h) The Secretary shall require the State agency of each participating State to encourage and assist physically and mentally able adult members of households receiving coupon allotments under this Act to obtain employment."

SEC. 5. The third sentence of section 15(b) of the Food Stamp Act is amended by striking out everything following the semicolon in clause (2), and inserting in lieu thereof the following: "(3) the direct costs incurred in the issuance of coupons to eligible households; and (4) an amount not to exceed 25 per centum of the costs computed under (1) and (2) above. The Secretary shall prescribe general guidelines and minimum requirements with respect to the quality of certification and issuance services to be provided by State agencies to eligible households, including, but not limited to, matters relating to the places, times, and frequency of coupon issuance services in political subdivisions approved for participation in the food stamp program. In no case shall the Secretary approve the issuance of coupons less often than twice monthly. The Secretary may withhold or deny payment under this subsection to any State agency which fails to comply with such guidelines or minimum standards."

SEC. 6. Section 15 of the Food Stamp Act of 1964 is further amended by adding at the end thereof a new subsection as follows:

"(c) Notwithstanding any other provision of law, in any local subdivision in which the food stamp program is in operation, the postmaster or other person in charge of the United States post office in such local subdivision shall, without reimbursement by the State agency, assume responsibility (1) for the acceptance, storage, and protection of coupons after the delivery thereof to such post office, (2) for the issuance of such coupons to eligible households within the local subdivision in which such post office is located, and (3) for the control and accounting for such coupons."

SEC. 7. The first sentence of section 16(a) of the Food Stamp Act is amended by striking out everything immediately following "June 30, 1969;" and inserting in lieu thereof the following: "not in excess of \$525,000,000 for the fiscal year ending June 30, 1970; not in excess of \$900,000,000 for the fiscal year ending June 30, 1971; and not in excess of such sum as may hereafter be authorized by Congress for any subsequent fiscal period."

SEC. 8. (a) The Food Stamp Act is further amended by adding at the end thereof a new section as follows:

"SEC. 17. (a) The Secretary shall establish within the Department of Agriculture a separate agency to be known as the 'Federal Food Administration'. The Secretary shall administer and coordinate through such agency the food stamp program provided for in this Act and other similar and related food assistance and nutritional education programs administered by the Secretary, including, but not limited to, those programs carried out under the National School Lunch Act, the Child Nutrition Act of 1966, clause (2) of section 32 of Public Law 320 of the Seventy-fourth Congress, and clause (3) of section 416 of the Agricultural Act of 1949.

"(b) The Secretary shall establish an interdepartmental committee, which shall be known as the 'National Nutrition Committee,' to advise him on matters relating to the administration of this Act and other programs referred to in subsection (a) of this section. The Secretary shall appoint such persons from the various departments and agencies of the Federal Government as he determines

are exceptionally well qualified by virtue of their background, training, education, and experience in matters relating to food, diet, and nutrition. The Secretary of Health, Education, and Welfare, and the Secretary of Housing and Urban Development shall serve as members of such committee. The Secretary shall also appoint to such committee one or more representatives from the food industry."

The material, presented by Mr. TALMADGE, follows:

BRIEF SUMMARY OF THE TALMADGE FOOD STAMP ACT OF 1969

My bill would make three basic changes in the Food Stamp Program:

(1) Purchase price of food stamps shall be lowered so that no eligible household will have to pay more than 25% of its income for food stamps.

(2) Free food stamps will be available to families with no income or minimal income.

(3) Distribution of food stamps will be improved by: (a) Sale of food stamps in the Post Office, and, (b) Mailing of food stamps to recipients of public assistance.

PURCHASE PRICE WILL BE LOWERED

Under the present Food Stamp Program, the purchase price is too high. Many families in the greatest need of food assistance are unable to participate in the Program. For example, under the present system, a Southeastern family of four with income of \$140 per month must pay \$48 in order to get food stamps worth \$72. Thus, getting a bonus of \$24. Under my plan, the same family would pay only \$24 for food coupons. Therefore, the bonus would be increased to \$48 per month. To use another example, a Northern family of eight persons with an income of \$75 per month must pay \$34 to receive a food stamp allotment of \$100 monthly. Under my plan, the purchase price to this family would be cut to \$16. Therefore, this needy family would receive a bonus of \$84 rather than \$66.

My plan will bring increased food stamp assistance to the families who need it most.

FREE FOOD STAMPS

For families with no income or with minimal income, even a small purchase price may be prohibitive. Therefore, my plan authorizes the Secretary of Agriculture to issue food stamps free to families with little or no income. Households with an income of over \$40 per month would not qualify under this provision.

IMPROVED METHODS OF DISTRIBUTION

In the present program, there is often only one point of food stamp distribution in a large area. My plan would provide that the Post Office Department shall assume the responsibility for selling food stamp coupons. Everyone knows where the Post Office is and there is usually a Post Office in every community.

My bill would also give the recipients of public assistance the option of having the purchase price of food stamps deducted from their monthly check and the stamps mailed to them. This would be especially beneficial to elderly families with no means of transportation.

FEDERAL FOOD ADMINISTRATION

My amendments establish within the Department of Agriculture a Federal Food Administration to coordinate all federal food assistance programs, including the School Lunch Act and the Nutrition Education Programs of the Extension Service.

NATIONAL NUTRITION COMMITTEE

The Secretary of Agriculture would establish an inter-departmental National Nutrition Committee to coordinate the nutrition efforts of all departments of the Federal government and the efforts of the private food industry. This Committee would utilize the technical expertise and imaginative ideas of private industry in attacking the problem of hunger and malnutrition.

ESTIMATED FINANCING

Careful analysis and cost projection by experts in the Department of Agriculture indicate that \$525 million would be needed for current fiscal year 1970.

This proposal takes into consideration the fact that the modified program could not be implemented before January 1970. We are assuming that by the end of fiscal year 1970, participation in the Food Stamp Program would reach 5.5 million people.

For fiscal year 1971, the estimated cost would be \$900 million. This assumes year-end participation of 6,580,000 people.

SECTION-BY-SECTION ANALYSIS OF THE FOOD ASSISTANCE ACT OF 1969

Section 2: Under Section 2, states will continue to set eligibility standards for participation in the Food Stamp Program. Under present law, states set the eligibility levels in conformity with the income standards used by the individual state in its Federally aided public assistance programs. I amend the present law to provide that states shall not take into consideration income standards established for the purpose of Title 19 of the Social Security Act. This provision insures that state agencies will not use standards of the Medicaid Program in setting eligibility levels for food stamp assistance. The purpose of this provision is to insure that the Food Stamp Program will never get out of reasonable bounds as the Medicaid Program has in some states.

Section 3: This section provides that no eligible household will be required to devote more than 25 percent of its income to the purchase of food stamps. The 25 percent figure will be calculated on a monthly basis. In other words, if the average monthly income of a family is \$100, this family could be charged no more than \$25 per month for food stamps. The 25 percent figure is only an upper limit. The Secretary would have discretion in setting purchase prices and would take into consideration such factors as family size and family income.

The Secretary would be authorized to issue free food stamps to households having little or no income. He would have some discretion in the issuance of these free stamps but would not be able to issue free stamps to any household having monthly income greater than \$40.

Section 4: State agencies are required to give recipients of public assistance the option of having the charges for food coupons deducted from their public assistance payments. The state agency would be responsible in sending food stamps to the recipients.

Another provision of Section 4 directs the Secretary to require state agencies to encourage and assist able adult recipients of food assistance in obtaining employment. The Secretary should use every reasonable means to insure that sufficient emphasis is placed on getting able-bodied participants off the relief rolls and into the work force.

Section 5: This section provides for additional reimbursement for the direct cost of issuing coupons to households who are not receiving public assistance. Also, it gives the Secretary additional authority to set guidelines and minimum requirements with respect to the quality of certification and issuance service. It states that in no case shall the Secretary approve the issuance of coupons less than twice monthly.

Section 6: My bill provides that the United States Post Office shall, without reimbursement, assume responsibility for issuing food stamps. The Post Office would assume this responsibility in any local subdivision where a food stamp program is in operation.

Section 7: This section authorizes \$525 million for fiscal year ending June 30, 1970, and \$900 million for the fiscal year ending June 30, 1971.

Section 8: Under my plan, the Secretary would establish within the Department of Agriculture a sub-agency to be known as the Federal Food Administration. This sub-agency would be charged with the administration and coordination of all food assistance programs within the Department of Agriculture, including the nutrition education programs of the Extension Service of the Department.

Under this section, the Secretary would establish an inter-departmental committee known as the National Nutrition Committee, to coordinate the nutrition efforts of all departments of the Federal government and the efforts of the private food industry. The Secretary would be required to appoint Secretary of Health, Education, and Welfare and the Secretary of Housing and Urban Development to the Committee. However, he would have discretion in appointing the other members of the Committee including the representatives of the private food industry.

Senator TALMADGE. It is not necessary to reiterate the facts which prove that there is a great need to do something about the problem of hunger and malnutrition in America. The situation has been stated

time and again—both in well-publicized testimony before the Nutrition Committee and by the TV cameras which have followed Senators around the country. We all know that hunger and malnutrition cannot be tolerated in a nation blessed with as much agricultural abundance and such prosperity as ours.

We cannot justify paying farmers large sums for not producing and, at the same time, ignore the cries of hungry children.

The Senate Agriculture Committee has not been insensitive to the needs of the hungry and the poor in the past. Our distinguished chairman I believe was the principal author of the school lunch program which had its genesis way back in the early forties. We helped formulate the commodity distribution program in 1964, and if my memory serves me correctly Senator Aiken, the distinguished ranking minority member, was the author of that program. By securing the adoption of the Child Nutrition Act of 1965, we were able to make significant progress in the school lunch program.

There is a great hue and cry in some quarters that we ought to take this out of the Department of Agriculture, which has been in the business of trying to solve nutritional problems for 25 years, and has had considerable expertise in the matter, and give it to some other Federal agency, and I wholeheartedly agree with the chairman and the distinguished minority member that it ought to remain in the Department of Agriculture.

Some of them state as their reason for transferring it is to remove it from the agricultural committees, particularly the Agricultural Committee of the House, but certainly in my judgment these committees have not proved insensitive to the needs of hungry people in our land, and I have just cited the record to the contrary to prove that they are not.

However, there is a need to do more. Although tremendous progress has been made in food assistance programs in recent years, current programs are not getting all the job done.

Upon investigating ways to improve our food assistance programs, we need to answer three basic questions:

- (1) What should be done to improve the food assistance programs and make them more accessible to a greater number of needy people?
- (2) How much would the needed improvement cost?
- (3) Can we afford them?

At the present time, counties participating in a food assistance program have a choice between the commodity distribution program and food stamps, but not both, and the governing authority of the county makes a determination as to which program they desire, the commodity program or the food stamp program. Both programs have some merits and both have some serious faults.

One inadequacy of the commodity program is the problem of distribution. In many cases, there is only one point of distribution in a large county. For the indigent family without transportation it is very difficult to travel several miles, pick up, and transport bulky parcels of food.

And then, too, some of those items are not suitable to the diets of some of the families, and then they do not provide adequate nutrition in some instances.

But my main objection to the community distribution programs is that it is a dole and handout. Nothing is required of the recipient except to stand in line for his monthly allotment of food, and I believe this is degrading.

On the other hand, the food stamp program embodies the principle of self-help. Every recipient family is required to budget a part of its income to purchase stamps each month. Every recipient feels that he is making a contribution, for he is required to buy the stamps.

The flaw in the present program is that purchase requirements are too high. For example, under the present system, a southeastern family of four with an income of \$140 per month must pay \$48 in order to get food stamps worth \$72. Many families do not have this amount of money to spend on food at one time. Rather than put out the large purchase price, the family may forego the bonus and do without the stamps.

Therefore, purchase requirements must be scaled down. My bill provides that no eligible household will be required to devote more than 25 percent of its income to the purchase of food stamps. The 25-percent figure is only an upper limit. The Secretary would have discretion in setting purchase prices, and would take into consideration such factors as family size and family income.

Under the reductions that have been proposed in the bill, the family making \$140 per month income would have to pay only \$24 for food coupons, rather than \$48 as required by the present system. Therefore, the amount of the bonus would be increased to \$48 per month.

Even though my plan would scale down purchase requirements to a level that most needy people could afford I realize that, for the poorest of the poor, even the minimum purchase requirement is prohibitive.

Therefore, the bill provides for the distribution of free food stamps to families having monthly incomes not greater than \$40. That monthly income considers everything, old age assistance, social security or whatever.

I yield to the distinguished Senator from North Dakota.

Senator YOUNG. How would you determine eligibility further? A man may not have any net income at all for a year or two, whether he be a businessman or farmer, but he could still have sizable assets, would a financial statement be required?

Senator TALMADGE. State law would prevail under those conditions. In fact, that is the existing law, and each State has minimum and maximum requirements that would govern. For instance, in North Dakota it is \$1,000 per household. If they had assets more than that they would not be eligible, that is liquid assets.

Senator YOUNG. One of the reports on hunger in the United States I believe was based their conclusions entirely on income levels. This showed a high percentage of our people with a serious hunger problem. That is where they made a serious mistake. You just cannot go entirely on income for one year.

Senator TALMADGE. Certainly in farm areas, in Georgia, for example, we have some instances of a little farm with chickens, cows, hogs, gardens, and if people are industrious enough they raise a large portion of their income. When I was a child 95 percent of our food requirement we raised on the farm. My mother still does that. That situ-

ation, however, would not prevail in Brooklyn, in a high rise apartment. There is no area there that they can farm. So it will vary from State to State, and I would leave eligibility requirements just as they are now. State law would prevail.

Senator MILLER. Could I ask a question too?

Senator TALMADGE. Certainly; I yield to the Senator from Iowa.

Senator MILLER. This \$140 per month income per family, is that regardless of the size of the family?

Senator TALMADGE. No; it would be a family of four, and it would differ depending on the size of the family and the income of the family.

Senator MILLER. Now let us take two families, each \$140 per month income. One family has two children who are in secondary school, and those children are getting two school meals a day, maybe a breakfast and a lunch. The other family has two children but they are little ones. They are not even in school yet. Would they be treated the same?

Senator TALMADGE. Yes; they would.

Senator MILLER. Well, should they?

Senator TALMADGE. Well, I do not know that we can differentiate as to who gets a free school lunch. In some States, some get lunches and some do not, and it varies further from county to county. In some areas, we have the pilot breakfast program, but it is very very limited in scope at the present time.

Senator MILLER. If we do not do something about it, it looks to me like we could get ourselves into an excess here which could be very sizable. According to the Secretary of Agriculture, they are looking forward to providing 6.6 million needy schoolchildren with free or greatly reduced price lunches. That is a lot of people.

Senator TALMADGE. I agree with you, and I certainly share the Senator's views that the school lunch program is extremely important, because you have many children even in families where they might be reasonably well-to-do that are neglected, and sometimes the mother is too lazy to get up and fix breakfast, and sometimes the father prefers to spend his money on whisky instead of food, and I have far more sympathy with the children and the disabled than I have even with those in low-incomes that are healthy.

Senator MILLER. My point is that—

Senator TALMADGE. What you want to do is take the free meals they get in school into consideration in addition to other factors.

Senator MILLER. That is right. If you do not, I can see where you are going to have discrimination between the two families I gave you.

Senator TALMADGE. I think that is something the committee can consider when we get into executive session. The Senator has raised a point that I had not thought of. I thought that a free lunch for a child in a school was necessarily minimal in trying to consider the budgetary needs of the family in preparing its food.

Senator COOK. Will the Senator yield?

Senator TALMADGE. Yes; I yield to the distinguished Senator from Kentucky.

Senator COOK. I think, Senator, we compound it more because I can give you the same situation where two youngsters in the family are not in school and two youngsters in another family could be in a Head-

start program, for instance, that also has a program of feeding children during the course of the day, so I think it compounds itself the more you look in to this, and I am not sure as to the way out of it, but I think you can really get into trouble even within that age group.

Senator TALMADGE. It is something worth considering, but I have grave doubt about whether or not a child gets a free meal in a school ought to be a major contributory factor in determining how many stamps a family ought to be entitled to and the bonus thereof.

Senator CURTIS. Will you yield?

Senator TALMADGE. I yield to the distinguished Senator from Nebraska.

Senator CURTIS. You state that at the present time a family of four, with an income of \$140, pays \$40 in order to get food stamps for \$72?

Senator TALMADGE. Yes, sir.

Senator CURTIS. Then you propose to lower that to \$24 because they cannot raise \$28 at one time?

Senator TALMADGE. Yes, sir.

Senator CURTIS. Isn't it also true that a great many of them cannot raise \$24 at one time? Why would not it be logical to change your purchase plan and let them pay \$5 at a time and get the proportionate amount, because the way these people live I think there would be many of them—

Senator TALMADGE. The Senator has made a good point and I deal with that later on in my testimony. I think one of the great weaknesses of the present program, if the Senator will yield, is the fact that, in some areas, these stamps are offered for sale only once each month, and then it is all or nothing.

Senator CURTIS. There is no necessity for that.

Senator TALMADGE. And a family with a minimum income cannot simply afford the purchase price of the stamps at one time.

Senator CURTIS. That is my point. Lowering it to \$24 does not reach those people, but to lower it to what they would earn at one time during their pay in cash might do it, and the lower you make this, the more you will have problems that are overlapping and not wise spending.

Senator TALMADGE. I gave consideration to the point the Senator raised, and I had in mind at one time letting them buy any portion of the stamps that they wanted to at any given time. Then I thought that you might have some improvident parents that would spend a small amount of money for the stamps and maybe go to the nearest liquor store and spend the balance of it, and that they would not be able to put the funds in the food needs at that time.

Later on in my testimony I deal with that. We transfer the sale of these stamps to the Post Office Department, and the Secretary is directed that they be put on sale at least twice a month. That will cure part of the question that the Senate raised there. I am not certain that that is the most satisfactory way, but if you put them on sale daily, in any amount at any time, I gravely fear that some improvident parent might take a portion of the pay that they receive that day and not put it in food, but divert it for other purposes.

Senator CURTIS. Isn't it true that the people you talk about are people who largely work for cash and ask for their pay at the end of the day?

Senator TALMADGE. Oh, not necessarily; I think some of them work by the week, some work by the day, some work by the hour. It would vary from case to case. Some get welfare checks.

Senator JORDAN. Would the Senator yield?

Senator TALMADGE. I yield.

Senator JORDAN. I think your statistics show that most of the wage-earners in the United States now draw their salary in three ways: Weekly—never less than weekly unless they just work a day somewhere in a household or something; a 2-week basis, on which the majority of them are now working; and the balance on a monthly basis. These are the regular pay periods for practically all of industry.

Senator CURTIS. That is including people not on the relief role or low income.

Senator JORDAN. People on relief do not draw any pay, if they are totally on relief.

Senator TALMADGE. You might have some casual laborers that mow lawns, sweep yards, trim hedges, and things of that nature that get paid for the job by the hour.

Senator CURTIS. I have contractors tell me that that is not quite correct, that when they get over in a tough spot for help, they can go to a certain place and pick up people on the condition that they are paid in cash at the end of the day.

Senator TALMADGE. I have heard the same story.

Senator CURTIS. I heard it direct from people in whom I have confidence. They do not like to do it, but they may have a job running and it has got to be done. The work may be because of an unemployment compensation angle.

The CHAIRMAN. If the Senator will permit me to say.

Senator TALMADGE. Certainly.

The CHAIRMAN. There are many questions that have arisen in respect to the number of times per month that the stamps are to be issued. What we have tried to do in the past was to have the local people cooperate in that.

Now the Senator can well understand that the administrative costs would increase. Suppose you had 1,000 or 500 families let us say in one area, and you distributed stamps every week. That would mean a lot of bookkeeping. You would have to have many more people there to administer this program than if you issued it once a month. And in considering these proposals, we have to give weight to the fact that these programs we hope will be administered at the local level, and of course the States come in and they have to pay the cost of administration under the present law, and I hope we continue it that way, because I am of the view that unless programs of this kind are worked cooperatively by the local people and the Federal Government, I do not think they will work as we intend for them to work.

Senator CURTIS. I agree with the Senator, but my point still stands that a family on \$140 a month still probably would not raise \$24 at one time.

Senator TALMADGE. It would be much better than trying to raise \$48 as they have to do now.

Senator CURTIS. Yes, that is the minimum.

Senator COOK. Would the Senator yield?

Senator TALMADGE. I yield.

Senator COOK. It's a question of raising \$12 every 2 weeks, not \$24, because in the Senator's bill, he is correct in saying "In no case shall the Secretary through the issuance of coupons less often than twice monthly."

Senator TALMADGE. We thought that would be a big improvement over present law. I considered the fact of letting them buy any amount of stamps at any time, but I felt in my own mind, based on what I know of human nature of people of this sort, that they would divert a good portion of that money otherwise to nonfood purposes.

Senator COOK. If the Senator would further yield, I think one of the things that the Chairman and Senator Dole and I found out was that the locations of food distribution centers have been one per county. The Senator's proposal to have distribution through the Post Office Department is excellent. Then you would have a multiple system, whereby people do not have to go far. We found out that in many, many areas of the country, a good part of a person's welfare check really was spent in paying somebody \$6 or \$5 every two weeks to get somebody to drive him to the surplus food distribution point.

Senator TALMADGE. Everyone knows where the post office is.

Senator COOK. That is right.

Senator TALMADGE. And it is usually accessible to him, whereas if some remote point in a large county is inaccessible they cannot get there.

Senator JORDAN. Would the Senator yield for one additional question?

Senator TALMADGE. I yield to the Senator from North Carolina.

Senator JORDAN. Would your proposal prohibit the purchase of the whole \$24 worth of food stamps at one time if one wanted to do so?

Senator TALMADGE. No.

Senator JORDAN. He could buy \$12 worth for 2 weeks?

Senator TALMADGE. Exactly.

Senator JORDAN. But if he had the \$24 and wanted to do it at one time he would not be prohibited from doing so?

Senator COOK. No, he would not.

Senator MILLER. Will the Senator yield?

Senator TALMADGE. I yield to the Senator from Iowa.

Senator MILLER. I share Senator Cook's opinion about the distribution through the post offices. I think that is fine. But who would be the employee who would be keeping these records and issuing these stamps?

Senator TALMADGE. The Post Office Department would have to assume the responsibility of receiving the stamps, receiving the money therefor, disbursing the stamps and the certifying authority would be the county and the State officials who do so under existing law.

Senator MILLER. In other words, he would have a list?

Senator TALMADGE. He would have a list to whom he could sell the stamps, and certification of that. It would be a document signed by an appropriate county officer in the area concerned that Jane Brown is entitled to buy so many stamps, and they would go in and present the certificate, and then the postal employee in turn would collect the money and issue the stamps, just as they do with stamps now.

Senator MILLER. In a given county there might be an extra postal employee required for this purpose who would go out on circuit around

to the various post offices at different days of the week in order to take care of this, or would this be done by the present staff of the post office?

Senator TALMADGE. Of course it might be might be an extra burden on the Post Office Department, I do not know. I have not heard from the Post Office Department in that matter, but I thought if the Post Office Department could sell the stamps to hunt ducks, they could handle this.

The CHAIRMAN. I wish to state to my good friend from Georgia that the cost would be quite a lot. I have inquired into that. The States are the ones who pay for the distribution of stamps. They are responsible for them. Today, as you know, the Post Office Department is in the red for about how much, \$400, \$500, or \$600 million dollars each year.

Senator TALMADGE. A lot of money.

The CHAIRMAN. This would add to that burden. They would have to set up a bookkeeping establishment within the post office to see to it that those entitled to the stamps are eligible and that if they receive it twice a week, why they will have to keep books.

Senator TALMADGE. There is no doubt it would place an extra burden on the post office.

The CHAIRMAN. And it would be very difficult in my opinion to work that through the post office.

Senator MILLER. May I ask a further question?

Senator TALMADGE. I yield to the Senator.

Senator MILLER. Would it be feasible to continue to let the State or the county's staff do this, but for the post office to authorize the employee to come to the post office periodically, and there again he could perhaps——

Senator TALMADGE. Then I think you would have an enormous problem of a large number of additional local employees to go to the post office, so it is six of one and a half dozen of the other.

Senator MILLER. I am thinking in terms of my own home county, which may have 10 small post offices out in the county. There is no need to go to the Federal post office in Sioux City. They can continue to go down to the county office, but that county office could, on a circuit basis, send an employee out to each of these post offices in the county maybe one morning periodically and this employee could just go from one to another and take care of this program. Their problem is getting a central point for these people to know where to come, and I do not think it would be too difficult to let them have a little desk in these post offices to administer the thing.

Senator JORDAN. Would the Senator yield?

Senator TALMADGE. I yield to the Senator from North Carolina.

Senator JORDAN. You have got to keep in mind that the employees of any organization are usually paid off in the latter part of the week for the entire week. Now they do not pay off on Monday for Friday. They pay off Friday for Monday, and they usually pay off for the previous week, because of the bookkeeping records that are required and all of the tax deductions and so forth that go into it. They usually pay off this Friday for the week ending Saturday the week before, but they usually draw that money on Friday, Friday night, if it is a night shift working, and in most places it is, or in a great many places it is.

They have their money at one time and in a place where stamps could be accessible instead of their having to go to the county seat or wherever they have to go——

Senator MILLER. I agree fully in the idea of the distribution through the post offices, but I am concerned about the additional cost on the Post Office Department. My only point is that if we authorize the Post Office Department to accommodate county personnel for the purpose of making this program available, the county could authorize an employee from the county welfare office to come out to the various post offices on a periodic basis to issue the stamps through the post office, and this would not cost the Post Office Department any additional money. I wonder if that is a possibility?

Senator TALMADGE. We can look into that. Of course if you are going to have an employee at every post office who is not a postal employee, it is going to cost someone a large sum of money. I thought this would be relatively simple.

Senator COOK. Will the Senator yield?

Senator TALMADGE. In just a moment.

I thought it would be relatively simple for the Post Office Department. A person would go to the stamp window, present a duly certified certificate authorizing him to buy x number of stamps at x price. All they have to do is count out the stamps and file the receipt. Auditing would be a very simple matter. They sell other stamps now. Someone has got to be at the window now to sell the stamps, and they are not selling them every minute of every hour. Someone has got to be there to perform the other functions.

I do not think it would be too burdensome, though I know it would be some, to place this additional responsibility on the Post Office Department.

Senator MILLER. Would the Senator yield further on that?

Senator TALMADGE. Let me first yield to the Senator from Kentucky who previously asked me to yield.

Senator COOK. I think the problem here is that if you go this route, you are again going to have to send somebody to a post office and say, "Be sure you come in on Thursday," or "Be sure you come in on Tuesday, because this is the day that somebody from the Welfare Department will be at such-and-such post office." This is immediately going to limit you, because you do not have the potential to buy the stamps when you get paid.

Senator TALMADGE. In your large cities you have hundreds of branch post offices.

Senator COOK. That is correct.

Senator TALMADGE. You are talking about hundreds being in hundreds of different places at the same time at some time.

Senator COOK. Senator, isn't your theory the very same theory that we used as kids during the war when all of us trucked into the post office with 10 cents and 25 cents and 50 cents and bought savings stamps all during the War?

Senator TALMADGE. Right.

Senator COOK. And they issued the books and they issued the stamps and they turned the money for the issuance of those savings stamps over to the Treasury Department?

Senator TALMADGE. Exactly.

Senator COOK. This is the very same thing; is it not?

Senator TALMADGE. Exactly.

I yield to the Senator from Iowa.

Senator MILLER. I was wondering if it might be feasible to compromise and permit the local welfare agencies to continue to distribute the stamps in the large communities, but to have the small post offices handle this in the rural areas, for example, where there are no county offices?

Senator TALMADGE. I was trying to make them accessible to the people there with a minimum of effort.

Senator MILLER. Yes.

Senator TALMADGE. As I see it, one of the biggest flaws in the food stamp program has been the inaccessibility of the stamps.

Senator MILLER. Yes.

Senator TALMADGE. You have got some counties that are quite large, and these people have no means of transportation.

Senator MILLER. That is right.

Senator TALMADGE. Sometimes they have to drive 50 miles to get the stamps, with no one to take them to get them. That is what I was trying to solve.

Senator MILLER. And so my point is I think perhaps you can accommodate that requirement. I am thinking of my own county. They have to drive 45 miles from one of those towns——

Senator TALMADGE. Right.

Senator MILLER. Into the Social Welfare Office. Let the post offices take on this chore where there are no local welfare offices, but not in the larger communities where they have access to the local welfare offices. By a compromise approach such as this, I think we could minimize the impact on the post offices.

Senator TALMADGE. I think we ought to hear from the Post Office Department and the Secretary of Agriculture and others, and see what their solution to this is. I am not wedded to any fixed idea, but the Post Office Department, it occurs to me is the logical place first, because everyone knows where his post office is.

Senator MILLER. That is right.

Senator TALMADGE. And second, it is readily available to all citizens in the United States. Third, we have got postal workers already on duty selling stamps. It looks like to me if they could sell a duck stamp they could sell a food stamp. It is that simple.

Senator JORDAN. Would you yield?

Senator TALMADGE. I yield to the Senator from North Carolina.

Senator JORDAN. There is one other value to this as I see it. There has always been considerable criticism of our distribution system as a whole, less with the food stamps than——

Senator TALMADGE. It varies almost from county to county.

Senator JORDAN. It does. This person is drawing aid who does not need it, and believe me there is some of that. Maybe there are people who do need it who are not getting anything because they do not like to go through the motions of getting it. If you localize this through the post office, pretty nearly everybody knows who is walking up to the window to get it. If somebody is drawing it who should not, pretty soon the neighbors know that this fellow is going by to get food stamps

and then he goes by and trades this foodstuff to the liquor man to get whisky. That is being done right now so do not kid yourself that they cannot do it because they can do it. And they are getting their cigarettes, and I am for that because we are in the cigarette business in North Carolina. And they are good for you too. They have proved that lately.

Senator TALMADGE. Mr. Chairman, may I proceed?

One of the most basic flaws of the food stamp program has been the inaccessibility of the stamps.

To improve the distribution of food stamps, I have proposed amending the law to—

(1) Make the post office responsible for the sale of the food stamp coupons; and

(2) Require State welfare agencies to assume the responsibility of deducting the purchase price of the coupons from the recipient's welfare check and mailing the stamps to him—if the recipient so elects.

I think that would be one of the best needed reforms we could have. If the welfare recipient elects to take these stamps, then the Welfare Department would deduct at cost, remit it to the Agriculture Department and the stamps then would go direct by mail to the individual concerned.

Presently, the Post Office Department is responsible for the sale of a number of different kinds of stamps. I see no reason why it cannot handle the sale of food stamp coupons. There is a post office in almost every community and everyone knows where his post office is. Moreover, I believe we can rely on post office employees to do an efficient job of issuing, storing, and accounting for coupons.

A large number of welfare recipients receive food stamp assistance. Therefore, it would be little additional bother for the welfare agency to deduct the purchase price of food stamps from the recipient's welfare check at his option and to send the stamps through the mail.

Another chief provision would establish a Federal Food Administration within the Department of Agriculture to administer and coordinate all food assistance programs.

Although the Department of Agriculture has done a creditable job of administering the food programs in the past, I believe that the overall operation can be improved if food programs are taken out of the Consumer and Marketing Service and placed in a new subagency whose only function is the administration of food assistance.

Also, my bill would establish an interdepartmental committee to be known as the National Nutrition Committee to coordinate the nutrition efforts of all departments of the Federal Government and the efforts of the private food industry.

This committee will provide not only for closer coordination and cooperation between the Government agencies having an interest in food assistance, but it will also enable the Government to utilize the technical expertise and imaginative ideas of private industry in attacking the problem of hunger and malnutrition.

As I have indicated previously, a prime consideration is the cost factor. Never for a moment did I forget that ours is an economy plagued by galloping inflation. Most Members of Congress agree that we must do everything possible to cut Government expenditures in an effort to slow down inflation.

The kind of inflation we are now experiencing undercuts the purchasing power of all Americans. But it is most disastrous to the family that must live on a small, fixed income—to the welfare recipient, the social security recipient and to the low-income worker who, because of his position in the economy, is unable to increase his wages to keep pace with the rising cost of living.

With this in mind, I have introduced a food bill. I am pleased to say that the distinguished Senator from North Carolina, Senator Jordan, is a cosponsor, which we believe is moderate and noninflationary, but which will make significant and needed improvements in the food stamp program.

Experts in the Department of Agriculture have done a careful cost analysis and projection of the provisions of my bill.

I want to compliment, Mr. Chairman, my legislative assistant, Mike McLeod, who has worked on this matter now for some 3 months. He has worked with the Department of Agriculture and others in Georgia and elsewhere who are charged with the responsibility of this program, and I was somewhat flattered when the Secretary of Agriculture came up with a program of his own that was very similar to the one that we had previously worked up. That is understandable, however, when you recognize the fact that the raw data that they did in research on the bill that we prepared was available when they prepared one for themselves.

It would require an expenditure of \$525 million during the fiscal year 1970. This is only \$185 million in addition to the amount already authorized by the Food Stamp Act. Expenditures for 1970 would be relatively modest because the new law could not possibly be implemented before January of 1970, or halfway through the fiscal year. Department of Agriculture officials tell me that it will take some time to bring additional participants into the program and to implement the changes the bill would make.

In fiscal year 1971, the estimated cost would be \$900 million. This figure is based on a projected year and participation of 6,580,000 people.

The cost figures I have cited can be supported by even an economy-minded Congress. The fact we spend more money on food aid to India in 1 year than the total this bill makes you realize how modest it is.

To my mind, it is an exercise in futility to clamor for the passage of a program which would cost untold billions of dollars at a time when the Congress is primarily concerned with cutting the budget.

The bill is devoid of high-priced frills and window dressing. It maintains the built-in controls of the Food Stamp Act and strengthens these controls. It would maintain the provision of the Food Stamp Act which requires participating States to set eligibility levels consistent with the standards of their federally aided public assistance programs.

Moreover, the bill goes one step further to amend the law so that no State will be able to use standards of the medicaid program in setting eligibility levels for food stamp assistance.

The reason we did that, Mr. Chairman, is because some of the States, particularly New York and California went completely overboard on their standards for medicaid, and the Congress finally had to step in

and take corrective action, as Senator Curtis and Senator Miller, who are on the Finance Committee with me, know. The purpose of this provision is to insure that the food stamp program will not exceed reasonable bounds as the medicaid program has done in some States.

Of course, no food assistance program can ever break the poverty cycle. The most it can do is provide minimum nutritional requirements for families and children who need help. Primary emphasis must be placed on getting able-bodied individuals off the relief rolls and into the work force.

The bill directs the Secretary of Agriculture to require State agencies to encourage and assist able-bodied recipients of food assistance in obtaining employment.

There are other aspects of my bill which I will not take the time to go into during my testimony in chief. I believe all the members of the committee have a copy of the bill and an analysis. I shall be happy to discuss any part of the bill about which a member has questions.

In summation, the bill maintains the most favorable aspects of current food programs and it makes badly needed improvements. It is not a high priced fancy bill. The bill is a moderate, workable plan which I believe individuals of all political philosophies can support.

It is a bill that will better help people help themselves.

Lastly, it is a bill which I believe can be enacted now—during this session of Congress.

I believe if this bill is passed, Mr. Chairman, or something quite similar thereto, that the food stamp program will become more attractive and the commodity program will become less attractive, and I think we will have a phaseout of the commodity program in favor of the amended food stamp program.

The CHAIRMAN. Any questions?

Senator ALLEN. May I ask a question?

The CHAIRMAN. Yes, Senator Allen.

Senator ALLEN. To get some of the provisions clearly in mind. Senator Talmadge, is the handling of this matter by the Post Office Department only of stamps that are purchased? What about the free stamps?

Senator TALMADGE. They would handle all of them.

Senator ALLEN. They would handle all?

Senator TALMADGE. Yes.

Senator ALLEN. Now would a man come up then armed with a statement or a certificate saying that John Jones is entitled to so many free stamps, and he would turn that in and get the stamps?

Senator TALMADGE. That is correct.

Senator ALLEN. And the Post Office Department then would have this certificate to offset the departure of the stamps?

Senator TALMADGE. That is correct.

Senator ALLEN. On the sliding scale of not more than 25 percent of the income, would this certificate state the figure at which he could purchase the stamps?

Senator TALMADGE. Yes.

Senator ALLEN. In other words, he, John Jones—

Senator TALMADGE. The certifying would not be done by the Post Office Department.

Senator ALLEN. I know that.

Senator TALMADGE. It would be done by the local authority.

Senator ALLEN. He would go in with the certificate?

Senator TALMADGE. Yes.

Senator ALLEN. Saying that he can have so many stamps at such and such amount?

Senator TALMADGE. That is correct.

Senator COOK. If the Senator will yield.

Senator ALLEN. Yes.

Senator COOK. The way it is done now, Senator, the recipient receives something like an IBM card and it shows on that IBM card that it is worth so many dollars and he can buy so many dollars' worth of stamps. This is what you take now to your bank or to whatever facility there is, and you just turn that in with so much money for which you get so many stamps. There is no problem whatsoever.

Senator ALLEN. That has a name on it?

Senator TALMADGE. Yes.

Senator CURTIS. At the present time in Georgia the actual handling of the program is by the State public assistance agency, is that correct?

Senator TALMADGE. Yes.

Senator CURTIS. What do you call that in Georgia?

Senator TALMADGE. We changed the name a year or two ago. It was formerly the welfare department. It was changed to the department of family and children services.

Senator CURTIS. How does a family go about to approach that agency for food stamps?

Senator TALMADGE. They go into the local, call it welfare office, because that is the way I consider it. They go in and present their case to the welfare worker, and these workers frequently go out and make a field investigation of the family, see the home.

Senator CURTIS. Put a case worker on it?

Senator TALMADGE. That is right, a case worker.

Senator CURTIS. Now what do they do to make sure that these coupons are spent for nutritious food?

Senator TALMADGE. The law regulates that, Senator. We wrote in the act, and my bill would not change that in any way whatever, that it can be spent only for food purchased, and it must be spent through stores, you know, and if they go in and get something that is not authorized under the existing law, the Secretary revokes their authority to handle food stamps.

Senator CURTIS. My question is how do you find out when that happens?

Senator TALMADGE. I believe Secretary Hardin testified before the nutrition committee the other day that there had been practically no violations in that area, Senator.

Senator CURTIS. How would the Secretary of Agriculture know what the department in Georgia was doing?

Senator TALMADGE. I presume the department has investigators that look into that aspect of it.

Senator CURTIS. Stores, particularly in the larger places, sell everything.

Senator TALMADGE. I beg your pardon?

Senator CURTIS. The stores that sell groceries in many instances sell everything.

Senator TALMADGE. That is quite true, but they run the risk of losing all the trade of this clientele that uses coupons. I think they would be somewhat reluctant.

Senator CURTIS. Suppose they lose the trade of the individual if they will not let him buy what he wants?

Senator TALMADGE. No, it stands on existing law, Senator.

Senator CURTIS. I am not quarreling with the law.

Senator TALMADGE. That is the law now. My bill does not change the law in any way whatever in that regard.

Senator CURTIS. Certainly I am not singling Georgia out. But I would like to know what administrative procedure——

Senator TALMADGE. Secretary Hardin——

Senator CURTIS. He would not have anything to do with it.

Senator TALMADGE. Yes, the Secretary handles it.

Senator CURTIS. No, no.

Senator TALMADGE. The Secretary authorizes the stores to sell these stamps.

Senator CURTIS. Selects the stores?

Senator TALMADGE. Yes, they have to be certified.

The CHAIRMAN. Oh, yes.

Senator TALMADGE. Through the Secretary of Agriculture.

Senator CURTIS. But the public assistance agency——

Senator TALMADGE. No, the public assistance agency only issues the certificates to the individual, but individuals do not trade with other individuals holding these certificates. They have to buy these commodities at a store.

Senator CURTIS. Are there selected stores only?

Senator TALMADGE. Yes, sir. They have to be certified by the Secretary of Agriculture of the United States, it is my understanding.

The CHAIRMAN. I think the stores are also required in some cases to put a sign up indicating what can be bought by the recipients of these stamps, and I think it is pretty well regulated.

Senator CURTIS. Understand I am not singling Georgia out.

The CHAIRMAN. I understand that.

Senator CURTIS. I just want to know what the procedure is. To say it is covered in the law and it is regulated does not answer my question. I want to know how.

Senator TALMADGE. When the Secretary comes before us, and he is scheduled to do so I believe next Tuesday, he can tell us how he handles it, Senator.

Senator JORDAN. Any merchant selling the commodities which can be purchased with food stamps can be certified if he asks for it and can meet the requirements. Any merchant who wants to take in the food stamps and deal with recipients of food stamps can be certified by the Secretary of Agriculture, if he handles the commodities that are permitted to be sold to recipients of food stamps.

Senator CURTIS. I do not want my questions to be interpreted as hostile to the idea of feeding the hungry.

Senator TALMADGE. Oh, no.

Senator CURTIS. I am very much for that, but I believe the way to get it done is to have the best program possible.

Senator TALMADGE. Senator, let me read the law on that. This is August 31, 1964, Public Law 88-525, section 8(a) :

Approval of retail food stores and wholesale food concerns: Regulations issued pursuant to this Act shall provide for the submission of applications for approval by retail food stores and wholesale food concerns which desire to be authorized to accept and redeem coupons under the Food Stamp Program, and for the approval of those applicants whose participation will effectuate the purposes of the Food Stamp Program. In determining the qualification of applicants, there shall be considered among other such factors as may be appropriate the following :

(1) The nature and extent of the retail or wholesale food business conducted by the applicant.

(2) The volume of coupon business which may reasonably be expected to be conducted by the applicant retail food store or wholesale food concern.

(3) The business integrity and reputation of the applicant.

Approval of an applicant shall be evidenced by the issuance to such applicant a nontransferable certificate of approval.

(b) Regulations issued pursuant to this Act shall require an applicant food store or wholesale food concern to submit information which will permit a determination to be made as to whether such applicant qualifies or continues to qualify for approval under the provisions of this Act or the regulations issued pursuant to this Act. Regulations issued pursuant to this Act shall provide for safeguards which shall restrict the use or disclosure of information obtained under the authority granted by this subsection for purposes directly connected with administration and enforcement of the provisions of this Act, or the regulations issued pursuant to this Act.

(c) Any retail food store or wholesale food concern which has failed upon application to receive approval to participate in the Food Stamp Program may obtain a hearing on such refusal as provided in Section 13 of this Act.

Senator CURTIS. I am not suggesting more bookkeeping on the part of the food retailers, but isn't it true that under the present system there is no record of where the food retailer got his coupons, nor what he exchanged them for?

Senator TALMADGE. I cannot answer that. I doubt there would be a record that Mary Jones came in and bought a can of salmon.

The CHAIRMAN. They use it the same as cash.

Senator CURTIS. They use it as cash.

The CHAIRMAN. That is right.

Senator HOLLAND. I want to ask two questions.

Am I correct in my understanding that this bill, if enacted, would still leave the distribution system in existence?

Senator TALMADGE. Oh, yes, it would not make any change whatever in that regard.

Senator HOLLAND. Then would it make any change in the current law that one or the other of these two systems—

Senator TALMADGE. No, sir, they have to elect one or the other, but I think it would make the food stamp program more attractive, and I believe you would see the commodity program in most instances phased out in favor of the food stamp program. I would certainly hope they would have that effect.

Senator HOLLAND. I thought I understood the matter correctly.

Senator TALMADGE. The Secretary's recommendation was to provide both the commodity and food stamp program in the same county, but I would not favor that.

Senator CURTIS. I have one more question.

Senator TALMADGE. Yes, sir.

Senator CURTIS. And I am aware that individuals who raise too many questions about these things are apt to be misunderstood.

Senator TALMADGE. Oh, no, I know the Senator well enough to know that he seeks information.

Senator CURTIS. But I believe that you have to have a program that will be supported by the American people.

Senator TALMADGE. I agree.

Senator CURTIS. To be accepted as honest, workable, and so on.

Senator TALMADGE. Yes, I agree.

Senator CURTIS. And I think the chairman answered correctly that the retailer receives them as cash and it is a matter of faith almost in him as to what the things are spent for, and probably has to be. I am not asking for great recordkeeping. I think we have burdened our businessmen too much on that.

One final question.

Would you object to a provision if it could be worked out that would require the adults who are recipients, who are the beneficiaries of the program, who are not affected by age or physical or mental disability, and who are not giving time to taking care of children or disabled people, being required to work for the value, the difference between what they pay for the coupons and what the coupons are worth?

Senator TALMADGE. I think that is something the committee ought to consider. As a matter of fact, I tried to take care of that consideration in the bill, Senator.

Senator CURTIS. You made reference to encouraging them to seek employment?

Senator TALMADGE. Yes.

Senator CURTIS. But I mean a direct requirement that they work for the food supplement they get, which is the difference between what they pay for the stamps and——

Senator TALMADGE. I will answer the Senator this way. I certainly am in favor of all able-bodied people working when and if jobs are available, Senator. My sympathy is not with an able-bodied man who can, but will not work. I am trying to help the sick and the disabled and the blind and the crippled and the little children who cannot help themselves.

Senator CURTIS. I understand that.

Senator TALMADGE. I have no sympathy whatever for an able-bodied man who will not work.

Senator CURTIS. My question I think would presuppose doing necessary work that has to be done for a public agency, as a matter of getting their coupons and the subsidy money.

Senator TALMADGE. As the Senator knows, we already have a work incentive program under social security. I do not think it has amounted to much yet. I would certainly be in favor of encouraging all able-bodied people to do some sort of work.

Senator CURTIS. I am not talking about encouraging. I am just talking about that this is it. If you are able-bodied, you can have this subsidy, but you do so much work for the city or the State or the county. I think a great many of them would welcome it. I think the food then would go into the hands of very deserving people. You would minimize the worries about it being spent for other things.

Senator TALMADGE. The Senator has a good point. I yield to the Senator from Kentucky.

The CHAIRMAN. There are some laws on the statute books of States now that provide that if an applicant for welfare is offered a job, and he does not take it, he cannot get welfare, and it strikes me that since this is a cooperative effort on the part of the State and the Federal Government, that the State ought to take the lead in trying to obtain work for those who receive welfare, because the State itself contributes.

Senator CURTIS. The State would have to do it.

The CHAIRMAN. Yes.

Senator CURTIS. However, I think the Federal law would have to authorize it or somebody would bring us into court right away on the ground that a given State, before an able-bodied person could get this subsidy through the stamps, they told him at the issuing office that he would have to go out and work *x* number of hours for that political subdivision. That is all I have.

Senator TALMADGE. I yield to the Senator from Kentucky.

The CHAIRMAN. Any further questions?

Senator COOK. Yes, one.

Senator, your bill has no provision for the Secretary to initiate programs where States refuse to?

Senator TALMADGE. No, sir. It still leaves it within the local authority under present law.

Senator COOK. Would you have any objection to language, for instance, as in Senator Montoya's bill: "Notwithstanding the provisions of section (b) of this section the Secretary is authorized to directly administer the food stamp program in any political subdivision of any State where the appropriate governing officials of such political subdivision will not agree to operate a food stamp program under the terms and conditions authorized by this act."?

Senator TALMADGE. I gave that consideration, Senator, but I still believe in the principle of local self-government, and I would dislike to impose Federal programs on political subdivisions where the governing authorities do not want it. People have a remedy.

In my own State, for instance, we did not have much participation until the present welfare director was appointed by the present Governor, and he pushed the program quite vigorously, and we now have 158 out of 159 counties participating, but I still would be reluctant for us people who sit here in Washington to assume that we are wiser than the people who govern the local counties and know what ought to be done in that county better than they do.

The CHAIRMAN. Any further questions?

Senator JORDAN. May I reply to that?

We had a county in North Carolina last year which the Secretary of Agriculture was going to force to go under the food stamp program. The county commissioners had said several times they did not want it because the county had the food distribution program and the welfare program, and the commissioners, who are of course elected by the people of the county, felt that the program was not needed.

Senator COOK. My only concern is that we have a number of counties throughout the United States that neither have food distribution programs or food stamp programs and this does present a real serious problem.

Senator TALMADGE. I agree.

Senator COOK. Because we do have the ill, the disabled, the crippled, and children who do not have the opportunity to vote and who do not have the opportunity really to——

Senator TALMADGE. It seems to me a better remedy though would be for those local people to remedy it on the local level rather than us to sit here in Washington and say you people do not know what you are talking about. We are going to make you do this whether you want to or not.

Senator MILLER. Would the Senator yield?

I believe under the present law even in those counties where they do not have a program that the Secretary of Agriculture does have the authority to put in a food distribution program.

Senator COOK. I think this is correct, if he can find an agency.

Senator MILLER. That happened in one of my counties and the county was actually opposed to the food distribution program. So you have that authority under the present law. All you are suggesting is that we extend the authority to cover the food stamp program, is that correct?

Senator COOK. That is correct.

Senator MILLER. So they would put one of the two in.

Senator COOK. Purely and simply, Senator, because we are looking at the phaseout of the commodity distribution program, and I think you have to look at this as a problem to be contended with in the future.

Senator DOLE. Mr. Chairman——

The CHAIRMAN. Senator Dole of Kansas.

Senator DOLE. I want to say very briefly that I agree with the Senator from Georgia. It is time we move this to the committee workshop and talk about legislation.

The different bills that we have studied both in the House and Senate offer great promise. Do you deal with the issue that has been raised with reference to stamps for strikers or hippies and yippies?

Senator TALMADGE. No change in existing law whatever, Senator. I tried to take the existing law and modify it in a very limited way, make it more attractive, make free stamps available to the poorest of the poor who could not raise 50 cents to buy stamps, trying to make it more accessible through the Post Office Department. In that way I thought it would become attractive enough to where the food stamp program would be more attractive than the commodity program, which has in my judgment considerable demerit in some instances. We do not change existing law in any way whatever, except as I enumerated, in my testimony this morning, and as I have enumerated in my statements submitted for the hearing record.

Senator DOLE. In line with what Senator Cook is discussing with reference to a mandatory program, there was testimony before the Nutrition and Human Needs Committee in California, that in Los Angeles the county supervisors, the so-called local people, may represent more people than I do in the State of Kansas. As a result, when we talk about local control, we are really not getting down to the people affected by the programs. This point was made many times in Los Angeles a couple of weeks ago at our hearings there.

Maybe we should study how to provide stamps to people we want to help when we have local officials who because they have such a large

constituency do not represent the needs of some of their people. There have been witnesses before our committee saying that the food stamps are the greatest fraud ever perpetrated on the poor.

I hope you would agree that we also have an obligation through the Department of Agriculture to teach through nutrition aids and others not only how to buy but how to prepare food. A family can pile food up to the ceiling, but if they cannot prepare it, the children are still hungry.

Senator TALMADGE. I know a number of wealthy people who do not have adequate diets. They do not like to buy the correct foods. They prefer caviar and Scotch whisky to a balanced meal.

Senator COOK. My son prefers hamburgers and french fried.

Senator TALMADGE. That is a pretty well-balanced meal.

The CHAIRMAN. Any further questions?

If not, we thank you, Senator Talmadge.

Senator TALMADGE. Thank you, Senator.

The CHAIRMAN. The next witness is Senator Montoya.

STATEMENT OF HON. JOSEPH M. MONTOYA, A U.S. SENATOR FROM THE STATE OF NEW MEXICO

Senator MONTOYA. Mr. Chairman and members of the committee, I have prepared a very lengthy statement which I would like to submit for the record and proceed to summarize for the committee.

The CHAIRMAN. Without objection that will be done. You may proceed to summarize it.

Senator MONTOYA. Mr. Chairman, I believe that all of us agree that there is hunger in the United States, and that the time has come for us to respond to the needs of the people in this particular sector of our population.

I come to this committee today with a sense of nostalgia, having served as a member of the committee for 4 years since first coming to the U.S. Senate.

It was with regret that I left this committee in January of this year. I have many fond memories of our deliberations and accomplishments. It is a pleasure to be back.

I have always been a strong supporter of the food stamp program, and was pleased to have played a role in getting one of my counties in New Mexico designated as one of the original national pilot food stamp project areas in 1961. We now have 22 of New Mexico's 32 counties participating.

There is hunger in New Mexico, my colleagues, just like there is hunger throughout the Nation. I have appended a table, appendix I to my statement, which shows a county-by-county breakdown of the number of poor families in New Mexico. The number is astounding, being almost twice that of the national average.

We also have a large Indian population in New Mexico, and the vast majority, I would say, of this Indian population is in a state of hunger and/or malnutrition.

The percentage of poor families by OEO standards in the Nation is 15.1 percent, but in New Mexico it is a dramatic 27.4 percent. The problem is even worse in many of the counties of the State. For ex-

ample, in Mora County 67.1 percent of the families have been classified by OEO as "poor."

In Taos County 63.5 percent, in Guadalupe County 45.3 percent, in Rio Arriba County 53.7 percent, Sandoval County 58.2 percent, San Miguel County 49.1 percent, and in Torrance County 40.5 percent of the families are classified as "poor."

Only three of the 32 New Mexico counties are on a par with, or better than, the Nation as a whole, which itself is no source of pride. The other 29 counties have two, three, or four times the national average of poor families.

In many of these counties the average income is extremely low. In Taos County, for example, 29 percent of the families had no income, and 30 percent of the families had income below \$100 per month.

The average family income was \$76.20 per month, with the average size of family being 4.13.

This would average to less than \$19 per month per individual to provide the necessities of life.

Because of physical defects as a result of improper diets, undernourishment and malnutrition have been reported. There was even one case last year where one little boy was said to have probably starved to death in Socorro County, N. Mex.

Nurses, educators, and others have commented on hunger in New Mexico, and I have made additional references in my statement to some of these instances. Suffice it to say that there is hunger in New Mexico and not just in isolated cases. Hunger in New Mexico, like elsewhere in the country, is too prevalent to let our conscience rest. We must do more than we have been doing to correct this despicable situation.

The food stamp program has been a godsend to those 22 counties participating in New Mexico. The food buying power of low-income families has been increased immeasurably, improving the quality and quantity of their diets.

Appendix 2 to my statement shows the level of participation by county on February 1969.

Since the inception of the first pilot program in 1961, through March of this year, the total value of coupons issued in New Mexico was \$23,780,000, of which \$10,771,000 was in bonus stamps. I think it is significant to note that two counties, Bernalina and Los Alamos have been added since December of 1968, increasing the number of participants by about 20,000 from approximately 36,500 to the present 56,500. Thus the benefits to New Mexico have been significantly greater in the past 5 or 6 months than ever before, and will continue to improve.

While we are speaking of benefits, I think we should pause and ask ourselves who does benefit from the food stamp program. The answer to this would be, "everybody." Not only have the food stamp participants benefited, but also the farmers and ranchers who produce the food, the processors who process the products, the wholesalers and the retailers who sell the products, the communities which in turn receive additional revenues, and society which has been hamstrung by having to care for the sick, the deformed and others who cannot contribute to society because of disease brought on by malnutrition, but who instead draw on our resources.

In New Mexico, for example, it was reported that the benefits of this program are manifold. Revenue to the State and communities received from the 4 percent sales tax collected on the food purchases made with only the bonus coupon amounted to \$108,385.60 for the last fiscal year, 1968. Who benefits from the food stamp program? **Everybody!**

Praiseworthy as the food stamp program and other food assistance programs have been, the magnitude of the hunger and malnutrition problems we have been revealed attest to the fact that we have only scratched the surface in attempting to meet the nutritional needs of our citizens.

Among the shortcomings and weaknesses I have heard voiced I would list the following:

One, the fact that needy persons cannot afford the cost of the stamps. Two, upon changing from the commodity program to the food stamp program, there is as much as a 60-percent decrease in participation, partly due to more stringent requirements.

Three, lack of nutrition education and consumer education programs that would make available services and information concerning better nutrition.

Four, insufficient food stamp purchases for large poor families. Five, a need for intensive outreach to increase participation of needy persons as well as additional Spanish-speaking persons administering the program in northern New Mexico, who can understand these people.

Six, more stamp distribution centers. And, lastly but most important, lack of funds. These are considerations that have cropped up.

Now in New Mexico, out of an estimated 235,000 persons falling below the poverty level, only about 56,000 participate in food stamps. Another 18,000 or 19,000 participate in the commodity distribution program. Thus a total of approximately 75,000 participate in some kind of food assistance program in my state. While all of the remaining 160,000 individuals falling below the poverty level may not be in need of assistance, obviously there is still a great need that is not being met.

I want to say here by way of special emphasis, Mr. Chairman and members of the committee, that New Mexico has approximately 100,000 Indians, Navajos, Pueblos, and other Reservation Indians.

The CHAIRMAN. What is your total population?

Senator MONTAÑA. The total population is approximately 1,100,000 for the whole State. I can tell you that in one little Indian community, one Pueblo, there are 1,500 adults unemployed. They work in the fields, and they earn very little money. They go out and sell jewelry once in a while.

Now here is the plight of the American Indian that we in Congress know very little about. The American Indian is uneducated. He is at the bottom of the totem pole economically and socially. His educational attainment is the lowest. The life expectancy of the American Indian is 64 years whereas for the rest of or all of the U.S. population it is 70.5 today. In fact death rates for the American Indians is 32.2 per 1,000, whereas in the rest of the country it is 22.4. The death rate less than age 15 is 390.5 per 100,000 for the American Indian whereas it is 182.4 per 100,000 for the entire U.S. population.

Infectious diseases specifically related to malnutrition, these are the second leading health problems of the Indians and the main cause of death. Pneumonia, $2\frac{1}{2}$ times higher than the U.S. population average. Gastroenteritis, 3.6 times higher, TB 6.9 times higher, the infant death rate 1.4 times higher in the last 11 months of the first quarter of life.

A very high percent of the Navajo patients have iron deficiency anemia. Infants 15 percent, children ages 1 to 4, 10 percent, pregnant women 10 percent. These are very revealing statistics.

The CHAIRMAN. May I ask a question at that point?

Senator MONTROYA. Yes.

The CHAIRMAN. Do you know how many of the people live on reservations?

Senator MONTROYA. Most of the American Indians live on reservations.

The CHAIRMAN. To what extent are they getting assistance from the Bureau of Indian Affairs under Interior?

Senator MONTROYA. They get some assistance from the Bureau of Indian Affairs. The Bureau of Indian Affairs has schools on the reservations, and they can go to school, Mr. Chairman. Our Government is not depriving them of this opportunity. But the fact remains that they do not go to those schools. They go as far as the sixth or seventh or eighth grade, and their educational attainment stops there.

The CHAIRMAN. Well, it is their fault then, is it not? I have often heard it said that the Indians were very lazy because of the assistance that is furnished to them by the Federal Government.

Senator MONTROYA. I would not say that it is their fault, and I would not say that it is the Government's fault. I say that they have not been motivated like the rest of the population has been to go to school. Motivation could be the fault of those who can supply the motivation, or infuse the motivation on the American Indians. These are vacuums that exist in our society, and I think these are responsibilities that our Government is shouldering, but perhaps not with adequate results.

Senator Cook. Will the Senator yield?

Senator MONTROYA. Yes.

Senator Cook. Do you feel that the BIA is the appropriate agency under S. 339 to receive these commodity foods for distribution?

Senator MONTROYA. They are the only ones that have the facilities to take care of these programs, because under our system of State government, in areas where we have Indian reservations, the Indian reservations are entities unto themselves, and only the Federal Government can come in and collaborate with them in administration.

Senator Cook. I must confess to the Senator I am not as enthusiastic about the BIA handling it as he may be as a result of the testimony of some witnesses that we have had before the Nutrition Committee.

The other question I wanted to ask was, in regard to your bill, do you feel that it is absolutely imperative that authority be given to the Secretary of Agriculture to move into areas and move into counties and move into localities where the local officials do not take any action to see to it that such programs are initiated.

Senator MONTROYA. Yes; I really do, because we are thinking here not in terms of ideals or ideologies, but in terms of people, hungry

people, and if the local officials will not initiate a program and provide the necessary monies that are required to launch this program, then the Secretary of Agriculture should set in.

Senator COOK. Thank you.

Senator YOUNG. Can I ask you a further question?

Senator MONTTOYA. Yes.

Senator YOUNG. Do you have a food stamp program on any of your Indian reservations, or is it all commodity distribution?

Senator MONTTOYA. The Indians in New Mexico are entitled to participate in our welfare programs, and so therefore they would become eligible for food stamps.

Senator YOUNG. But is the food stamp program in operation now?

Senator MONTTOYA. It is operated by the welfare department.

Senator YOUNG. On the reservations?

Senator MONTTOYA. Yes.

Senator YOUNG. Some of ours have the programs and some do not. Most Indians you see are poor, and if there was only a food stamp program it would have to be free otherwise they would not get any food. Most of them have little or no income.

Senator MONTTOYA. Yes. I want to say by way of conclusion, Mr. Chairman—

Senator MILLER. Would the Senator yield?

Senator MONTTOYA. Yes.

Senator MILLER. I wanted to follow up on Senator Cook's question on this discretionary power in the Secretary of Agriculture to establish a food stamp program in a county, where the local officials refuse to set one up. Would he couple with that discretionary authority, however, some legislative guidelines so that—perhaps the refusal on the part of the local officials is not just arbitrary, but it is at least in their minds well founded—so that the Secretary of Agriculture must make certain findings before he can take such action?

Senator MONTTOYA. I have no objection to reasonable guidelines.

Senator MILLER. Would the Senator have any—I do not ask him to give us these now, but I think it would be helpful if he could offer for the record some suggested guidelines on that point. I ask this because it has caused us a great amount of trouble in some of the counties in my State, and I understand quite a bit of abrasiveness in other counties around the country. It is not so much a question of not allowing the Secretary to do this as it is of making sure that the local people do not think it is an arbitrary decision on his part. If they know that he has to follow certain guidelines that we have established in order to exercise that power, I think it would relieve the abrasiveness a great deal, and probably make a more intelligent use of these powers.

Senator MONTTOYA. I think that this Committee can perhaps enact proper guidelines, recommend proper guidelines. I would hate to make any suggestions myself at this point, because the committee is going to listen to a lot of witnesses, and it will be more able than I to put in any guidelines if it so wishes. I have no qualms about this.

Senator MILLER. Do you have any counties in your State, by the way, which have refused?

Senator MONTTOYA. No, everyone has subscribed to the program. I might say by way of conclusion, Mr. Chairman, that I am not wedded

to my bill. I think there are some good provisions in all the bills before you, and I have full faith in the Committee, having worked in this Committee for 4 years, that it can work its will wisely.

The only other point that I wish to make is that my bill provides for an open authorization, an unlimited authorization, and I had a particular purpose in mind for proposing an open authorization.

Heretofore, we have had limited authorization, and I do not think that we have fulfilled our complete responsibility in providing the necessary funding.

However, I can exculpate ourselves, because I share part of this blame as a former member of this Committee, if it is blame, by the fact that there has been very little planning to project this program to its full necessity.

We have started on a limited basis. We have been increasing it little by little, but I think the time has now come for us to look at the entire landscape of hunger in the United States of America, and while the program cannot be extended to its full potential, perhaps during the next fiscal year, I think that more planning can be done, if we provide the sinews in this war against poverty for an unlimited authorization and adequate appropriation. That was my reason for having the unlimited authorization in my bill.

Senator JORDAN. Will the Senator yield?

The CHAIRMAN. I notice another change you have made here of significance, and that is to have the Federal Government pay half of the administrative costs at the State level. Why cannot the States help do these things? I am just wondering what prompted you to put such a provision in your bill.

Senator MONTOKA. Most of our welfare departments, Mr. Chairman, are in a state of bankruptcy, because of the burdens placed upon them through the medicaid program and the ADC program and other welfare programs, and I am afraid that they will not develop these programs properly, if they are going to have to undertake full administration cost.

The CHAIRMAN. This is only the cost of distributing the stamps?

Senator MONTOKA. Yes, the administration.

The CHAIRMAN. That is all that is involved, and it is very small in my book, and it seems to me that it should be done in conjunction with the welfare work they are now doing.

Senator MONTOKA. Well, I do provide for a 50-50 cost sharing. Some of the other bills provide that the Federal Government assume all of it.

The CHAIRMAN. I do not think the committee will ever stand for that.

Senator CURTIS. May I ask a question?

Senator HOLLAND. Mr. Chairman, I have a couple of questions when the Senator concludes.

Senator MONTOKA. In New Mexico last year, if you will pardon me, according to my legislative assistant there were seven counties who could not participate because they did not have the local cost for administration. They did not have the revenue. This was under food stamps.

The CHAIRMAN. Are they all receiving food stamps now you say?

Senator MONTOKA. They could not participate last year.

The CHAIRMAN. Are they participating now?

Senator MONTTOYA. There are only 22 out of the 32 counties in the State participating.

The CHAIRMAN. So that 10 of them are not participating?

Senator MONTTOYA. That is right.

The CHAIRMAN. And that is because of a lack of funds?

Senator MONTTOYA. Yes. Though 22 have been certified.

The CHAIRMAN. Yes.

Senator MONTTOYA. Twenty-two have been certified because they had adequate programs for the administration, for assuming the administration cost. The others have not.

The CHAIRMAN. Did the Welfare Department of the State certify they were eligible for food stamps?

Senator MONTTOYA. Yes.

The CHAIRMAN. And the counties were not able to pay their share of administrative parts of the program?

Senator MONTTOYA. That is right, and neither was the welfare department able to assume the cost.

The CHAIRMAN. Is that it?

Senator MONTTOYA. Yes.

The CHAIRMAN. Thank you.

Any further questions?

Senator MILLER. Did they participate in the commodity distribution program?

Senator MONTTOYA. Yes, they did.

The CHAIRMAN. That is free.

Senator JORDAN. Would you yield for just one question.

Do you have a compulsory school education law in New Mexico?

Senator MONTTOYA. Yes, we do.

Senator JORDAN. Does it apply to the Indian reservations also?

Senator MONTTOYA. No, it does not.

Senator JORDAN. It does not apply there?

Senator MONTTOYA. No.

Senator JORDAN. I knew this under the Indian Affairs Committee.

Senator MONTTOYA. For instance, with respect to the Navajos, which comprise the largest segment of the Indian population, under the treaty that was signed with the Navajos they have complete police power in their reservation and not even a State policeman can make an arrest on their reservation.

The CHAIRMAN. To what extent do the Indians raise their own food on these reservations, and what opportunities do they have to do so?

Senator MONTTOYA. They raise their staples. They do have cattle on the reservations, but they would rather sell their cattle than to eat their cattle, and this is how they provide revenue for themselves. They sell a few cows. And they raise chili and they raise corn, and they buy their flour. Their diet consists mostly of just beans, chili, most of the time without any meat, and bread and that is all.

The CHAIRMAN. Any further questions?

Senator HOLLAND. Mr. Chairman.

The CHAIRMAN. Senator Holland.

Senator HOLLAND. I think I understand this statement to provide that the bill offered by Senator Montoya would allow the Secretary

to have a food distribution program in any area regardless of whether a food stamp program is underway or not, is that correct?

Senator MONTTOYA. That was in my statement, but I crossed it out and did not mention it. In fact I have crossed it out of my original statement, and you may do so. I do not know that we should have two programs in the same area.

The CHAIRMAN. In other words, the Senator now adopts the provision in present law that gives the local area the right to elect one or the other?

Senator MONTTOYA. That is correct.

The CHAIRMAN. But not to have both?

Senator MONTTOYA. Yes.

The CHAIRMAN. I am glad of that.

Senator MONTTOYA. Yes.

The CHAIRMAN. Now the second thing: I understood the Senator to say that he believed in an unlimited authorization.

Senator MONTTOYA. Yes. The reason that I believe in that—I have stated my main reasons for an unlimited authorization, because if we are going to face this problem of hunger, our funding for it is going to have to increase on a gradual basis, as we project ourselves into these hunger areas, and we can certainly not have a crash program with complete funding and full potential immediately. This must be done on a gradual basis, because of the administrative work involved. The Department should have flexibility without limitations.

Furthermore, I have full faith that, with an unlimited authorization, my distinguished friend from Florida, Senator Holland, who heads the Subcommittee on Appropriations, will see that these funds are adequate and properly applied.

The CHAIRMAN. I thank the Senator for his expression. Does the bill offered by the Senator include unlimited amounts and also an unlimited period? Would the authorization be a permanent one without any limitation of time?

Senator MONTTOYA. Yes.

Senator HOLLAND. The Senator from Florida, in spite of the kind words of his friend, feels that an unlimited authorization in amount would simply project this full discussion into the Subcommittee on Appropriations each year, and the Subcommittee on Agricultural Appropriations has one of the longest jobs and one of the heaviest hearings already existing in the Senate, and it would seem to the Senator from Florida that two things should be provided here: a limited period of authorization, let us say 3 years, 4 years, or whatever the period might be, and a limitation of the amount, which, I think, should not be the same for all years covered, because we would expect the program to expand and increase.

Otherwise, it seems to the Senator from Florida that you are adding very greatly to the burden of those Senators who have to sit on the Appropriations Subcommittee, and there are three or more members of this committee who know what I am talking about—that this would add immeasurably to the difficulties of our hearing. The Senator from Louisiana, the Senator from North Dakota, and myself, and perhaps others in this committee, sit on that subcommittee.

Senator Young. Will the Senator yield?

Senator HOLLAND. It seems to me, since we recognize this as a highly controversial field in which there are many difficulties and differences of opinion, that in the authorization we ought to make it as certain a matter and as clear a matter as possible, so that the labors of the Subcommittee on Appropriations and the full committee would be made as reasonable in length as possible.

I yield to the Senator from North Dakota.

Senator YOUNG. I agree with the Senator. We do have a tremendous problem of handling agricultural appropriations. There is another advantage in having a limited authorization or a limited period that they would have to come back to this committee, the legislative committee, for further authorization, and this committee has more time, and I think is better qualified, to go into all of the needs of the program than in the Appropriations Committee.

Senator HOLLAND. I agree.

Senator CURTIS. Mr. Chairman——

The CHAIRMAN. Senator Curtis.

Senator CURTIS. I want to commend the Senator for what he said about the situation of the Indians. I am particularly concerned about that, not that we have a State with very many Indians, but I believe the Federal Government has a special obligation.

The question I am about to ask would relate not to your Indian reservations, but would relate to the application of your bill to the rest of the country, to everybody's State. Under your bill—this is probably true of all of the bills—the State agency would determine who was eligible for this food subsidy, for the food stamp program, would they not?

Senator MONTROYA. That is correct.

Senator CURTIS. But they would pay no part of the cost of the food distributed?

Senator MONTROYA. They would have a 50-50 distribution cost sharing.

Senator CURTIS. That is a reduction from what they have got now?

Senator MONTROYA. Yes.

Senator CURTIS. But here we are embarking on a rather sizable program, and these bills delegate to the State the authority to determine who shall get something, but the State pays no part of it. Now, I have had many years of experience in the field of old age assistance, ADC and so on, both in the House and in the Senate, and, even though the State pays something, the fact that the Federal Government pays a higher portion has still caused wide disparity between the States.

There were some States that out of 100 aged people would certify 50 or 60 out of 100 for old age assistance. There would be other States that would administer rather carefully and it would be down to maybe 12 out of 100. I think right now the conscience and the attention of the American people focus on this problem, that we will have probably a minimum of abuse, but as we look down the road 5 years, 10 years and so on, after we inaugurate this program, I seriously question any program that permits the States to say who is eligible to participate in the program when they pay no part of the benefits.

Senator MONTROYA. Most of the Federal programs of this type are administered by the State, and the Federal Government puts up most of the administration money.

Senator CURTIS. I am not talking about the administration money. I am talking about the money for the food.

Senator MONTOKA. No, I am not speaking of that.

Senator CURTIS. Well, I am.

Senator MONTOKA. I am speaking of administration.

Senator CURTIS. I am raising a serious question.

Senator MONTOKA. I am speaking of administration expense.

Senator CURTIS. I am raising a serious question as to what is going to happen 5 years from now after the excitement has cooled down and politicians in States can certify very very liberally, and still no State or local entity, political entity, will have any part in picking up the check for the food.

The CHAIRMAN. I doubt that Congress is going to pass any food bill of this character, unless there is a limitation as to the extent to which it will be made. We have it now limited. The present law expires in 1970, and knowing the House as I do, particularly the members on the Agriculture Committee, they are going to insist, I am sure, that we have a limitation on the years in which it is to operate, because they feel that every so often the committees authorizing this should have an opportunity to look into the operation. If it works well, extend it. If it does not, try to remedy it.

Senator MONTOKA. Mr. Chairman, I want to make this specifically clear. The sums that have been thrown around here as needed to have a complete program have ranged from \$1.8 billion, I believe, down to the administration figure, and the statements by the administration indicate that this program before too long will be increased to a point where it will require \$1 billion or more a year. That has been the indication from the administration.

Of course, Senator McGovern's figure is a little higher than that. I really feel an unlimited authorization would be proper, if the committee is going to try to provide planning in this legislation for a full attack on the hunger program in this Nation.

The CHAIRMAN. Any further questions?

Thank you.

Senator MONTOKA. Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

(The prepared statement of Senator Montoya is as follows:)

INTRODUCTION

Mr. Chairman, colleagues, it is with a sense of nostalgia that I appear before you today to testify in support of legislation to extend and expand our food assistance programs. I say a sense of nostalgia because I have fond memories of the four years that I served as a member of this Committee. I have fond memories and recollections of our many deliberations and the many accomplishments of this Committee during that time. It is indeed a pleasure to be back at this time for I had not had the opportunity to visit with the Committee since leaving it in January.

While I look with fond memories at what has been accomplished in the past, I cannot help but reflect upon the fact that we could have done better. Of course, we can always say that we could and should have done better; however, action is the better test of our intentions. For that reason I wanted to take a few moments this morning to voice my strong support of measures presently pending before you to extend and expand on the success of the Food Stamp Program and other food assistance programs. I view the Food Stamp Act of 1964—in spite of all the anti-poverty measures that we have seen enacted in recent

years—as the single most meaningful, and potentially most far-reaching, measure of any in the constant struggle against poverty.

I have always supported the Food Stamp Program. I am pleased to have played a role in getting San Miguel County, New Mexico, designated as one of the original national pilot Food Stamp project areas. Since then, I have fought for and supported not only the Food Stamp Act of 1964, but every effort to strengthen and expand it. I have introduced a number of measures of my own in the past and expect to continue to lend my support to the program.

HUNGER AND MALNUTRITION IN NEW MEXICO

I remember reading in *The Evening Star* a few weeks ago, an article reporting on testimony of our colleague, Senator Hollings. The article was entitled "Yes, Senators, 'There is Hunger in South Carolina' ". I wish to state to you today that, "Yes Senators, there is hunger in New Mexico." But more than that, there is hunger throughout this rich nation of ours. This, of course, is no secret. It certainly has been no secret to those who have been suffering. It has been no secret to us in Congress. And, in light of the revelations of the Senate Select Committee on Nutrition and Human Needs, on which five members including the Chairman of this Committee, serve, these conditions are no secret to the nation as a whole.

I would like to discuss with you the problems and needs of New Mexico—problems and needs which I am sure are reflected nationwide. New Mexico is a sparsely populated State. We are among the largest States in the Union in terms of geography, but among the smallest in population. We have only roughly over one million population. With perhaps 400,000 of these concentrated in Albuquerque, the remaining 600,200 citizens of New Mexico are scattered throughout the State, many of whom live in villages or communities of only a few people, far removed from other villages or from centers of commercial activity.

Poverty exists in New Mexico, but in Northern New Mexico, where the Spanish-speaking citizens and the American Indian citizens are concentrated, poverty abounds and is at its worst.

For the State of New Mexico as a whole, 27.4% of all families were "poor" in 1966 by the Office of Economic Opportunity standards. This compares with 15.1% for the nation as a whole. These 1966 OEO figures were based on the definition of poverty family income level of the Social Security Administration, according to family size and urban-rural residence.

The Executive Director of the New Mexico Health and Social Services Department stated to me in a letter in response to an inquiry on my part, that, "The most recent estimate of the number of persons below the poverty level in New Mexico indicates that we have 234,554 persons falling within an income class that could be considered as below the poverty level." This again, is out of a population of approximately one million.

However, the problem is even worse for many counties in New Mexico than even this gruesome statistic. For example:

In Mora County where approximately 85% of the 5,900 residents are Spanish surnamed, 67.1% of the families were classified as "poor" by the OEO in 1966. Of these, only 1,502 were participating in the Food Stamp Program as of February 1969.

In Guadalupe County with a population of 5,100, 45.3% of the families are classified as "poor" by the OEO.

In Rio Arriba County with a population of 26,300, 50.7% were classified as "poor".

In Taos County, with a population of 17,600, 63.5% of the families are classified as "poor".

Sandoval County has 58.2% of its families in the "poor" category.

San Miguel County has 49.1 of its families classified as "poor".

Torrance County has 40.5% of its families in the "poor" classification.

I could go on through the remainder of New Mexico's 32 counties and we would find that conditions are little better in very few of them.

In fact, only three counties out of 32 in New Mexico have a percentage of "poor" families lower than the national percentage: Los Alamos County has 2.1% of its families in the "poor" classification; Lea County, 13.0%; and Bernalillo County is right at the national average with 15.0% of its families "poor". All the other 29 counties are far above the national average in "poor" families—some of them as much as two, three, and four times, and more.

I am appending a table, Appendix I, to my statement showing the breakdown by county in New Mexico.

In Taos County, New Mexico, where, as I have stated, 63.5% of the families are classified as "poor" by OEO, the Program Director of the Emergency Food and Medical Project for the County, was quoted as stating that, "... this matter of hunger was one of the most hidden problems within the county. We at no time suspected that in a country so advanced that problems of food would exist..." He went on to state that, "we are more firmly convinced at this point that there is a starvation situation within many family units."

From a survey taken of 100 families in this county, 29% of the families had no income and 30% of the families had incomes below \$100 per month. The average family income was \$76.20 per month, 24% of the families were receiving welfare aid, and the average size of the family was 4.13.

In Rio Arriba County, a county health nurse was quoted as stating that six out of ten individuals handled through her office suffered from physical defects as a result of improper diets, undernourishment and malnutrition.

In Socorro County, a Community Action Program Director has reported on the malnutrition that exists in the county and says he knows of at least one little boy who "probably starved to death."

I will not bore the Committee with additional examples. I think it suffices to say as I indicated earlier that "there is hunger in New Mexico," and it is not just in isolated cases. Hunger in New Mexico, like elsewhere in the country, is too prevalent to let our consciences rest. We need to do more than we have been doing to correct this despicable situation.

FOOD STAMP PROGRAM IN NEW MEXICO

In these areas I have been speaking of in New Mexico, the Food Stamp Program has been a God-send. San Miguel County in New Mexico was one of the eight original counties designated in 1961 for a pilot food stamp program. The success of the program in San Miguel County and in the other seven initial counties in the Nation, of course, have led to additional designations and eventually to the Food Stamp Act of 1964.

In those counties in New Mexico where the Food Stamp Program is in existence, the food buying-power of low income families has been increased measurably. As a result the quality and quantity of their diets has been improved.

We have 22 of the 32 New Mexico counties participating in the Food Stamp Program. The remaining 10 are participating in the Commodity Distribution Program. In February of this year, we had 56,340 persons participating in the Food Stamp Program, with a total coupon value of \$950,493 of which \$438,346 was in "bonus coupons." The "bonus" was 46% of the total value of the coupons, with the average bonus per person being \$7.78 for the month of February. For the first eight months of fiscal year 1969 (July 1968 through February 1969), the total coupon value of Food Stamp coupons issued in the 22 counties in New Mexico was \$5,607,858 of which \$2,622,405 was in bonus coupons.

The total value of Food Stamps issued in the State since inception of the program in 1961 is approximately \$22,000,000, including over \$9,500,000 worth of "bonus" stamps.

The impact of this program has been of great significance. I might add that the impact is even greater than might appear from a glance of the above statistics. Bernalillo County, with almost 19,000 participants of the approximate 56,500 participants, has only been in the program since December of 1968. For the three months of December 1968 through February 1969, this County, because of its large number of participants, has received \$1,034,930 in total coupons, of which \$551,339 was in bonus coupons. This accounts for almost 20% of the entire amount received by New Mexico during an eight month period. The point I am making here is that in time, the Food Stamp Program will be of far more assistance to individuals in New Mexico than it has been in the past because of the increased number of participants.

Attached as Appendix II is a chart showing, by county in New Mexico, participation in the Food Stamp Program on February 1969.

I think one should pause in speaking of the aid that New Mexico, and the Nation as a whole, has received from the Food Stamp Program and ask ourselves, "just who has benefited?"

The answer to the above question would be, "everybody!" Not only have the Food Stamp participants benefited, but also the farmers and ranchers who produce the food, the processors who process the products, the wholesalers and the

retailers who sell the products, communities who in turn receive additional revenues, and society who has been crippled and hamstrung by having to care in its hospitals and other institutions for those who cannot contribute to society because of diseases brought on by malnutrition.

I think too often we hear the complaint that the only ones that benefit are those that are too lazy to work and who prefer to be leeches. This is a gross misrepresentation of the real facts and a revelation that those who make such charges are blind to the real situation.

Most of the individuals receiving Food Stamps have little or no income, not because they do not want to work, but because they do not have any work. In Rio Arriba County, New Mexico, for example, the unemployment rate is 20.7% as of 1967. In Mora County the unemployment rate was 12.5% in 1967, and had been as high as 17.7% in 1966 and 20.7% in 1964. In San Miguel County in 1967, the unemployment rate was 12.0% and was as high as 15.6% in 1964.

These are not individuals unwilling to work, as anyone who is familiar with the counties would inform you. They are individuals who simply have no work and no prospects of any jobs. They thus have no income with which to buy the necessities of life. To compound the matter, there are many others, not reflected in the above statistics, who are underemployed and consequently cannot earn enough to buy an adequate diet for their families.

Because of their lack of proper and adequate diets, individuals in these families suffer a higher incidence of illnesses, infant mortalities, and crippling diseases. Our welfare rolls are taxed, but so are our limited hospital facilities, our limited medical services, and other needs that must be met by society because of the increased illnesses. No one need remind us either that a sick man not only drains society but can do little or nothing to contribute to it. The cost of society by not providing an adequate diet for the less fortunate is far more in the long run than the cost of providing a nutritional diet.

As I have also stated, the farmers and ranchers of this country benefit as well from the Food Stamp and Commodity Distribution Programs. There is an increased demand for food and food products as more and more people are enabled to eat more and better foods. More livestock will be required. More feed grains to feed the livestock. More feed lots to feed the livestock. More crops will need be grown with the chain of other economic benefits that will thus be set off. More people can be put to work and eventually taken off the assistance programs.

Our food outlets likewise will benefit from increased sales, and sales of better quality foods. Sales of other necessities such as clothing and shelter will increase as money is released from the need to buy food.

Does this sound too far-fetched? I think not!

Let me quote, if I may, from a comment made by the Executive Director of the New Mexico Health and Social Services Department. He states:

"It is apparent that the increase in purchasing power of the families participating in the Food Stamp Program has a significant impact on the business community in those counties where the program is operating. The benefits of this program are manifold. Revenue to the State and Communities received from the 4% sales tax collected on the food purchases made with only the bonus coupons amounted to \$108,385.60 for the last fiscal year (FY 1969)."

If there is any doubt of the favorable impact of the Food Stamp Program on other segments of society, I think that this one example should dispel the doubt.

IMPROVEMENTS IN FOOD ASSISTANCE PROGRAMS NEEDED

Praiseworthy as the Food Stamp Program and other food assistance programs have been, the magnitude of the hunger and malnutrition problems we have seen revealed—some of which I have spoken of this morning—attest to the fact that we have only scratched the surface in attempting to meet the nutritional needs of our citizenry. There are many short-comings and weaknesses in existing programs.

In Taos County, for example, it was stated that: "... the Welfare Department and the Food Stamp Program in no way is adequate to offset the problem of malnutrition and starvation in the area. Less than 20% of the participants in the Emergency Food Project were receiving assistance from the Welfare or other programs within the area. The other percentage was left to hustle for themselves concerning the necessity for food."

In this same county it was indicated that the Food Stamp Program has a "very bad image" due to the fact that needy persons cannot afford the cost of the stamps. Some borrow money when stamps are available and then repay the loan as they are able to.

It has also been reported that upon changing from the Commodity Program to the Food Stamp Program there is a 60% decrease in participation in some areas partly due to more stringent requirements. In some of these areas there has been a gradual increase with time, but in others there is none.

Another complaint I have heard voiced on numerous occasions is that the high cost of food stamps is a very significant limiting factor on participation. One Community Action Program Director reports that, "The Community Action Program finds families every day that are living in poverty conditions, qualify according to the OEO guidelines, and yet are not eligible for Food Stamps or must pay 80 to 90 dollars. Large families are extremely victimized." He suggests that free Food Stamps should be made available to eligible families who cannot afford to buy the stamps.

The Executive Director of the New Mexico Health and Social Services Department indicates that in his opinion, among the conditions leading to malnutrition in New Mexico are—

Inadequate family income to provide proper diets ;

Inadequate education about proper nutrition ;

The lack of nutrition education and consumer education ; programs that would make available services and information concerning better nutrition ; and

The combination of quite minimum financial assistance standards and the relatively high purchase requirements in the Food Stamp Program.

These problems are echoed in county after county in New Mexico.

In addition to the problems of cost and minimum eligibility standards there is an additional problem with large, poor families for whom the food stamp purchases are very insufficient.

There is obviously a need for intensive outreach to increase participation of needy persons. In New Mexico out of an estimated 235,000 persons falling below the poverty level, only about 56,500 participate in Food Stamps. Another 18,000 or 19,000 participate in the Commodity Distribution Program for a total of approximately 75,000 participating in some kind of food assistance program. While all of the remaining 160,000 individuals falling below the poverty level may not be in need of food assistance, obviously there is still a great need that is not being met.

More stamp distribution centers are needed to facilitate transportation for participants. In many small communities there is no center and the costs of transportation make the program infeasible for many.

Person need to be educated concerning the benefits they can obtain from the program and assisted in applying for certification. Spanish-speaking persons administering the program are essential in many communities for this type of outreach. I urge the Department of Agriculture to make a conscious effort to make such trained individuals available not only in New Mexico, but elsewhere where Spanish is the mother tongue.

LEGISLATIVE PROPOSALS

You have pending before you at least five bills (S. 6, S. 339, S. 1608, S. 1864, and S. 2014) aimed at meeting the food needs of the millions of Americans that are presently going hungry. Two of these measures, S. 339 and S. 1608, are bills which I have introduced. A third, S. 2014, the Food Stamp Reform Act introduced by our colleague, Senator McGovern, I have joined in cosponsoring, as have some thirty other Senators. A fourth bill, S. 1864, has been introduced by my good friend from Georgia and a member of this Committee, Senator Talmadge. The fifth and first to be introduced this session, S. 6, was introduced by another former member of this Committee whom I remember having served the Committee so well, Senator Mondale. And finally, we have received a Presidential message and other statements from the Nixon Administration expressing support of some type of expansion of our Food Stamp program.

I will not take the time of the Committee to go into detail on each and every one of the above proposals or to urge consideration of my bills over the other measures pending before you. All of the measures introduced have been introduced with one purpose in mind ; that is, to expand and improve on our efforts to carry out the declaration of policy expressed by Congress in passing the Food Stamp Act of 1964 of "maintaining adequate national levels of nutrition."

I think it is significant to note that the above-mentioned bills, although differing in some lesser respects, are very similar, if not identical, in their major provisions.

I would urge this Committee to pick the best features from the various proposals before you and to report out a measure that is meaningful in terms of meeting the problems we face.

As a minimum, however, I believe that any proposal recommended by this Committee should include at least the following provisions:

- Authorize the establishment of minimum nationwide eligibility standards for participation in the Food Stamp program;

- Permit direct operation by the Secretary of Agriculture of a Food Stamp program in any political subdivision of a State where local governing officials refuse or are not able to provide a food assistance program for needy families;

- Provide for cost-sharing arrangements whereby the Secretary of Agriculture could contribute up to 50% of the administrative costs of local Food Stamp programs; and

- Remove needless constricting limitations on the appropriation of funds for operating the Food Stamp program in any fiscal year subsequent to 1969.

The above are the main provisions of my bill, S. 1608, and are also found in one form or another in some of the other proposals before you.

In addition to the above, however, much more must be done. Senator Talmadge's bill, S. 1864, would make a number of additional significant improvements. Some of Senator Talmadge's suggestions are also found in S. 2104, of which I am a sponsor. S. 2104, in addition to the above provisions, would—

- Provide free food stamps to the lowest income families;

- Lower the purchase price of stamps for those who pay;

- Increase the total stamp value so that all participants are able to purchase an adequate diet;

- Provide for certification solely by an affidavit;

- Provide that a family may purchase less than its full coupon allotment and that the price will be adjusted accordingly;

- Provide that after June 30, 1971, no household shall be charged more than 25% of its income for its coupons;

- Provide for nutrition education, including informing all eligible households of the program's existence and giving any help needed to apply it;

- Provide that coupon issuance and the collection of payment be carried out through the local post office, by mail, in retail stores, or in any way to best insure participation of eligible households; and

- Authorize the Secretary to pay the *full* cost of administering the program in any political subdivision *if* he determines that such payment is necessary to enable the program to be operated there.

The need for many of the above reforms in our Food Stamp program is obvious and should not need further commenting on in light of the conditions that exist throughout the country and the complaints that have been registered.

We must make a more conscious effort to educate all Americans on nutrition, to make more readily available to the needy the Food Stamps that they require, and to make them available at a cost they can afford even if this means giving free food stamps to some.

We must remove the funding limitations that we have imposed before to give the Secretary of Agriculture more flexibility in asking for appropriations sufficient to meet the problems. It does us little good to isolate the problem; analyze it, legislate on it, and then provide insufficient funding to solve it.

We must provide some national standards for eligibility so that potential participants may not be barred from the program by unnecessarily restrictive standards within a particular state or states.

We must insure that if state and/or local officials either cannot or do not institute a Food Stamp program, that the needy of those communities shall not be denied the opportunity of participating in the program.

Finally, many communities simply do not have the resources available to cover the cost of administering an adequate food assistance program. In some cases, they cannot afford to begin to pay the administrative costs of starting a program locally. In others, their limited funds prevent expansion of existing programs to adequately reach out to all those who need it most. In New Mexico, for example, plans to expand the Food Stamp program to seven additional counties during FY 1969 (Catron, Dona Ana, Grant, Hidalgo, Luna, Sierra, and Socorro Counties) were dropped by the State because of lack of funds. The problem has been analyzed as simply a lack of money.

S. 1608 would authorize the Secretary of Agriculture to enter into cost-sharing arrangements and would greatly assist these resource-poor communities. It would permit the Secretary to contribute up to 50% of the administrative costs of these

local programs. This would also help ensure that the certification and issuance of food stamps could be carried out at locations more convenient to all needy persons, rather than at a few, hard-to-get-to sites as is now the case in many counties.

S. 2014 would also authorize the payment of 100% of the administrative costs if the Secretary determines that this is essential to enable the program to be operated there.

Administrative costs are a real problem in the State of New Mexico, and I am sure elsewhere, not only for the Food Stamp program but other programs. In FY 1968, for example, the State of New Mexico turned back \$40,000 in Federal funds for the School Breakfast Program because it lacked sufficient personnel to administer the program.

We should not place ourselves in a position where a major effort is undertaken on the Federal level but which is stymied when it gets to the States because of a lack of funds to administer the program. We should authorize cost-sharing of the administrative costs of the program and provide for a full 100% Federal funding when it is absolutely necessary and there is no other way to operate a program.

COMMODITY FOOD DISTRIBUTION PROGRAM

Finally, I would like to make some comments with regard to the Commodity Distribution program.

I think that the consensus of the Congress and of the country is that primary emphasis should be placed on moving from Commodity Distribution participation to Food Stamp participation. However, I think that the Commodity Distribution program still plays a vital part where there are no Food Stamp programs and could play an even bigger role if improved and combined with the Food Stamp program. But to make it meaningful, it, too, needs reforming.

One of the bills pending before this Committee, S. 339, is a bill which I introduced in a modified version last Congress and which I have reintroduced again this Congress.

Congress has committed itself to the concept that our overabundance of food, rather than be needlessly wasted, should be used to help feed the Nation's needy. Thus, under basic authority contained in section 416 of the Agricultural Act of 1947, the Secretary of Agriculture makes surplus foods available to States for distribution to needy persons.

However, due to the vague generality of this enabling statute, there are serious gaps in Congressional intent that leave implementation of this program to the whims of a Secretary of Agriculture and/or State and local agencies.

Specifically, there is no clear mandate directing the Secretary to make food available—no guidelines upon which to determine the quantity or variety of foods that should be distributed—no specific authority directing how the Secretary should proceed when State or local agencies fail to accept their responsibility—nor provisions authorizing alternatives for the Secretary to use in expanding distribution outlets to effectively serve recipients.

Sufficient evidence has been presented in the past year attesting to the fact that far too many persons do not receive, or cannot obtain, at least the minimum amount of food needed to protect their health and sustain productive lives.

To correct these deficiencies, I introduced S. 339. This bill would—

Modify existing language of Section 416, Agricultural Act of 1949, to specifically direct the Secretary of Agriculture to distribute food to needy families and households.

Direct the Secretary to make food available to such persons in sufficient quantity and variety, and at a sufficient number of locations, so as to provide recipients with at least the minimum daily nutritional allowances recommended by competent authority.

Direct the Secretary to establish food distribution outlets in any State or political subdivision where the need exists and where appropriate authorities have failed to provide either an adequate food distribution or Food Stamp program within 120 days from enactment of the bill.

Authorize the Secretary, when he has to take such independent action, to contract with any competent person, firm, or nonprofit organization for the distribution of foods. Under such contracts, food must be distributed without discrimination, and recipients must be informed that it has been donated by the Federal government.

The above bill was introduced independently of any consideration of expansion of the Food Stamp program. It was introduced in an attempt to streamline the

Commodity Distribution program to serve those areas where Food Stamp programs did not exist. Since then, however, I have joined in sponsoring S. 2014, which would authorize the use of both the Commodity Distribution program and the Food Stamp program in the same commodity if such was found to be feasible and desirable in meeting the nutrition needs of the community. Traditionally, I know, the two have been separated and not authorized to operate in the same county. However, the Committee may wish to give consideration to that provision of S. 2014 affecting this.

CONCLUSION

Mr. Chairman, I have gone on at some length here and I apologize for taking so much time of the Committee. However, this matter is one of very deep concern to me as I know it is to you.

The hunger problems of this country are shocking and impossible to justify. The Senate Select Committee on Hunger and Nutrition, so ably chaired by our colleague Senator McGovern, and on which five members of the Committee on Agriculture serve, is performing a tremendous service to this country in not only exposing the problem but in seeking to find solutions.

I do not, by my recommendations for legislative action at this time, wish to pre-judge the findings of the Select Committee nor to anticipate the recommendations the Select Committee may make. I do feel, however, like Senator Talmadge, Senator McGovern, Senator Mondale, and others, that there are a number of basic adjustments that can be made at this time without waiting for the final report of the Select Committee which is not due until after the end of this calendar year.

There is much that can be done now. The Committee on Agriculture and Forestry has the primary jurisdiction over the Food Stamp Program and is the Committee with the legislative authority. It has served us well in the past, and I am confident it will serve us well again. Thank you.

NEW MEXICO

[Poor families in the United States, 15.1 percent; poor families in New Mexico, 27.4 percent]

County	Percent Spanish surnamed (1960 census)	Percent poor families (1966) OEO community profiles	Estimated total population (1966) OEO community profiles	Number in public assistance (1964)	Number of persons participating food program (January 1969 USDA figures)	Type of food distribution program
Mora	85.4	67.1	5,900	950	1,055	FS
Guadalupe	72.5	45.3	5,100	645	880	FS
Rio Arriba	69.6	50.7	26,300	2,883	5,831	FS
Taos	69.1	63.5	17,600	2,319	3,711	FS
San Miguel	68.5	49.1	22,900	3,308	4,865	FS
Santa Fe	54.3	25.5	48,700	2,793	5,060	FS
Grant	47.2	28.9	18,700	753	1,115	CD
Socorro	46.8	40.5	10,600	821	2,145	CD
Dona Ana	42.1	25.0	69,400	2,363	4,836	CD
Torrance	41.7	40.5	6,300	526	737	FS
Hidalgo	40.6	27.4	4,800	169	482	CD
Colfax	40.1	29.0	13,300	980	780	FS
Valencia	35.9	24.6	40,400	1,648	3,562	CD
Luna	34.3	32.1	11,100	551	1,244	CD
Sandoval	32.0	58.2	16,200	1,014	2,890	FS
Quay	29.4	29.2	12,700	888	809	FS
Lincoln	28.9	30.0	8,000	350	279	FS
Catron	27.2	34.2	2,300	88	108	CD
Harding	26.5	34.7	1,800	95	80	FS
Bernalillo	26.0	15.0	313,200	11,253	18,879	FS
De Baca	25.0	33.6	2,700	189	149	FS
Union	24.3	28.3	5,300	241	20	FS
Eddy	22.1	17.3	53,000	1,695	2,377	FS
Sierra	21.6	30.9	6,600	630	755	CD
Otero	15.9	15.3	36,900	825	1,055	FS
Chaves	13.5	21.6	70,000	2,368	2,254	FS
McKinley	12.2	37.3	44,200	1,625	4,762	CD
Curry	11.2	23.8	37,600	1,082	1,540	FS
Los Alamos	11.2	2.1	14,500	9	-----	FS
San Juan	6.8	19.9	49,100	1,899	5,430	FS
Roosevelt	6.3	23.8	16,900	511	1,023	FS
Lea	4.8	13.0	53,900	1,394	1,039	FS

Source: Inter-Agency Committee on Mexican-American Affairs.

FSP—SOUTHWEST—FEBRUARY 1969

Project area	Date designated	Participation		Coupons			Fiscal year to date				
		Number persons		Monthly change (percent)	Total value	Bonus value	Bonus of total (percent)	Average bonus per person	Total coupons	Bonus coupons	
		P.A.	Non-P.A.								
New Mexico (22):											
Bernalillo	Dec. 2, 1968	10,128	8,669	18,797	\$329,891	\$146,545	44	\$7.80	\$1,034,930	\$551,339	
Chaves	Apr. 1, 1966	1,264	967	2,231	38,377	14,560	38	6.53	274,943	105,837	
Colfax	Dec. 1, 1965	483	338	821	14,423	5,703	40	6.95	100,090	37,238	
Curry	June 1, 1966	975	574	1,549	27,446	10,754	39	6.94	202,523	77,544	
De Baca	Feb. 2, 1967	99	48	147	3,032	974	32	6.63	21,998	7,214	
Eddy	May 2, 1966	1,099	1,258	2,357	38,349	16,399	43	6.96	294,219	121,561	
Guadalupe	Feb. 1, 1967	479	440	919	15,681	6,342	40	6.90	112,776	46,568	
Harding	Nov. 2, 1965	48	49	97	1,792	692	39	7.13	12,126	4,486	
Lea	May 2, 1966	543	503	1,046	17,509	7,646	44	7.31	130,251	53,198	
Lincoln	Mar. 7, 1967	150	128	278	4,912	1,982	40	7.13	37,750	14,800	
Mora	June 3, 1963	580	922	1,502	25,064	9,496	38	6.32	165,736	72,094	
Otero	Mar. 1, 1967	453	648	1,101	16,743	8,760	52	7.96	109,885	54,295	
Quay	Nov. 2, 1965	444	395	839	15,170	5,799	38	6.91	104,970	41,282	
Rio Arriba	Mar. 2, 1965	1,700	4,377	6,077	92,941	59,984	65	9.87	729,028	394,997	
Los Alamos	Jan. 2, 1969										
Roosevelt	June 1, 1966	348	692	1,040	16,152	8,200	51	7.88	131,030	62,763	
Sandoval	Apr. 1, 1965	712	2,390	3,102	47,204	27,748	59	8.95	341,262	191,376	
San Miguel	June 5, 1961	1,841	2,976	4,808	82,090	35,456	43	7.37	602,612	267,584	
Santa Fe	June 3, 1963	2,450	2,485	4,935	82,918	34,576	42	7.01	604,264	253,816	
Taos	Mar. 2, 1965	1,664	2,050	3,714	63,570	29,574	46	7.96	460,809	211,261	
Torrance	Feb. 1, 1967	113	380	493	13,637	5,812	43	7.28	105,832	41,984	
Union	Dec. 1, 1965	113	69	182	3,592	1,344	37	7.38	30,824	11,168	
Total		25,991	30,349	56,340	950,493	438,346	46	7.78	5,607,858	2,622,405	

Source: Department of Agriculture.

ANALYSIS OF S. 1608

PURPOSE

To eliminate four obvious legislative flaws in the Food Stamp Act of 1964, as amended, which hinder effective implementation of the inherent purpose of that Act.

PROVISIONS

1. Authorize the establishment of minimum nationwide eligibility standards for participation in the Food Stamp program ;
2. Permit direct operation by the Secretary of Agriculture of a Food Stamp program in any political subdivision of a State where local governing officials refuse or are not able to provide a food assistance program for needy families ;
3. Provide for cost-sharing arrangements whereby the Secretary of Agriculture could contribute up to 50 percent of the administrative costs of local Food Stamp programs ; and
4. Remove needless constricting limitations on the appropriations of funds for operating the food stamp program in any fiscal year subsequent to 1969.

ANALYSIS OF S. 339

NEED

Congress has committed itself to the concept that our overabundance of food, rather than be needlessly wasted, should be used to help feed the Nation's needy. Thus, under basic authority contained in section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431), the Secretary of Agriculture makes surplus foods available to States for distribution to needy persons.

However, due to the vague generality of this enabling statute, there are serious gaps in Congressional intent that leave implementation of this program to the whims of a Secretary of Agriculture and/or State and local agencies.

Specifically, there is no clear mandate directing the Secretary to make food available—no guidelines upon which to determine the quantity or variety of foods that should be distributed—no specific authority directing how the Secretary should proceed when State or local agencies fail to accept their responsibility—nor provisions authorizing alternatives for the Secretary to use in expanding distribution outlets to effectively serve recipients.

Sufficient evidence has been presented in the past year attesting to the fact that far too many persons do not receive or cannot obtain at least the minimum amount of food needed to protect their health and sustain productive lives.

PROPOSAL

It is these deficiencies to which this bill is directed, namely by :

1. Modifying existing language of section 416, Agricultural Act of 1949, to specifically direct the Secretary of Agriculture to distribute food to needy families and households.
2. Directing the Secretary to make food available to such persons in sufficient quantity and variety and at a sufficient number of locations so as to provide recipients with at least the minimum daily nutritional allowances recommended by competent authority.
3. Directing the Secretary—when appropriate authorities fail to provide either an adequate food distribution or Food Stamp program within 120 days—to establish food distribution outlets in any State or political subdivision where the need exists.
4. Where the Secretary must take such independent action, authorizing him to contract with any competent person, firm, or nonprofit organization for the distribution of foods. Under such contracts, food must be distributed without discrimination, and recipients must be informed that it has been donated by the Federal government.

The CHAIRMAN. Our next and last witness, I understand he has a statement he wants to submit and go over it, is Mr. Reuben L. Johnson, director, legislative services, National Farmers Union. You may proceed.

Senator JORDAN. How long is your testimony?

STATEMENT OF REUBEN L. JOHNSON, DIRECTOR, LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. JOHNSON. Mr. Chairman, my testimony will take I would say about 6 or 7 minutes.

Senator JORDAN. I have a meeting I have to go to, but I can stay that long and I want to hear you.

Mr. JOHNSON. Mr. Chairman, we appreciate the opportunity to make recommendations to this committee concerning the food stamp program. While there are many differences between the bills before the committee, the intent and objectives of all of the sponsors is to develop a food distribution program for needy citizens that will bring an end to malnutrition and hunger, that results from poverty or inadequate income levels.

This concern on the part of the sponsors of the bill before the committee is fully shared in by the members of the Farmers Union. Our organization has had a long tradition and history of support for these and related programs now administered by the Department of Agriculture.

Mr. Chairman, I have a few very brief points that I would like to make:

First, we recommend that the present limit on appropriations of \$340 million be removed. In this connection, to supplement the funds appropriated directly by the Congress, we urge that CCC and section 32 funds be drawn upon as needed.

Second, we recommend that the Secretary of Agriculture prescribe annually the minimum level that will qualify a family for free food stamps. In this connection, Senator Talmadge, you will note that our recommendations are in line with what your bill provides for. As a general rule, we do not believe that a family should be required to pay in excess of 25 percent of the household income for stamps to provide an adequate diet.

In any instance where household income does not exceed \$40 per month, food stamps should be made available at no cost.

Third, we recommend that authority be given to the Secretary of Agriculture to operate both a food stamp and direct food distribution program where a request is made by local officials, and conditions warrant the added cost of administration which we feel should be borne in part at least if not in total by the local government.

Senator TALMADGE. Will you yield at that point?

Mr. JOHNSON. Under present law—if I might just finish here, Senator—under law the programs can be operated in tandem, where you have disaster conditions. We believe that there might possibly be disaster conditions arise that would warrant both of these programs being in a county. But I want to make it very clear that I agree completely with the observation that you made, earlier.

If we adequately fund the food stamp program and we get universal support like you have in your State of Georgia and in my State of Georgia, then I believe that the effect would be to have the food stamp program be the dominant program, replacing the commodity distribution program. The reason being it has a distinct advantage of providing the kind of distribution that puts food conveniently in the hands of people who are qualified.

Senator TALMADGE. I wanted to ask you about trying to conduct both programs in the same county at the same time. I notice the Secretary also made that recommendation in the proposal that the President made, but it seems to me unrealistic to try to have the two programs going at the same time because they are quite different, as you know. The commodity program, the citizen pays no cost whatever. He is doled out at certain times these commodities. Some of them may be unsuitable to his diet and his family needs. If you have the two going at the same time, it looks like to me you would have considerable confusion trying to administer.

Mr. JOHNSON. I think that would be true. But I believe if you provide as existing law does for the program to be operated in the event of disaster, under conditions which would warrant some immediate emergency action that it could be handled in combination with the food stamp program. This would depend on official requests and payment of the administrative costs to run the program. I think you would find that there would be little use for it when the food stamp program is properly funded, but it would be authorized in the event of need. That is the point I want to make.

The CHAIRMAN. I think the statement of the President is to the effect that the two programs would remain, but ultimately it would result in one, which would be the food stamp.

Senator TALMADGE. It may be only temporary. In other words, if you have a direct food distribution program, and then you put a food stamp program in, the idea would be to let the direct food stamp program remain until the food stamp program becomes effective.

Mr. JOHNSON. In other words, during the transition period.

The CHAIRMAN. That is right, that is only for the transition period.

Mr. JOHNSON. We recommend that the supplemental food program for infants and small children be expanded, and that research be carried out in connection with these programs concerning the relationship between malnutrition and the intellectual and physical development of young children. That was mentioned by Secretary Hardin, I believe, in his testimony before the Select Senate Committee on Nutrition.

We recognize the need for the assistance of State, county, and city elected officials and interested citizens, if the food stamp program is to meet the objective of ridding our country of poverty based hunger and malnutrition, but where cooperation is withheld we are firmly of the opinion that administrators of the program must be provided alternative action that will bypass the obstacles of inaction and bring the program to those in need.

The simplest means of extending the program into areas of need, where State and local cooperation does not exist, is to provide for assistance of Federal, State, and/or nonprofit private agencies, in such problem areas the Secretary of Agriculture should be authorized to pay all of the local cost of administering the program.

Mr. Chairman, I think this will be a controversial matter, obviously from listening to the discussion this morning. There is disagreement among members of the committee as to how to handle these kinds of problems.

I personally feel that as this food stamp program is funded and it moves into operation, that the acceptance of it will eventually be

complete. I do not believe that citizens in one area looking at the program operating in other areas are going to be content with foregoing the benefits of it, and that through various means, maybe retiring some elected local officials, they will eventually provide themselves with this program. But this may take a little time.

We believe very strongly in the Farmers Union that there ought to be some means to get food to hungry people if there is any problem with local administration that prevents the program from being brought in. It is discriminatory to needy people in an area not to have the benefits of this program, and we feel some way ought to be provided to move in and take care of this problem, and it apparently does exist.

I had not heard the distribution method discussed until Senator Talmadge explained it this morning, but I want to say that I am completely in accord and I feel that our organization can support you, Senator Talmadge, in providing for the distribution through the Post Office Department as you have proposed.

We concur with the sponsors of the legislation before the committee, all of whom envision the food stamp program being administered by the Department of Agriculture. We were pleased to note recently that Secretary of Agriculture Clifford Hardin stressed the importance of full cooperation by agencies of the Federal Government.

He referred to an interdepartmental food and nutrition liaison committee and a close working relationship between USDA, HEW, and OEO.

We do, however, support the establishment within the U.S. Department of Agriculture of a separate department or agency responsible directly to the Secretary and the creation by him of a council on nutrition to advise and counsel in regard to operation of food programs.

We are cognizant of the priority being placed upon adequate nutrition at this time. We submit, however that problems relating to clean and sanitary home conditions of poverty-stricken families would be fewer if cotton goods were made available either under direct distribution or under the food stamp program. We have cotton in abundance and we ought to make use of it.

Again, Mr. Chairman, we appreciate the opportunity to appear before the committee.

Senator JORDAN. May I ask a question at this point?

Do you mean that under this program recipients could take their food stamps and buy dress material or material to make shirts, clothing or whatever is necessary?

Mr. JOHNSON. Bedding, toweling, maybe, even Senator, a cotton mattress.

The CHAIRMAN. Maybe furniture, too.

Mr. JOHNSON. Mr. Chairman, let us not be led too far astray. I would limit it to a select number of kinds of cotton goods and items of elementary need for running the household. I think the Secretary of Agriculture would be very competent to designate these items.

Senator CURTIS. Mr. Johnson, isn't it true that if the food program that you suggest and envision gets into operation as you believe it should, that that should release certain money within the household to provide other needs?

Mr. JOHNSON. That is the idea. I am sure that all the sponsors of bills that provide for a minimum amount of income have this objective.

The CHAIRMAN. Any further questions?

The statement of Senator Stevens will be put in the record at this point.

(The statement referred to follows:)

STATEMENT OF HON. TED STEVENS, A UNITED STATES SENATOR FROM THE
STATE OF ALASKA

Mr. Chairman, the major provisions of S. 2014 would do much to alleviate the shameful inadequacies of the present food stamp program. Many statistics will be and have been cited here today. I want to limit my remarks to the effect this bill will have on my home state of Alaska.

There are approximately 40,000 people in Alaska who are eligible for the food stamp program. At the present time there are only 11,500 persons receiving food stamp benefits. Surely the 29,500 individuals, who are not now able to participate, should be given the same opportunity that those now enrolled enjoy. S. 2014 will give them that opportunity.

S. 2014 would allow Alaska, with a substantially higher cost of living than many other states, to set up a higher maximum income to be eligible for the program. For instance, \$100 worth of food stamps spent in one of our Southern states would purchase well in excess of two times more than \$100 spent in some of Alaska's remote villages.

As an example, various types of fresh fruit, so vital to an adequate, healthful diet, can be purchased in Seattle for 15¢ to 27¢ per pound. In Bethel, Alaska, this same fruit is priced from 49¢ to 60¢ per pound. Over-all prices for staple foods compared to Seattle range from 25% to 86% higher in Ketchikan and Bethel, respectively. These prices can range even higher in the extremely isolated villages.

Much of the economy in rural Alaska is one of subsistence. Even in good years the winter months provide little in the way of the varied diet that is so necessary to proper health. With little or no cash income, the means to obtain the balanced diet is not available to these people. The expanded food stamp program will give them this means.

The plight of the urban poor in the Alaska cities is not much better. However, they, for the most part, are in areas that the existing food stamp program reaches and are thus able to participate to a limited extent. Recent figures show that the average enrollee receives \$10 per month in aid.

With the amendments offered by S. 2014, ample funding will be provided to assure that all needy Alaskans will have the opportunity to receive the benefits of the program regardless of where they live. No longer will their geographic location in relation to the administering agency be a criteria for receiving the program.

Given the necessary tools, the Alaska Department of Health and Welfare will be able to reach all eligible residents of Alaska with the food stamp program. This they have not been able to do under the limitations of the Food Stamp Act of 1964.

S. 2014 will give them the increased funds and guidelines necessary to implement this goal.

The CHAIRMAN. As previously stated, the committee will stand in adjournment until 10 o'clock tomorrow.

(Whereupon, at 12:30 the committee recessed, to reconvene at 10 a.m. Friday, May 23, 1969.)

FOOD STAMP PROGRAM AND COMMODITY DISTRIBUTION

FRIDAY, MAY 23, 1969

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The committee met, pursuant to recess, at 10:05 a.m., in room 324, Old Senate Office Building, Senator Allen J. Ellender (chairman of the committee) presiding.

Present: Senators Ellender, Holland, Talmadge, Jordan of North Carolina, Aiken, Young of North Dakota, Miller, Curtis, and Cook.

The CHAIRMAN. The committee will please come to order.

We shall continue the hearings on the food stamp program and the direct food distribution.

During the hearings yesterday Senator Curtis from Nebraska asked that we obtain information from the Department as to how the present food stamp program works. In response to your request, Senator, I have asked the Department to send those who were handling this program, and I am glad to say that Mr. Howard Davis and Miss Isabelle Kelley are here. I am going to call them up and any Senator may ask questions as to how the present program is operated. I also have a short explanation of the program from the Department and a pamphlet on it, which will be inserted in the record at this point.

(The documents are as follows:)

SHORT EXPLANATION OF CURRENT FOOD STAMP PROGRAM

The Food Stamp Program is designed to improve the nutrition of low-income households and to expand domestic food markets.

Under it, eligible families exchange the amounts of money they would normally spend for food for an allotment of food coupons worth more. The families then spend the coupons for more and better food (except for certain imported foods) at regular retail food stores. Retailers redeem the coupons they accept through the commercial banking system.

The State public assistance agency is responsible for the administration of the program within the State. Merit-system personnel in the local counterpart offices of that State agency certify families as eligible. That agency or local governmental units arrange for the sale of the coupons. The Department of Agriculture is responsible for participating food retailers and wholesalers.

THE U.S. DEPARTMENT OF AGRICULTURE'S FOOD STAMP PROGRAM—A METHOD FOR SHARING OUR AGRICULTURAL ABUNDANCE

America's farmers—using highly efficient techniques—grow plenty of food for all Americans to be well-nourished. Yet, some Americans have poor diets because

of low income. This situation prompted the Federal Government to explore means of reaching two important national objectives:

1. Safeguarding the health of the Nation's low-income families through better nutrition.

2. Increasing the flow of foods from the Nation's farms through normal trade channels.

The Food Stamp Program is an effective way to reach these goals. The United States Department of Agriculture tried out the program in 43 areas of the United States, starting in May 1961. The tests showed:

Farmers benefit from the expanded market created by the Food Stamp Program. In one test area, returns to farmers from food bought by low-income families rose from \$1.75 per person before the Food Stamp Program to \$2.01 after the program went into effect.

Low-income families using the food stamp coupons are eating much more and better foods, with more than 80 percent of the increase in livestock products, fruits and vegetables. Now, their diets are much more nutritious than before.

Local businesses and the whole community benefit. In pilot food stamp areas, sales in retail food stores increased 8 percent. This helped all the economy of these areas.

In August 1964, Congress authorized gradual expansion of the Food Stamp Program to other parts of the Nation that want and need it.

HOW IT OPERATES

The Food Stamp Program operates through normal channels of trade.

Families exchange the amount of money they could normally be expected to spend for food for coupons worth more. The U.S. Government pays for the difference between the amount each family pays and the total value of the coupons it gets.

Families use the coupons to buy food in retail stores at existing prices. Except for certain imported items, the coupons may be used to buy any food. The USDA's Consumer and Marketing Service authorizes retailers to accept coupons, and retailers agree to abide by rules for accepting and redeeming the coupons. They redeem the coupons through banks or through authorized food wholesalers. Local banks, in turn, send the coupons to Federal Reserve banks.

WHO IS ELIGIBLE

Food coupons are issued to families determined by public welfare agencies to be in economic need of food assistance. Families receiving some type of public or general assistance under a State's welfare program are considered to be in economic need. Other families may also receive food coupons provided their family income does not exceed stated amounts. The income requirements are worked out by USDA with the State and must be in line with the standards used by the State to determine eligibility for its welfare programs. Where operating, the Food Stamp Program is available to all persons in economic need regardless of race, creed, or national origin.

GRADUAL EXPANSION

The Food Stamp Act of 1964 allows for gradual expansion of the program over a period of years into areas of the country choosing to participate. Federally donated foods continue to be available for distribution to needy families by cities or counties requesting them, until they participate in the Food Stamp Program.

The State agency responsible for the federally-aided public assistance program is responsible for the operation of the Food Stamp Program within the various States. This State welfare agency also tells the USDA's Consumer and Marketing Service where in the State it wants to operate the program. Therefore, local government and other agencies seeking more information about the Food Stamp Program should contact their State welfare agency.

The CHAIRMAN. Mr. Davis and Miss Kelley, you may step forward.

**STATEMENT OF HOWARD P. DAVIS, DEPUTY ADMINISTRATOR,
CONSUMER FOOD PROGRAMS, AND ISABELLE M. KELLEY, DIREC-
TOR, FOOD STAMP DIVISION, CONSUMER AND MARKETING
SERVICE, U.S. DEPARTMENT OF AGRICULTURE**

The CHAIRMAN. Mr. Davis, will you identify yourself for the record.

Mr. DAVIS. I am Howard Davis, Deputy Administrator for Consumer Food Programs of the Consumer and Marketing Service, Department of Agriculture. I have general responsibility for all of the Department's food programs.

The CHAIRMAN. Will you also identify Miss Kelley.

Mr. DAVIS. Miss Isabelle Kelley, who is director of our Food Stamp Division.

The CHAIRMAN. The question came up yesterday as to how the present program worked. You have been connected with it I presume since its inception.

Mr. DAVIS. Yes, sir.

The CHAIRMAN. You may proceed and tell us in a nutshell how the program has been working since its inception and what changes if any have been made since. Then there may be some questions asked of you from the various members of this committee.

Mr. DAVIS. Well, to start with, in order to participate in the food stamp program, the local community first requests its State welfare department to in turn request the U.S. Department of Agriculture to institute a food stamp program in the county. It is entirely voluntary and the county is responsible for requesting the program.

The act as this committee framed it provides that we will, in accepting these requests, expand the program gradually over the years, and on an equitable manner among the States, giving all States equal opportunity to participate.

Once a county has been designated for the program, through agreement between the Department of Agriculture and the State welfare department, the county is responsible, the county welfare department, for determining which families are eligible, and also once they are eligible, handling the whole business of selling the coupons to the individual families that have been eligible and which desire to participate.

The standards on which this determination of eligibility is based are developed by the State, and according to the act must generally follow the level of income eligibility that is comparable to their own federally assisted State-matched public assistance programs. So in effect the eligibility standard for each State is tailored pretty much to its own welfare standards, although the Department reserves the right to approve such standards once the State proposes them.

There are, as the committee is well aware, many people in this country whose incomes are below the level of those people on public assistance, who are still not eligible for public assistance. Some of them may be working full time, and their income still below the level of the public assistance standards in the State.

Nationally about 40 percent of the participants are not receiving any form of public assistance, and yet they are in this same general low-

economic group, the same group as the public assistance. Once the family has been certified under this procedure, the program is in operation.

The Department of Agriculture takes the responsibility for accepting applications from the grocers in the area that has the program, and instructing the grocers, and then through local offices continuing to work with the grocers to insure that they understand the program, and also to check to see they they are following the rules of the game in selling food to the families.

Once the family has purchased its coupons, it can go to any of these stores that we have authorized, and educated, instructed, and they may buy in that store any food for human consumption. The stores in turn deposit their coupons in their bank, just as they would any other receipts. The bank in turn sends its coupons through the Federal Reserve System, where we deposit agriculture funds to cover the redemption of these coupons which are redeemed at their face value, finally by the Federal Reserve System.

I believe that covers in essence, Mr. Chairman, the basic features of the program.

The CHAIRMAN. It is up to the State, as you said, to make application. How do you decide how much will be allotted to a county or a parish that applies?

Mr. DAVIS. Within the available funds for any year—based on experience—we determine about how much it will cost per participant to add additional participants to the program, and then based again on experience plus figures as to the number of poor people in a county, and the number of people receiving public assistance and so on, we make a rough estimate of the participation that would be expected in a given county.

We then rack up all of the requests from all of the States for the counties they have, and taking into account those states that perhaps have moved a little faster than others in getting more counties, then we are inclined to perhaps give a few more counties to a State that has been a little slower, to try our best to follow this principle of equitable expansion among the States.

We ask each State as it makes its request for its counties, to indicate their priority of which counties or parishes that they would want to move in first. Then we determine how many counties and how many States we will be able to take into the program within a given year's appropriation. We then notify the State of those counties that we are designating, and the process begins.

The CHAIRMAN. When you decide how much funds will be spent in a particular county, do you then send stamps in order to meet whatever you decide to be the case? And who is responsible for the issuance of these stamps, and how is that handled?

Mr. DAVIS. On the basis of our estimate of projected participation, we then, as the program opens in the county, ship them or the Bureau of Printing and Engraving ships them a certain amount of coupons which should be adequate to cover their program for a period of 60 days, and then as they sell those coupons, we replenish their stocks, and generally we try to make our estimate in such a

way that we will be able to cover all of the participation that that county gets during the year. We handle the mailing of the coupons out to the county or to certain places in the State, and they handle the storage of these coupons, which are essentially just like money and require very secure storage. They then issue the coupons to the people who are certified on the basis of their purchase requirements and how many coupons they are supposed to get. This is figured out by the caseworker on the basis of the family size and income. The participants take this card to the issuing office, and there they pay whatever they are supposed to pay and get the coupons.

We tell the States this responsibility is entirely theirs, but they may, if they elect, use agents to perform this selling of the coupon job. In many many places across the country they have elected to pay banks to do this job for them, since the banks are well equipped, of course, for this sort of an operation.

The CHAIRMAN. Are we to understand that it is left to the State to determine ways and means by which these stamps are to be distributed?

Mr. DAVIS. Yes, sir.

The CHAIRMAN. Have you any rules and regulations stating that they should be distributed say once a month, twice a month or what?

Mr. DAVIS. Our regulations at this point merely require that they be sold to each participant at least once a month, but we have strongly urged in all of our instructions and in all of our work with the States and counties that to the extent that they can, they should sell the coupons to participants along the lines of the way that participant receives his money.

If he gets a monthly pension check or a monthly public assistance check, then at the time he gets the check, he supposedly is in the best position to buy a full month's coupons. That is the only money perhaps that he is going to get during the month, and at the time he gets it, he buys the coupons.

However, for those people who are working part time, and many of them full time, and still eligible, we have urged that at least they provide for semimonthly selling, and this almost all of the areas across the country are doing.

In addition many are selling coupons once a week which of course would be the ideal, but every time you multiply the number of times a month that people buy, you of course multiply the local cost of those transactions. So this has been a somewhat limiting factor on going to the weekly.

The CHAIRMAN. I presume that since the States have the responsibility of distributing these stamps, the local officials are the one who decide the number of times per month that they are to be issued?

Mr. DAVIS. Yes, sir.

The CHAIRMAN. Now do you have anybody supervising this program; that is, does the Federal Government see to it that the goods purchased from the various stores are in accord with rules and regulations issued by the Department?

Mr. DAVIS. We operate through five district offices across the country located in New York, Atlanta, Chicago, Dallas, and San Francisco. Under these district offices we set up local offices, depending on the size

of the county, for several counties. These men and their staff in turn are required to visit every grocer who is participating at least once a year, and then they analyze the level of business that each of these stores is doing in food stamps, and if some little store whose gross business might be otherwise something around \$50,000 or \$75,000 a year, and suddenly he is doing \$40,000 worth of food stamp business, then we look at him a little more carefully.

But in the meantime, we have tried our best to get to the grocers and talk to them, and explain all of the rules of the program, and enlist their voluntary cooperation.

Now if the grocer does violate the program, we conduct an investigation and when we confirm this, then this grocer is disqualified. He is taken out of the program, and this is a very, very severe sanction, where a grocer's business, where he does business in a poor area, so that the grocers have been quite careful we think on the whole.

There are violations, but so far it has been necessary to disqualify less than 1 percent of the grocers who have been participating, and I believe there are some 80,000 that are participating.

There is one thing that I think is important that I did not mention in outlining how the program works. We first take an agreement with the State, and under that agreement, we develop what we call a plan of operation for that State. This plan incorporates all of the uniform requirements of the program across the country, all of the basic rules of the game, but then that plan of operation also contains measures and agreements that help to tailor the program to that individual State.

We feel that any program of this sort needs to have some flexibility and be tailored to individual problems in some States, and this plan of operation is our vehicle for doing that.

The CHAIRMAN. Suppose local officials refuse to put in a food stamp program. Have you any way by which you can handle it through other agencies or other ways than by the local officials?

Mr. DAVIS. No, sir. The present act is based on the fact that the program should be voluntary all the way from the individual participant right up through the county and the State, and the act is quite specific in saying that the program shall be administered within the State, by the State public welfare agency, the same agency that handles other federally assisted public assistance programs, and likewise must be handled on the local level by the counterpart of that State office.

Now this is not to say that various groups cannot provide very important services in connection with the program, not only this business of being able to hire a bank to sell the coupons, but in outreach efforts to spread the word about the program, and to provide additional nutrition education and so on. We do urge the counties to make use of all sorts of private voluntary agencies, community action agencies, where they are helpful, but the basic responsibility and determination on the program is with the State and county government officials.

Senator TALMADGE. Will the chairman yield at that point? That is not true with the commodity program is it? You can handle the com-

modity programs in the counties without the consent of the governing authority, can you not?

Mr. DAVIS. Yes, sir. There is nothing in the legislation that prevents this, and where a county, one of the lowest income counties is the only group where we have done this, where they have absolutely refused to accept a food assistance program, and even after we have offered to provide Federal funds to help them, and they still will not put in a food assistance program, we have moved into some 44 counties I believe, and run commodity distribution ourselves, with Federal personnel. But this we have not done in the food stamps, and cannot under the law.

The CHAIRMAN. I was relegating my questions to the food stamp program.

Mr. DAVIS. Yes, sir.

The CHAIRMAN. I know that in a few instances you have tried, I mean you have interceded to get the program started, where the local officials refused, but I know of some instances where as soon as you started, why they took over and distributed the food themselves.

Senator CURTIS raised the point. I would like to have others ask questions.

Senator CURTIS. Are all the States under the same contract?

Mr. DAVIS. The same basic contract; yes, sir. The fundamentals of the program are expressed in this contract. But there are many ways of carrying out these basic provisions.

The CHAIRMAN. But one is not more liberal than the other?

Mr. DAVIS. Sir?

The CHAIRMAN. One is not more liberal than the other from the standpoint of assistance flowing from the Federal Government?

Mr. DAVIS. No, sir. It is uniform in this respect—that identical families, identical income, and identical numbers in the family are required to pay the same amount with one exception. We have a slightly different rule for the 11 Southeastern States, based on the difference in the cost of food over the years than we do for the rest of the country.

There are two slightly different systems. But within each of those, within all of these Southeastern States, and within all of the other States, every family who has the same income and the same family size is required to pay the same amount, and gets the same number of coupons in return.

Senator CURTIS. And the States are expected to follow generally their guidelines for administering welfare?

Mr. DAVIS. Yes, sir. Now this results in the eligibility standards varying from State to State, because their welfare standards vary from State to State. This means that in one State perhaps a family of four, with over \$200 a month income, would not be eligible. In another State, it might be families with incomes over \$250 that could not participate. But within these groups, the family with the same income pays the same amount and gets the same.

The CHAIRMAN. Any further questions?

Senator YOUNG. Could I ask a question along that same line?

You also seem to refer to income per family. There are many businessmen, farmers, and others who may not have any income at all

for 1 year or more. They may be losing money. For example, a small merchant in a small town selling groceries may be going broke. Is he eligible for food stamps?

Mr. DAVIS. Yes, sir.

Senator YOUNG. If a farmer loses money badly one year, and this often happens, but he is still pretty well fixed financially even though he has no income for that year, he is eligible?

Mr. DAVIS. Generally speaking, yes, sir, Senator Young. However, there are two observations I might make. One, we are still not completely satisfied that we have the best method of determining farm income. This presents quite a problem. But we do attempt to adjust that income on an annual basis, because usually the farmer gets most of his income at the end of the crop year, so that that income then is projected for the following year, and used in determining eligibility.

Senator YOUNG. But if his income is low, even though he may still have a farm clear of indebtedness he is eligible?

Mr. DAVIS. In some States they do have some rules on how much income producing property the person can have and still be eligible. Now generally we take into account in addition to the income, the cash resources that a person may have, like money in the bank or bonds, things of that sort. If they have over a certain amount of those cash resources, even if they have no income, they would not be eligible.

Senator YOUNG. Most farmers now operate on borrowed money. If a farmer did not want to borrow and did not have income, I suppose he would be eligible, but the one who was willing to borrow what he could on his property would have an income and he would not be eligible. Is this true?

Mr. DAVIS. Yes, sir.

Senator YOUNG. The reason I ask this question is that there are problems with this program in some areas, and the determination of farm income is one of them.

Mr. DAVIS. That is correct. Generally the regulations try to take into account what possibilities this family, this farm family has for supporting itself, and what effective income. It may be in terms of credit. This is taken into account in some States.

As I say, we are not satisfied that we have gotten the final answer on the best way to handle this.

Senator YOUNG. The reason I ask you, too, is that under the medicaid program some of the wealthiest States have the most liberal provisions of qualification for medicaid, as long as the Federal Government is paying for it. Other States, including some poor States, do not do as much, and their people do not get the assistance they should. I am concerned about the lack of uniformity.

Senator TALMADGE. Will the Senator yield at that point?

Senator YOUNG. Yes.

Senator TALMADGE. In the bill that I have offered, I specifically preclude the medicaid standards, for the very reason that the Senator has pointed out.

Senator YOUNG. That is good. Thank you.

The CHAIRMAN. On the other hand, you said a while ago that the States apply, and it is the welfare agency of that State that makes the decision as to who shall get what. Am I correct in that?

Mr. DAVIS. Yes, sir.

The CHAIRMAN. So that you have little to do with that, that is with determining who is going to get what?

Mr. DAVIS. Yes, sir.

Senator TALMADGE. Mr. Davis, will you tell us what is the maximum income permitted in any State now for a family of four to receive food stamps? My recollection is New Jersey has the highest standard.

Mr. DAVIS. I think it is Connecticut. I am not sure.

Senator TALMADGE. It may be Connecticut.

Senator AIKEN. Can you put that list in the record?

The CHAIRMAN. You were close by.

Mr. DAVIS. For a family of four, Alaska, of course, we are all familiar with their high cost of living, is one of the top ones. A family of four there is eligible if they have no more than \$325 a month income. In New Jersey it is \$310 a month. Connecticut I have \$280 a month. That must have been changed.

Miss KELLEY. \$335.

Mr. DAVIS. It is listed for five for \$335.

Senator TALMADGE. What is it in North Dakota?

Mr. DAVIS. North Dakota it is \$295 a month.

Senator TALMADGE. \$295 a month.

Senator COOK. What is it in Kentucky?

Mr. DAVIS. In Kentucky it is \$200 a month.

Senator TALMADGE. In Georgia?

Mr. DAVIS. In Georgia it is \$215 a month.

Senator COOK. Will the chairman yield?

The CHAIRMAN. Surely.

Senator COOK. Mr. Davis, in talking about these contracts that the Department has with the States, you gear these contracts then to this figure in relation to the distribution of stamps; is this correct?

Mr. DAVIS. Yes, sir. These eligibility standards worked out by the State and approved by us are part of this plan of operation.

Senator COOK. Then there is a wide area of discrimination, is there not? For instance, in my State, if somebody earns \$240 a month, he is not eligible, but yet thousands of people in the State of Alaska or New Jersey or Connecticut or North Dakota continue to be eligible because they are not deprived of the opportunity until they get to \$295 in North Dakota or \$325 in Alaska, is this not true?

Mr. DAVIS. Yes, sir.

Senator COOK. Mr. Davis, what I asked was that we be given copies of these contracts, and I would like to ask that same thing again of you.

Mr. DAVIS. Yes, sir.

Senator COOK. By having different contracts, with different States we are eliminating many people by the arbitrary fact that they are poor or hungry in the wrong State. You summarily say because a State has a certain standard we will abide by that State and therefor deprive many many people of the opportunity purely and simply because they happen to live in the wrong State.

Mr. DAVIS. We will be very happy to supply to the committee a list of the eligibility requirements for each State under which they are operating. I would say just one word, however, that we have tried rather than set up a whole new welfare set of rules under this program, we have tried to follow the welfare rules that have already been set up under the public assistance programs.

Now I think you point out something that has concerned many, many people very, very much, that under the public assistance program, which is federally assisted, there are these wide variations among the States.

Mr. DAVIS. Yes, sir; they really are.

(The table referred to above is as follows:)

ELIGIBILITY STANDARDS FOR NONASSISTANCE HOUSEHOLDS
STANDARDS IN STATE PLANS APPROVED UNDER THE FOOD STAMP ACT OF 1964
[As of May 27, 1969]

State	Monthly allowable income by household size										Additional for each person	Resources—Allowable liquid assets ¹
	1	2	3	4	5	6	7	8	9	10		
Alaska ²	\$135	\$200	\$255	\$325	\$390	\$445	\$495	\$550	\$600	\$650	\$50	Same as for public assistance.
Alabama ³	100	120	145	175	205	235	265	295	325	350	\$30	4 times monthly scale.
Arkansas ³	85	170	180	190	200	210	220	235	250	265	\$15 to maximum of \$325.	1, \$500; 2 or more, \$1,000. ¹
California.....	169	205	237	292	348	404	451	497	538	579	\$40	1, \$1,000; 2 or more, \$1,500.
Colorado ³	128	178	213	248	283	318	353	388	423	458	None	1, 2, 3, \$1,000. Add \$250 for each additional person to 1, maximum of \$2,000. ¹
Connecticut.....	140	185	235	280	335	365	395	420	445	470	\$25	1, \$1,000; 2 or more, \$1,500.
District of Columbia ³	120	180	220	250	285	320	350	375	400	425	\$25	Do.
Georgia ³	90	140	195	215	245	270	290	305	320	335	11 or more, \$355.	1, \$800; 2 or more, \$1,600.
Hawaii ³	120	180	210	250	285	325	370	415	455	495	\$40	1, \$1,000; 2 or more, \$1,500.
Illinois.....	139	182	212	259	299	337	375	414	451	490	\$25	1, \$400; 2, \$600.
Indiana.....	130	185	230	275	315	355	395	435	470	500	\$30	1, \$600; 2, \$800; 3, \$900; 4 and over, \$1,000.
Iowa.....	130	200	250	295	330	370	405	455	490	540	\$35	1, \$600; 2, \$900; 3, \$1,000; 4, \$1,100; 5, \$1,200; 6, \$1,300; 7, \$1,400; 8, \$1,500; 9 and over, \$1,550.
Kansas.....	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)		1, \$750; 2 or more, \$1,250. ¹
Kentucky ³	110	140	170	200	230	255	280	305	330	350	\$15	4 times monthly scale.
Louisiana ³	110	130	150	165	185	220	240	275	295	315	\$22	1, \$500; 2 or more, \$1,000. ¹
Maine.....	132	190	230	271	320	363	404	445	485	527	\$41	1, \$1,000; 2 or more, \$1,200.
Maryland ³	100	140	165	185	220	240	265	290	315	340	\$25	1, \$1,000; 2 or more, \$1,500. Add \$500 for each person age 65 and over.
Massachusetts.....	148	190	240	286	330	380	430	480	520	560	\$40	1, \$1,000; 2 or more, \$1,500.
Michigan.....	125	185	225	265	295	330	365	400	435	470	\$35	1, \$750; 2 through 5, \$1,000. Add \$100 for each additional person.
Minnesota.....	135	205	250	290	335	370	390	425	460	495	\$30	1, \$750; 2 or more, \$1,000. Add \$250 for each person over 65 years.
Mississippi.....	90	130	155	180	210	230	250	270	290	310	\$15	1, \$800; 2 or more, \$1,000.
Missouri.....	140	190	230	270	310	350	390	430	470	510	\$40	1, \$750; 2 or more, \$1,500.
Montana ³	125	183	212	253	290	318	353	388	413	438	\$25	1, \$1,000; 2 or more, \$1,500.
Nebraska.....	120	180	230	270	305	335	360	385	410	435	\$25	1, \$750; 2 or more, \$1,500.
New Jersey.....	180	240	300	360	420	480	525	570	615	660	\$45	1, \$1,000; 2 or more, \$1,500. If head of household is age 65 or over, add \$500.

ELIGIBILITY STANDARDS FOR NONASSISTANCE HOUSEHOLDS
STANDARDS IN STATE PLANS APPROVED UNDER THE FOOD STAMP ACT OF 1964
[As of May 27, 1969]

State	Monthly allowable income by household size										Additional for each person	Resources—Allowable liquid assets ¹
	1	2	3	4	5	6	7	8	9	10		
New Mexico.....	110	150	180	215	245	275	305	345	375	405	\$30	1, \$250; 2 or more, \$500.
New York.....	160	220	305	350	405	455	505	555	605	640	\$45	3 times maximum allowable income ¹
North Carolina ²	110	140	170	195	215	230	240	255	270	280	\$15	1, \$500; 2, \$700; 3, \$750; 4 or more, \$800.
North Dakota.....	140	185	260	295	330	365	385	415	440	460	\$25	\$1,000 per household.
Ohio.....	130	200	225	260	295	330	365	400	435	470	\$35	1, \$1,000; 2 or more, \$1,500.
Oregon.....	143	203	227	266	298	338	367	401	426	441	\$25	1 adult, \$500; 2 or more, \$1,000.
Pennsylvania.....	130	195	235	275	315	345	385	425	465	505	\$30	1, \$1,000; 2 or more, \$1,500.
Rhode Island.....	130	175	205	245	285	325	365	400	435	470	\$35	1, \$1,000; 2, 3, and 4, \$1,500. Add \$250 for each additional person.
South Carolina ³	100	130	140	160	180	200	225	250	275	300	None	1, \$750; 2 or more, \$1,000.
South Dakota.....	125	175	215	250	285	320	355	390	425	455	\$50	1, \$1,000; 2, \$2,000. Add \$300 for each additional person.
Tennessee.....	95	130	165	200	240	275	315	350	385	420	\$35	1, \$500; 2 or 3, \$1,000; 4 or more, \$1,500.
Texas.....	110	150	170	190	210	230	250	270	290	310	\$15	1, \$300; 2, \$450. Add \$50 per person to maximum of \$600. ¹
Utah.....	115	163	210	227	274	307	350	383	422	455	11, \$494; 12, \$527; 13, \$560; 14, \$594. Plus \$33.	1, \$400; 2 or more, \$800. ¹
Vermont.....	145	205	250	285	325	365	400	435	470	505	\$35	1, \$1,000; 2 or more, \$1,500.
Virginia ⁴	125	160	195	225	250	275	300	325	350	375	\$25	1, \$500; 2, \$600; 3 or more, add \$50 each to maximum of \$1,000. ¹
Washington.....	170	215	255	290	325	360	395	430	465	500	\$35	1, \$1,000; 2 or more, \$1,500.
West Virginia.....	130	170	215	250	290	315	360	395	440	475	None	1, \$1,000; 2 or more, \$1,500.
Wisconsin.....	135	185	215	260	295	350	385	420	445	460	\$30	1, \$750; 2, \$1,500. Add \$100 for each additional person.
Wyoming.....	145	200	235	300	330	360	390	435	480	520	\$40	1, \$1,000; 2 or more, \$1,500. ¹

¹ The states indicated also have limitations on other resources such as real estate, automobiles, etc.

² Rent up to maximum of \$125 is also allowed.

³ For households containing both public assistance recipients and nonrecipients, eligibility¹ is based on the income and resources of the nonassistance members only. Other States base eligibility on the total income and resources of all members.

⁴ Household eligible if a budget deficit exists.

Senator CURTIS. I would like to ask a question right there. What is the objective of this program? Is it to subsidize people of low income in their household expenses, or is it to get nourishing food onto the tables of the people who are hungry or malnourished?

Mr. DAVIS. The basic aim of the program under the present legislation, and as it is currently being operated, is to take each family where they are, the amount of money that they have to spend for food, and then provide a Government subsidy to help them more nearly attain an adequate diet—which they have not been obtaining.

Now in doing this, we had to, on the basis of many studies, and some experience, to set these purchase requirements at a figure that was realistically what that family would spend, so that the Federal subsidy dollars would in fact increase the family food rather than just replace. We have found, however, that generally speaking the purchase requirements that we have now, while they might represent a true picture of the family's food expenditures in any given month, with very poor people their income varies widely, they are so close to the edge that anything unusual, any unusual expense means they have to dip into the food money, so that we have reached the conclusion that there does need to be some revision in these purchase requirements, which will in effect be perhaps subsidizing the family's total income a little bit, freeing some of their food money perhaps in some families for other objects through this program, but in the interests of making sure that we reach as many of the poor people as we can, and do not exclude them, we have been thinking of reducing this somewhat.

Senator CURTIS. What is the figure for Nebraska?

Mr. DAVIS. On the total eligibility, sir?

Senator CURTIS. Yes.

Mr. DAVIS. For a family of four, \$270 a month is the maximum.

Senator CURTIS. Now suppose there is a family of four, and they are not on welfare, they have not been on welfare, haven't asked for it, and their cash income is less than \$270. They are eligible for food stamps?

Mr. DAVIS. Yes, sir.

Senator CURTIS. But they are not eligible unless the State welfare department certifies it?

Mr. DAVIS. That is correct.

Senator CURTIS. How many people are you providing food stamps for who are not on relief, not necessarily broken down to my State and I realize it would have to be an estimate?

Mr. DAVIS. In April—I guess I do not have that breakdown.

Miss KELLEY. Forty percent of 3 million people.

Mr. DAVIS. It is still running about 40 percent of the total, and in April we had 3.2 million.

Senator CURTIS. Are not on welfare?

Mr. DAVIS. Yes, sir; so it would be about 1.3 million out of that 3.2 million in April would not be on welfare.

Senator CURTIS. The general objectives or the listed objective is to relieve hunger and malnutrition. What we have had to do under the law passed by the Congress is to use income as a measuring stick to determine whether or not someone is undernourished, is that correct?

Mr. DAVIS. It is assuming that if their income is this low, they do not have enough money to buy all of the food they want and need; yes, sir.

Senator CURTIS. I won't digress on that. HUD is subsidizing the purchase of homes to the tune of about \$49 a month in many instances for families with an income of \$475 a month. I am not suggesting that here, but I just mentioned the total problem that we have in determining who is hungry and how best to reach them.

Mr. DAVIS. I think we have a pretty fair margin for error here on this one. These standards generally in all of the States are so low that you could pretty well count on all of those people needing more and better food—the group that we are serving.

Senator CURTIS. How many people in Nebraska, a family of four, have incomes of less than \$275?

Mr. DAVIS. I do not know, sir. I can give you the number that are participating in the program, but it won't be anywhere near as many. We can get that for you. I do not have a table here with the numbers of people with these income levels.

The CHAIRMAN. You can get that. When the Department appears before us Tuesday I expect to have all those figures available.

Senator AIKEN, do you desire to ask a question?

Senator AIKEN. Do you have records showing the number of persons now receiving public assistance in the way of food as compared to 1965? What we want to know is have the food stamps kept people off of public assistance rolls?

Mr. DAVIS. No, sir; I do not think we have any figures that would show that. Of course the total participation in the food stamp program has increased tremendously since 1965.

Senator AIKEN. Yes.

Mr. DAVIS. Then we had just 43 areas, and now we have somewhere around 1,500 counties participating.

Senator AIKEN. But I think it is important to know to what extent the food stamp program has kept them off of public assistance rolls as far as food is concerned, and another thing, Do you have the records for the various States showing the percentage of the costs of the stamps which is paid by the purchaser?

Mr. DAVIS. Yes, sir.

Senator AIKEN. What is the average for the whole country? I think you have that probably.

Mr. DAVIS. Yes, sir.

Senator AIKEN. And how does it vary between the States?

Mr. DAVIS. In April the total coupons issued—well, to put it another way, the average bonus per person per month is now running about \$6.74, and the percentage this represents just under 40 percent of the value of coupons that the family receives. In other words, for about every \$6 that the families pay, they get \$10 worth of coupons. It is in about that magnitude.

Senator AIKEN. About 60 percent, and that varies from State to State?

Mr. DAVIS. Yes, sir; and, of course, from county to county and family to family.

Senator AIKEN. Do you have it by States?

Mr. DAVIS. I have a table that we could give you, sir.

Senator AIKEN. How about Georgia, Kentucky, Louisiana, and Vermont?

Mr. DAVIS. Kentucky in February there was a total participation of 126,600 persons. Out of that there were about 40,000 that were receiving public assistance, and about 87,000 that were not. They received coupons worth \$1,912,000, and out of that, \$953,000 was the Federal supplement. In other words, their bonus there ran statewide about 50 percent.

Senator AIKEN. Fifty percent.

Mr. DAVIS. For Georgia the same figures, the total participation in February was about 69,000, and out of that, 37,000 were receiving no other form of public assistance, and about 31,000 were receiving public assistance. They received a total value of coupons of \$1,071,000, and the bonus was 427,000 out of that, or about 40 percent of the total.

Senator AIKEN. That was the Federal contribution?

Mr. DAVIS. Yes, sir.

Senator AIKEN. Was 40 percent?

Mr. DAVIS. Yes, sir.

The CHAIRMAN. Will you put that in the record?

Mr. DAVIS. Yes, sir.

(The information referred to follows:)

PARTICIPATION AND COUPON VALUE, BY PROJECT, FEBRUARY 1969
NORTHEAST DISTRICT

Project area (No. of counties in parenthesis)	Participation (number of persons)		Monthly change (percent)	Coupons		Bonus of total bonus per person	Fiscal year, to date	
	P.A.	Non-P.A.		Total	Bonus value	(percent)	Total coupons	Bonus coupons
Connecticut (3)-----	21,946	12,314	-9	34,260	\$184,682	27	\$5,579,343	\$1,621,455
District of Columbia (1)-----	115,215	112,961	1-1	128,176	201,357	40	3,874,064	1,538,784
Maine (1)-----	1,289	1,737	6	3,026	19,999	36	405,983	140,623
Maryland (19)-----	38,047	14,018	(2)	52,065	381,327	40	7,062,570	2,651,813
Massachusetts (0)-----	---	---	(2)	(2)	(2)	(2)	4,531	1,592
New Jersey (13)-----	34,176	42,090	1	76,266	461,287	30	11,604,806	3,761,066
New York (7)-----	30,203	8,931	5	39,134	210,334	25	6,301,958	1,679,229
Pennsylvania (49)-----	209,004	44,576	11	253,580	1,712,934	33	34,794,910	10,886,174
Rhode Island (6)-----	18,033	1,663	---	19,696	109,483	29	3,045,572	891,512
Vermont (12)-----	5,903	7,676	29	13,579	64,395	27	1,868,697	586,311
West Virginia (55)-----	88,565	37,587	3	126,152	947,622	42	17,495,760	7,051,846
District total (166)-----	1,462,381	1,183,553	14	1,645,934	14,293,420	134	192,038,194	130,808,415

SOUTHEAST DISTRICT

Alabama (19)-----	20,468	50,371	-4	70,839	530,721	55	7,352,656	3,901,649
Georgia (77)-----	31,477	37,339	4	68,816	426,813	40	7,406,294	3,051,257
Kentucky (52)-----	39,252	87,421	2	126,673	953,174	50	14,327,442	6,798,122
Mississippi (44)-----	45,692	150,039	-1	195,731	1,501,840	61	19,389,337	11,428,786
North Carolina (33)-----	20,406	42,225	11	62,631	439,499	48	6,207,269	2,816,966
South Carolina (46)-----	24,544	93,837	7	118,381	962,293	58	10,832,136	6,118,858
Tennessee (79)-----	37,790	95,444	10	133,234	1,000,118	51	14,073,450	6,630,184
Virginia (26)-----	9,846	13,951	3	23,797	159,994	44	2,639,328	1,123,580
District total, (376)-----	229,475	570,627	4	800,102	5,974,452	53	82,227,912	41,870,402

MIDWEST DISTRICT

Illinois (83)-----	139,050	15,567	154,617	3,064,256	900,182	29	5.82	24,154,445	6,844,309
Indiana (21)-----	21,522	15,731	37,253	621,694	222,988	36	5.99	4,925,027	1,919,196
Iowa (83)-----	25,756	17,474	43,230	877,870	367,476	42	8.50	5,117,149	1,762,413
Michigan (35)-----	96,805	21,679	118,484	1,2,165,646	1,768,169	135	6.49	14,133,409	4,404,516
Minnesota (48)-----	32,550	25,870	58,420	1,200,642	341,996	28	5.86	9,022,546	2,658,618
Missouri (1)-----	15,391	10,005	25,396	1,408,322	179,962	44	7.09	2,995,577	1,263,520
Nebraska (49)-----	10,775	7,688	18,463	328,987	111,434	35	6.04	2,488,954	786,797
North Dakota (36)-----	2,666	7,957	10,623	189,373	83,613	44	7.86	1,275,276	548,614
Ohio (56)-----	191,484	39,994	231,478	4,590,010	1,476,290	32	6.38	35,680,344	12,067,461
South Dakota (16)-----	3,019	2,216	5,235	4,105,825	46,155	44	8.82	35,414,071	12,173,174
Wisconsin (33)-----	32,620	11,566	44,186	797,455	266,629	33	6.03	5,526,874	1,863,133
District total (461)-----	571,638	175,747	747,385	114,350,280	4,764,894	33	6.38	1105,733,672	134,291,751

SOUTHWEST DISTRICT

Arkansas (54)-----	32,466	58,434	90,900	1,306,476	687,385	53	7.56	9,537,600	4,601,112
Colorado (33)-----	31,331	23,404	54,735	982,595	376,933	38	6.89	7,213,359	2,679,262
Kansas (8)-----	2,750	3,310	3,060	68,240	21,370	31	6.98	1,496,666	5,139,037
Louisiana (38)-----	52,386	63,927	116,313	1,660,069	835,433	50	7.18	11,142,554	5,140,486
New Mexico (22)-----	25,991	30,349	56,340	950,493	438,346	46	7.78	5,607,858	2,622,405
Texas (10)-----	15,539	21,151	36,690	550,677	282,278	51	7.69	4,116,627	2,101,529
District total (185)-----	160,463	197,575	358,038	5,518,550	2,641,745	48	7.38	38,114,664	17,283,83

WESTERN DISTRICT

Alaska (8)-----	11,653	16,542	18,195	133,786	186,996	165	110.62	1,486,947	1,303,299
California (12)-----	1248,077	146,382	1,294,459	5,738,608	1,734,224	30	5.89	39,748,043	12,021,228
Hawaii (4)-----	8,158	3,017	11,175	225,715	61,353	27	5.49	1,850,555	522,967
Montana (7)-----	13,814	13,007	16,821	125,969	48,853	39	17.16	1,829,189	286,151
Oregon (1)-----	8,680	3,127	11,807	215,568	67,848	31	5.75	1,739,983	568,709
Utah (28)-----	13,769	1,451	15,220	309,774	120,248	39	7.90	1,348,545	501,778
Washington (39)-----	72,370	41,231	113,601	2,149,530	805,496	37	7.09	11,275,652	4,111,249
Wyoming (23)-----	3,485	3,416	6,901	118,809	146,044	39	16.67	1,857,930	1,306,723
District total (122)-----	1360,006	1108,173	1468,179	19,017,759	12,971,062	33	16.35	158,136,844	118,622,104
Grand total (1,310)-----	11,783,963	11,235,675	13,019,638	152,697,349	120,645,573	39	16.84	1,376,251,286	1142,876,503

1 Estimated.

2 City of Amherst, Mass., withdrew from the program on July 31, 1968.

Senator AIKEN. Have you got Vermont there?

Mr. DAVIS. In Vermont in February the total participation was 13,600. Out of that, about 7,700 were not receiving any form of public assistance. About 5,900 were receiving public assistance. They received a total of about \$240,000 worth of food coupons, and the bonus represented 27 percent of this, or a little over \$64,000.

Senator AIKEN. In other words, they were paying 73 percent of the cost themselves?

Mr. DAVIS. Yes, sir.

Senator MILLER. Do you have the same figures for Iowa?

The CHAIRMAN. I had asked that the whole table be put in the record.

Senator AIKEN. You do not imagine Vermont had the best percentage record do you?

Mr. DAVIS. It is one of the highest. The States that have a fairly adequate public assistance program and make substantial payments, and have a fairly adequate general assistance program for those persons who will not qualify for the Federal program, then they tend to, most of the recipients tend to have higher incomes. Therefore they pay more and get less, so the State average bonus would be less.

Senator AIKEN. And good administration?

Mr. DAVIS. Yes, sir.

The CHAIRMAN. Will you give Iowa?

Mr. DAVIS. Iowa on the same basis had a total participation in February of 43,000, of which a little over 17,000 were not receiving any other form of public assistance. 27,700 were receiving public assistance. All of these participants received a total of \$877,800 in total value of food coupons, and a bonus of 267,000, which represented about 42 percent of the total value of the coupons issued.

Senator YOUNG. Can we have that information for North Dakota too?

The CHAIRMAN. Off the record.

(Discussion off the record.)

The CHAIRMAN. Do you want to give North Dakota?

Senator JORDON. May I ask a question?

The CHAIRMAN. Senator Holland has been waiting for a while and Senator Miller.

Mr. DAVIS. North Dakota in February there were a total of 10,600 participants. Out of that 10,600, about 8,000 were not receiving any other form of public assistance. About 2.7 thousand, 2,700 were receiving public assistance. All of these participants received coupons with a total value of \$189,400, and out of this \$189,000, \$83.6 thousand represented the Government subsidy, and this was a total of 44 percent of the total coupons issued.

The CHAIRMAN. Senator Holland?

Senator HOLLAND. Mr. Chairman, I was going to go into a little different subject. My understanding is that my State does not have any food stamp program, is that correct?

Mr. DAVIS. Yes, sir.

Senator HOLLAND. Therefore you have no contract worked out showing the level of participation for Florida?

Mr. DAVIS. No, sir.

Senator HOLLAND. How many States are in that position? Please name them for the record.

Mr. DAVIS. Nine States, I believe. Starting from the west coast, Idaho, Nevada, Arizona, Oklahoma, Delaware, New Hampshire, Florida. There are just seven left.

Senator HOLLAND. Thank you.

One more question. You stated a while ago that there were two types of contracts which were represented in these States, one applicable to the 11 Southeastern States and the other applicable to the other continental States, at least that is what I understood the statement to be.

Mr. DAVIS. Yes, sir.

Senator HOLLAND. I do not want you to go into that in detail at this time, but when you appear next, Mr. Chairman, I hope you will be able to explain very clearly the reason for that differential, because it seems to me that it is merely possible that you may be perpetuating a lower standard of living among the very poor people in the 11 Southeastern States. I am not debating that at this time, but if that is the case, I want the record to show it very clearly. I will ask that question again when you or the Department witness testifies later.

The CHAIRMAN. Somebody in the Department will be present.

Mr. DAVIS. I believe the Secretary will.

The CHAIRMAN. Any further questions?

Senator Miller?

Senator MILLER. I would like to get back to the same point Senator Young raised about a farmer. As you know, most farmers are on a cash basis of accounting, and so it is quite understandable how a farmer in one year might have a loss. Still he might have a substantial inventory of grain and cattle on hand. Would he still be eligible under those conditions?

Mr. DAVIS. The only other thing besides his income available during a particular year that would be taken into account would be his resources, and this would be whether or not he had money in the bank from previous years.

Senator MILLER. I am talking about a farmer who has no money in the bank. He has his money tied up in the grain inventory sitting out in the bins and the livestock running around on the farm, which might represent quite an investment, but he has not had any income during the current year because the market conditions were such that he decided he just was not going to sell, so he ends up breaking even or maybe even losing a little money.

Mr. DAVIS. As I mentioned earlier, we would include income from the previous year's operation as a means of determining how much he had available to spend for one thing. The other is that we would not—

Senator CURTIS. Does the Department of Agriculture do that?

Mr. DAVIS. No. The State welfare department.

The CHAIRMAN. Welfare, that is the point I wanted to make. It all depends on what the State government does.

Senator MILLER. So that even in that situation, if the State welfare department would OK him, you would automatically do so?

Mr. DAVIS. Yes, if they certified that his income, taking all these things into consideration, was at a lower level, yes, sir.

The CHAIRMAN. It all depends on what the State welfare program is.

Senator MILLER. Yes. Now may I ask you whether you think this is fair? Here in North Dakota they say no, he cannot have any welfare and he cannot qualify for good stamps because he has got all of his money tied up in inventory out there, but in Iowa, for example, they might say well, he does not have any cash in the bank and he had a loss on his income tax return and therefore he is eligible. Do you think that is fair to have it operate that way?

Mr. DAVIS. As I mentioned earlier, we are not at all satisfied that between us and the States we have worked out the best method possible for determining farm income. It is an extremely complex problem. I am not so sure that HEW has solved this one for the States for public assistance.

Senator MILLER. One more question. I know you do something on this but I do not quite know what it is, can you tell us what measures the Department takes to make sure that the stamps are turned in for foods with nutritious value?

Mr. DAVIS. We have no device for insuring this. The program we feel would be practically impossible to administer where you told each family exactly what sort of foods they could buy with the food stamps. The voluntary aspect of it is one of the important ones we think. We are, however, placing great emphasis on the counties and the States, and with our assistance, to provide all the nutrition education that we can for these families, and I believe the committee has asked for a report for your record on this activity, of providing instruction and so on, on how to buy, how to prepare and so on.

Senator MILLER. Would it be feasible for you to promulgate a list of general categories of items to which the food stamps would be restricted? For example, meats, vegetables, fruits, cereals, poultry, and fish, maybe 12 general broad categories under which there could be many, many different items, but let it be known that this is the area to which the food stamps are restricted, because I have received correspondence from some of my nutrition people out in Iowa who said that unless we get out a list of that kind, this food stamp program is not going to achieve the nutrition objectives that we have.

Mr. DAVIS. I think, sir, that in developing this program, we spent many hours consulting with the best men from the retail foods industry that we could gather. We also worked with the American Bankers Association, and we worked on the basis of experience with the previous food stamp program in the late thirties, and we rightly or wrongly have felt that it is almost impossible to provide a list of food that can be purchased without getting to be just tremendous.

I believe, Mr. Chairman, there are some 8,000 to 10,000 items in supermarkets at this point, and what is meat? Is it a can of—well, it could be everything from smoked oysters to something else, and by the time you get to limiting it to the kinds of meats and kinds of cuts—

Senator MILLER. No, no, please do not get me wrong.

Mr. DAVIS (continuing). This becomes endless.

Senator MILLER. These nutritionists in my State are very knowledgeable people and they would not even think of getting into such a conglomerate set of regulations. They are talking about broad categories under which you might have 100 or 200 different items, just to make sure, however, that these categories are the kind that provide overall, a nutritious diet which they feel they are not getting under the food stamp program now because they can get anything. I am not suggesting something that is impractical from an administrative standpoint. Believe me I sympathize with you on your administrative problem. But if we are indeed going to aim at better nutrition, and we realize that both in high income and low income families they are not getting nutritious diets, it would seem to me that we ought to do something about a restricted food stamp approach to this thing, which would cover broad categories. I am not suggesting anything nearly as detailed as you have suggested.

The CHAIRMAN. Mr. Davis, won't that come about, as I understand it, in the last 6 or 8 months the Department has employed around 5,000 people to try to go into the country and into the homes and educate the housewives as to what a good balanced diet is, and I think that that will come along.

Senator MILLER. That will help.

The CHAIRMAN. Senator Jordan?

Senator JORDAN. I just had one question which I thought would answer the Senator's question about any inequity from State to State. This is a matter, if I understand it right, that is determined entirely by each State.

Senator COOK. That is correct.

Senator JORDAN. In other words, what we do in North Carolina should not have anything to do with what you do in Kentucky.

Senator COOK. Will the Senator yield there?

Senator JORDAN. Sure.

Senator COOK. The point is in the State of Kentucky if you earn over \$200 you are not eligible, but yet right across the river in the State of Indiana, someone in Louisville can earn \$210 and not be eligible, but right across the river in Jeffersonville they can earn \$275. In West Virginia they can earn \$250 which is right across the line. In Missouri they can earn \$70 more a month. In Ohio they can earn \$60 more a month. The point I am trying to make is that even though you take this on State's standards, it is not a program that is looking to feed people who are hungry. It is a program that is taking the easy way out by accepting the standards of the respective States and eliminating many many hundreds of thousands of people who would be eligible because there are not national standards. What do you say to somebody in Kentucky who earns \$210 and says "Well, I guess I'll go over to the State of Indiana or I'll go to Missouri or I'll go to Ohio or West Virginia where I can feed my children and I can still earn \$210." That is the point that I was trying to make, Senator, and this is true, is it not, Mr. Davis?

Mr. DAVIS. Yes, sir.

The CHAIRMAN. Under the Supreme Court decision as I understand

it, there is a program on by the HEW that is going to make it even for all States. There will not be an advantage from one State to the other.

Mr. DAVIS. And as that is done our program will follow those standards.

Senator AIKEN. Mr. Chairman, may I say that in considering how the food stamp program works, I think we also have to consider how the alternative works. If there is a better alternative, of course we should scrap the stamp program and adopt the alternative, but so far I have not seen one.

The CHAIRMAN. We want to thank you, Mr. Davis.

Senator MILLER. May I ask one further question, Mr. Chairman.

Mr. Davis, in the administration of the food stamp program, is there any consideration given to the benefits that a particularly family receives through the school lunch programs for its children?

Mr. DAVIS. No sir. In working out these purchase tables that we have now, we did base them on figures that took into account meals eaten away from home, but this is on a very broad averaging basis, so I would have to say no, sir, we do not take into account the school lunch program.

Senator MILLER. Would it be feasible for you to include the school lunch meals in that category of meals away from home?

Mr. DAVIS. They are now in the factor that we use, but it is a very general factor, and I am not sure. Well, we do take into account the fact that families do eat meals away from home, both the children and the adults.

Senator MILLER. Free meals?

Mr. DAVIS. It is a factor to determine how much a given family would need to spend for food that was eaten at home, rather than including what they eat otherwise, so in that manner we do take into account meals that are eaten out of the home, but not whether or not they are free.

Senator MILLER. Would it be feasible to do so?

Mr. DAVIS. We feel that the child feeding programs, the school lunch and the breakfast and the day care centers, summer activity and so on, ought really to be funded separately, and considered separately, rather than providing money out of the food stamp program to be used for free lunches at school. In the administration's budget proposals for 1970, this is taken into account.

We are requesting funds that will enable us to reach all of the needy children in the Nation with free or reduced price lunches where they are needed.

Senator MILLER. I know that. Now would it be feasible, however, in determining the stamps allocated to a family, to take into account those families where there are children who are receiving school lunches and maybe school breakfasts as against families where there are children who are not? Would it be feasible to do that?

Mr. DAVIS. Yes, sir, that could be done. It would add considerable administrative complexity to the program, I believe.

Senator MILLER. Roughly what would you value the free school lunches for a week for one person, \$1?

Mr. DAVIS. The Federal cost of that could be as much as 34 cents for each free lunch, the Federal contribution.

Senator MILLER. Even if you took it on a dollar basis, and took it on about a 40-week school term, that is \$40 per child——

Mr. DAVIS. But generally the children across the country are paying just a little over 30 cents for their lunch, 30.5 cents as a matter of fact. Now if you figured that as the value to the family of the free lunch, then it would be somewhere around \$1.50 a week per child.

Senator MILLER. That could run up to \$60 a year, per school year for the child. We are talking in terms of 5 or 6 million children.

Mr. DAVIS. 6,600,000.

Senator MILLER. Four million would be in the school program maybe so we are talking about what could amount to over \$200 million a year. My only point is that I realize it might take some more administration, but it might be worth it too for the sake of the amount of money involved, especially under the present budgetary conditions.

Mr. DAVIS. Of course the amount of food coupons these families receive is not very large. I would say that they could use the free meals in schools plus everything they are getting now under the food stamp program, and still not be living very high on the hog.

Senator MILLER. But as between families with those schoolchildren and families without schoolchildren, you have an inequity.

Mr. DAVIS. Yes, sir.

The CHAIRMAN. Thank you, Mr. Davis.

We will now proceed with our regular program of witnesses summoned for the day.

The first witness is Mr. John W. Scott. Is he present?

Senator HOLLAND. Yesterday I asked for two pieces of information from the Department. One of them has been supplied and I ask that it be included in the record. It relates to the nutritional aid program, and I ask that the staff make a Xeroxed copy of it and supply it to each member of the committee so that we will have it before the Department appears to go into the matter in detail.

The other statement has not yet arrived.

The CHAIRMAN. Without objection that will be done.

Senator HOLLAND. Thank you, Mr. Chairman.

(The information referred to follows:)

EXPANDED FOOD AND NUTRITION EDUCATION PROGRAM

This program of food and nutrition education, designed to improve the dietary levels of low-income families, is being carried on in 672 counties and independent cities in the 50 States, the District of Columbia, Puerto Rico and the Virgin Islands.

The work is being done by nonprofessional program aides, recruited from the ranks of the poor and trained and supervised by Extension home economists.

At the beginning of April, more than 4,270 aides had been employed. While a few were still in training, these aides were working intensively with 64,000 families, with more than 100,000 families contacted at least once. Plans are to have 5,300 aides by July 1, serving about 200,000 families.

The program aides work with family members, within the home and in groups. They tell the story of good nutrition to their neighbors and counsel them on food buying, food storage and food preparation.

Though the program has been in operation only a few months, encouraging reports are being received. The aides are finding ways to communicate good nutrition to normally hard-to-reach families.

This program is being financed this year with \$10 million of Section 32 funds made available in mid-November. An appropriation of \$30 million has been requested for fiscal year 1970.

SUMMARY OF SECOND MONTH OF EXPERIMENTAL PROGRAM IN SOUTH CAROLINA

The highlights of the first two months of the experimental free Food Stamp Program in South Carolina are:

1. *Seasonal factors influence results.*—Some families eligible for stamps at the 50-cent minimum in February were not eligible for free stamps in March and April because they went back to work with the seasonal increase in farm employment.

2. *The free stamps did bring new, very poor, families into the program.*—(a) In April, 53 households in Beaufort and Jasper Counties—who first entered the program with free stamps—had *never* participated prior to the experimental program. (b) This number represented 26 percent of the households participating at the minimum in February.

3. *Publicity and the February reductions in purchase requirements increased total participation.*—(a) In April, 1,192 households were participating in the two counties—up 16 percent over February. (b) Only about one-third of that total increase can be accounted for by new families entering the program with free stamps.

RESULTS OF THE FIRST 2 MONTHS OF THE EXPERIMENTAL FREE FOOD STAMP PROGRAM, BEAUFORT AND JASPER COUNTIES, S.C.

I. SEASONAL FACTORS INFLUENCE RESULTS

A. The experimental program began in March—as the sharp seasonal increases in agricultural employment were soon to begin.

B. Thus, in March and April, some households purchasing at the 50-cent minimum in February were ineligible for free stamps in March and April because they had returned to work.

II. THE FREE COUPONS DID BRING NEW, VERY POOR, HOUSEHOLDS INTO THE PROGRAM

Beaufort County

A. In April, there were 41 households that had *never* participated prior to the experimental program. Some of these households received free coupons in March and continued to participate in April even though their incomes no longer qualified them for free stamps.

B. These 41 households represented 5.6 percent of the *total* number of households participating in February and 23 percent of the number of households participating at the *minimum* in February.

Jasper County

A. In April, there were 12 households that had *never* participated prior to the experimental program. Some of these households also had received free stamps in March and continued to participate in April even though their incomes no longer qualified them for free stamps.

B. These 12 households represented 4 percent of the total number of households participating in February and 44 percent of the households participating at the minimum in February.

III. PUBLICITY ABOUT THE EXPERIMENTAL PROGRAM AND THE FEBRUARY REDUCTIONS IN PURCHASE REQUIREMENTS ALSO AFFECTED PARTICIPATION OF OTHER HOUSEHOLDS

Beaufort County

A. The *total* number of participating households increased from 735 in February to 873 in March and declined seasonally to 862 in April.

B. These changes are greater than can be accounted for by the availability of the free stamps.

Jasper County

A. The total number of participating households increased from 294 in February to 324 in March and to 330 in April.

B. These changes also are greater than can be accounted for by the availability of the free stamps.

More detailed data are available in the attached table.

EXPERIMENTAL FREE FOOD STAMP PROGRAM—BEAUFORT AND JASPER COUNTIES, S.C.

BEAUFORT COUNTY

	February 1969	March 1969	April 1969
Total participation:			
Households.....	735	873	862
Persons.....	2,721	3,185	3,059
Participation at minimum:			
Households.....	177	233	189
Persons.....	665	788	621
New Participation at minimum:			
Households.....		45	113
Persons.....		99	26

JASPER COUNTY

Total participation:			
Households.....	294	324	330
Persons.....	965	1,094	1,095
Participation at minimum:			
Households.....	27	30	24
Persons.....	94	112	95
New Participation at minimum:			
Households.....		12	23
Persons.....		57	15

¹ 28 of the 45 households first entering the program in March participated in April.

² 9 of the 12 households first entering the program in March participated in April.

The CHAIRMAN. Identify yourself for the record, Mr. Scott.

STATEMENT OF JOHN W. SCOTT, MASTER, NATIONAL GRANGE

Mr. SCOTT. Mr. Chairman and members of the committee, I am John W. Scott, master of the National Grange, with offices at 1616 H Street N.W., Washington, D.C.

The Grange is a rural-urban family farm organization, representing over 600,000 members of local granges located in 40 of our 50 States. In addition, the Grange is a fraternal organization which has its foundation deep in our Judean-Christian culture, which has at its heart a concern for others in economic positions less favorable than ours.

Our membership, at all levels, concerns itself with people and their problems. We place special emphasis on the worth of the individual and his contribution to the improvement of the society in which he lives.

The Grange is privileged to have this opportunity to once more support, not only the Food Stamp Act, but the expansion of that act, to put our Nation on a charted course toward the elimination of hunger and malnutrition. Through healthy people will come a healthy nation, in which each individual will feel the added responsibility of making his contribution to his community, State, Nation and world in which we all live.

The National Grange, from its beginning 102 years ago, has been concerned with the welfare of people. One of its first acts of national importance in the early years of Grange history was the purchase of distribution of five carloads of food and clothing for the flood victims of Mississippi and Louisiana. An additional cash grant was

made to the State granges in the affected areas for their use in alleviating human suffering.

Since that early beginning we have been strong supporters of all programs that help to alleviate human suffering. Our first policy statement on using surplus farm production in relief programs was in 1951, when we stated:

Maintain that surplus farm production should not be wasted or destroyed, but should be handled by invoking a realistic two-price, or multiple-price, program on either a grade or a use basis, or by purchase for general public relief. Farmers should not bear the burden of this relief.

As a primary means of upgrading the standard of living and diet of the people, we are in favor of a food stamp plan that will utilize surplus products at surplus price levels for general relief of low-income families.

In 1956, at our 90th annual session in Rochester, N.Y., the following resolution was added to Grange policy:

In view of present huge accumulations of surplus food stock, and the fact that a portion of our population is undernourished, we favor investigation of food stamp plans to determine whether plans can be devised to put into effect the disposal of food surpluses to feed the undernourished.

The Grange believes that all bills being considered by this distinguished committee, contain the basic objectives of the Grange position concerning the use of food stamps to increase the distribution of foods and upgrade the diets of needy people in the United States. The opportunity for the American people to share fully in the abundance of food from our farms, regardless of their economic position in life, should be, and is, a major objective in any campaign against the effects of poverty.

COMPARISON OF MAJOR PROVISIONS OF FOOD STAMP PROPOSALS

Funds: We do not feel that the Food Stamp Act should contain unlimited authorization for appropriations.

We have at our disposal, or soon will have, a very accurate appraisal of the level of hunger and malnutrition that exists in the United States. With this data in the hands of the experts at USDA and HEW, they should be able to ascertain the necessary monies needed each year to sufficiently fund the programs.

Therefore, we feel that the appropriations requested in the Presidential message are sufficient to meet the needs in the foreseeable future. If experience proves that increased appropriations are necessary because of the high number of families below the level set by the provisions of the act to receive free food stamps, additional funds can be appropriated.

Cost of coupons: We have seen poverty, but it is hard for us to envision a large number of families in the United States that cannot afford to pay even a very small amount for food stamps that are worth many times what they pay. We are inclined to favor a plan where food stamp recipients pay something for the stamps they receive, even if it is just a dollar or two per allotment period, with the value of allotment diminishing as households income increases.

We do feel that requiring the poverty-stricken to pay 30 percent or 25 percent of their income for food stamps may be high when compared to 17.2 percent we spend of our disposable income on food pur-

chases. Therefore, we would be in favor of the provisions in S. 2014, which are about 15 percent.

Value of coupon allotment: Until more accurate information is available as to what constitutes an adequate diet and the cost of such a diet—we now have conflicting amounts in S. 2014 and the President's message—we would favor letting the present provisions of the law prevail.

Eligibility requirements: The Grange feels that income need only be insufficient to attain adequate diet, allowing the Secretary to prescribe minimum requirements as to maximum income limitations. Here again more research is needed to be able to define an "adequate diet." Such requirements may vary as to area, precondition of malnutrition and other factors; therefore giving the Secretary some flexibility is highly desirable.

Local administration: The biggest drawback to expansion of the present Food Stamp Act is the provision that the plan must be "administered by, and upon request of, State agency."

The Grange, therefore, supports the provisions of S. 2014, which provides for the administration by Secretary, through any nonprofit private, Federal, State, or county agency where (1) local agency fails to comply with law, (2) local officials fail to request program after Secretary has offered to pay part of costs, or (3) the Secretary determines that local program is necessary to effectuate act or alleviate severe malnutrition.

Cost of local administration: Local governments are already hard-pressed for sufficient funds to continue present level of activities; therefore, all local costs that are not provided by civic organizations should be paid by the Federal Government.

However, as we will point out later in our statement, all local and State civic organizations should be solicited and encouraged to participate in the Food Stamp Act.

Current direct food distribution: The Grange believes that concurrent food distribution should be permitted; however, as soon as feasible, food distribution should be discontinued in favor of food stamp plans. This will eliminate some of the problems and high cost of providing free food through distribution plans by taking full advantage of the private food marketing system.

Self-certification: The method of certification for eligible households is one of the most difficult, yet one of the most important provisions of the act. The Grange would recommend that the Secretary work up guidelines to be followed in certifying eligible households. Until better methods are developed, certification solely by affidavit of household should be provided in the act.

Issuance of coupons: The Grange, being a community-oriented organization, believes that such local organizations should be utilized as much as possible to assist in carrying out the objectives of the Food Stamp Act.

We, therefore, would favor the expanding role of community action agencies and VISTA volunteers in delivering stamps, whenever and wherever possible. In lieu of this we would recommend State agencies issuing stamps through post office, mail, foodstores, or otherwise in an attempt to increase the case of eligible households to obtain stamps.

We feel that there is, within the Department of Agriculture, the expertise to devise an adequate system of food stamp delivery, where it will not be necessary for the recipient to take taxis or expensive means of travel to obtain food stamps.

Information assistance: The Department of Agriculture has had over 100 years of experience in assisting in the production of an abundance of nutritional food and the experience of teaching the unknowing of the importance of balanced diets through the home economics workers of the Agricultural Extension Service. All the doctors and experts in other Departments of the Federal Government cannot match the record of the Department of Agriculture in teaching people better ways to live—farmers and nonfarmers alike.

The Department of Agriculture has been severely criticized because it has not done enough in feeding the hungry and underfed people of our urban-rural poverty areas. Who has done more? Other Government agencies became interested in hunger and malnutrition after the Department of Agriculture made the first move.

The hearings being held by the U.S. Senate Select Committee on Nutrition and Related Human Needs point up the importance of education in meeting the nutritional needs of American young. Malnutrition in the United States is not restricted in "poverty pockets," but much is caused by lack of knowledge.

Most poor eating habits are due to the failure of mothers—who were not taught by their mothers or at school—to teach young people how to eat properly. And this occurs at all economic strata and is inexcusable in the middle-to-higher income brackets because they have means to purchase nutritious food and access to an education to show them how it should be prepared. And it remains, of course, that those others who do not get enough to eat have another problem altogether—except they also do not get the nutrition education.

It is hightime that greater emphasis was placed on "nutrition education" in public schools and local communities' projects. The consequences of "negative nutrition" should be burned into the minds of mothers as well as growing children.

But we are not nutrition experts and do not pretend to know all the answers to solving the problems of hunger and malnutrition; however, we have studied the problem long enough to know that surplus food and increased appropriations alone will not cure the ills of a nation that has hunger and malnutrition so prevalent in a "land of milk and honey."

Therefore, we must approach the problem from two avenues: one, from increased use of farm abundance; and two, increased education of mothers and children in proper eating habits, both of which can be best administered by the Department of Agriculture because only they have the expertise to travel both avenues to answer the problems of hunger and malnutrition.

With the Department of Agriculture, as I am sure this committee is well aware, is the Federal Extension Service, comprised of many experts in the areas of "nutrition" and "humanization" (art of talking, working with, and understanding people).

Both are of utmost importance if we are to truly eliminate hunger and malnutrition. Appropriations are important, but nutritional education is indispensable.

In recent months much has been done by the Secretary of Agriculture who has become increasingly aware that feeding the underfed and winning the war against hunger in the United States is the No. 1 responsibility of the Department of Agriculture. The programs started by his very capable and dedicated predecessor, molded into viable legislation by this committee and passed by previous Congresses, now must be pushed farther and faster if they are to remain a part of the overall responsibility of the Department of Agriculture and this committee.

Territorial coverage: At the present time, until we have developed better delivery systems, gained more knowledge of the requirements of adequate diets and nutritional deficiencies that exist in various areas, our efforts should be limited to the coverage of the present law; expansion to include all U.S. territory and possessions should be determined until such time as funds and additional nutritional knowledge are available to the Congress and the Secretary.

Food covered: The Grange feels that, at the present time, items covered by the Food Stamp Act should be limited to foods, including milk, of course.

New organizations: We submitted a statement in support of H.R. 7919, the "Human Nutrition Act of 1969," an act which, in our opinion, will be of tremendous assistance in obtaining the national goal of elimination of malnutrition and hunger from America. This bill would create an Assistant Secretary in the Department of Agriculture who would administer all food assistance programs and be directly responsible to the Secretary of Agriculture.

We, therefore, would be in favor of the additional or concurrent provisions of S. 1864, to create a "Federal Food Administration," and set up a "National Nutrition Committee" to act in an advisory capacity to the Secretary of Agriculture.

The President stated to the Department of Agriculture employees:

When we consider America's problems today, one at the top of the list is our agricultural surpluses. We are constantly worrying about that and the budget, and we are worrying about it in terms of our agricultural programs.

But I know that all of you are aware, as I am, that these surpluses are a great bounty for the United States of America. It means that we can effectively deal with the problems of hunger in this country and help with the problems of hunger in the world because we are able to produce so much.

So that presents the challenge to the men and women in this room, the leaders of this Department, those upon whom the Secretary is going to rely to obtain the advice so that we can effectively use this tremendous productive capacity which this Department has helped to build through the years; so that we can effectively use it in a scientific way to attack the problems of hunger, of malnutrition and all of its assets in this Nation, and thereby, also, to set perhaps an example to other nations in the world * * *.

I want you to know that this is one of the missions that I trust this Department will undertake with all the success that it has been able to apply to its primary mission of increasing production of agricultural products in the United States.

The Secretary, in accepting the challenge of the 1970's, has said both in public and in private that the American farmer can produce all the food that is necessary to feed the hungry and underfed—but it must be done at a fair profit for the farmer. To this we add our "amen."

We feel that the problem of curing the Nation's ills of malnutrition and hunger can and must be met without reducing by one cent the

farmer's income or Government appropriations for farm programs, because it is through these programs that we have our abundant food supply that is necessary in carrying out our many programs of welfare feeding and school lunch and related activities.

Without present "consumer subsidies" in agriculture programs, the cost of the foods used in such programs would increase considerably and place the programs in serious jeopardy of being lost or greatly curtailed because of the increase in needed appropriations to purchase the agricultural commodities.

We cannot emphasize too strongly the expertise that exists in the Department of Agriculture for conducting studies in nutrition, diets of men, women and children, and the trained personnel to do the necessary job of education. In addition, through the various agencies of the Department of Agriculture, a delivery system can be devised to get the food and the education where it is most needed.

We therefore urge this committee to report favorably a Food Stamp Act to best fit the needs of America and diligently work for its enactment into law.

We appreciate this opportunity to make known to this committee and to Congress the views of the National Grange, and thank the chairman for calling early hearings on this most important legislation.

Thank you.

The CHAIRMAN. You have a very fine statement, Mr. Scott.

Mr. SCOTT. Thank you, sir.

The CHAIRMAN. I wonder if you feel that this program can be well administered except by the full cooperation of the State and county and city at the local level? You suggested other methods and I am just wondering.

Mr. SCOTT. I think that the ideal situation, Mr. Chairman, is that we do have full cooperation with local governments and State governments. The Grange has always been and still is a very strong supporter of a strong local government. However, there seems to be sometimes when perhaps for maybe selfish reasons some members of a local government do not seem to have the concern for the hungry in their communities that they maybe should have, and we feel that first at the State level, and then if there is refusal at the State level there should be an opportunity for this need to be met.

The CHAIRMAN. Any further questions?

Senator HOLLAND. Mr. Scott, I think your statement is a fine one. I particularly approve your statement that you do not think that this bill should provide for an unlimited amount, but should fix amounts, and I believe you said, somewhat in line with the recommendations of the President. Having in mind the fact that this program is going to increase, in the very nature of things from year to year, how many years do you feel should be covered by the bill which the Congress should pass this year?

The statement states that the amounts should be limited. Since this amount will have to be increased, will have to go up necessarily and be reexamined from time to time, how many years do you think should be covered by the legislation?

Mr. SCOTT. The years of a specific appropriation, Senator.

Senator HOLLAND. Yes.

Mr. SCOTT. I would hope that the bill would not be limited to a year, but I would think that a regular review of the appropriations necessary, I think it should be the responsibility of the Congress to make the decision as to how much money is needed even on an annual basis, as the facts are laid before you.

I think the basic thing that the Grange really believes, that we should work as fast as we can toward getting money into the pockets of people so that they can buy the food and we do not need to provide it, and as we increase our educational opportunities and hopefully can maintain a good economic climate in the Nation, let us work toward permitting people to earn money or enabling people to earn money to buy their food rather than having to give it to them.

Senator HOLLAND. I do not think I have made my question clear. You have stated that you do not believe in an unlimited amount, and with that I thoroughly approve being covered in the authorization bill, I have also asked you now how many years you feel that we should have the bill cover, with perhaps rising amounts from year to year to make this in accordance with the earlier part of your statement. How many years?

Mr. SCOTT. Senator, I think the bill should cover several years as far as the program is concerned. It should not be faced with a phase-out of the program in say the next Congress. But I think your appropriation to the bill, the amount of money appropriated could very well be susceptible to each session of Congress.

Senator HOLLAND. Of course that will follow in any case, but I was hoping you would recommend a specific period of years that the bill might cover, which would supply a limit for each of those years, making it certain that the Congress would have to re-examine the subject to the end. Do you have any suggestion?

Mr. SCOTT. I would suppose that we could not hope to cure this problem in our Nation in less than 5 or 6 years.

The CHAIRMAN. I do not suppose Senator Holland means we can do it in 4 or 5 years but that we should recommend that it be 2 years or 3 years so that Congress can examine this program say every 2 years or every 3 years, whatever the number.

Mr. SCOTT. I would think that we ought to have the assurance of a 4-year program to start with as a minimum, but that it could be re-examined for the amount of money.

Senator HOLLAND. Then you think that 4 years would be the minimum period that should be covered by this authorization?

Mr. SCOTT. I would think so.

Senator HOLLAND. Thank you.

The CHAIRMAN. Any further questions?

Senator YOUNG. I just want to say, Mr. Scott, it was a good and helpful statement. I particularly like your dual emphasis on both the need of the food and the teaching of people as to what is a proper diet. I think that is as big a problem today as is food itself.

Mr. SCOTT. Thank you, Senator.

Senator MILLER. Mr. Scott, you say that your organization favors a food stamp plan that will utilize surplus commodities. I am not quite sure. Now if you were going to restrict food stamps to the purchase of surplus commodities, that would fit precisely with what you say

you favor. But when we realize that these food stamps are, I would think by and large, going to be used for a balanced diet which may only in a very small part tap surpluses of wheat and other commodities, I wonder whether or not you can reconcile that statement with the food stamp plan?

Mr. SCOTT. Senator, I think that perhaps that statement was made back when I quoted kind of the historical position of the Grange, which in the beginning of the commodity surplus food programs we sort of favored a food stamp program then for surplus commodities rather than the kind of distribution we ended up having. Stamps would enable people, would be a way of certifying how much a family could get of surplus commodities rather than—I think you are perfectly right. I went on to say I think, I felt that today the best way is to have the food stamps redeemable in the marketplace, so that we can utilize the food distribution system of the Nation, which of course is the food source.

Senator MILLER. But this would not be in the food stamp plan as we are talking now about it in the various bills. And in the present state of the food stamp plan, it should not be considered a cure for our surplus problem, should it?

Mr. SCOTT. No; if I left that impression I left the wrong impression. I did not mean that.

Senator MILLER. Now you have suggested that the Secretary be given authority to determine that a local program is necessary to effectuate the act or alleviate severe malnutrition, if the local agency fails to put it into effect. Do you think it would be proper for us to state some guidelines for the Secretary to follow, so that he cannot just arbitrarily come in and say without any findings whatsoever, "Well, the board of supervisors or the county commissioners are all wrong and there is severe malnutrition."

Don't you think there should be some guidelines which he would have to follow, so that the people in the county would be satisfied that this was not an arbitrary decision on his part?

Mr. SCOTT. I think that is perfectly right, Senator. As I pointed out to the Senator before, I think that we are in strong support of local government, and hearing procedures spelled out by the Congress, by the Senate, would be perfectly acceptable, and perhaps even preferable in the eyes of the Grange.

Senator HOLLAND. This is not quite on the subject of the committee's hearing, but you did open the door by putting this sentence in your statement, and I feel that I should ask you about it.

On the last page you say that:

Without present consumer subsidies in agricultural programs, the cost of foods used in those programs would increase considerably.

It would cause more appropriations and all that. I hope I am not misreading it, but could infer from that that you are opposed to higher prices for agricultural commodities.

Mr. SCOTT. Of course, that is an awful place to get a farmer in, isn't it? Absolutely, I am not opposed to higher prices for commodities, for the producer's share of the commodity, but I think that it is a proven fact, and one of the things that we in agriculture I think have not been able to make clear is that farm programs are advertised across

this Nation as programs which benefit only farmers, when in reality they benefit consumers every bit as much or even perhaps more as they do farmers, and that one of the bills up for consideration in regard to the food stamp plan, or at least proposed, is one that would substitute, take money out of farm programs and put it in, place it over into the food stamp plan. I guess I wanted to get in my lick that we did not favor that when in your great search to find money to finance the food stamp plan we did not want you to raid the farm programs.

Senator MILLER. My reaction would be this though, or at least one reaction would be that if because of the budgetary considerations it was thought that we could take some of the money from the consumer subsidy so to speak to beef up this food stamp program, that probably there would be higher prices for farm commodities, so that the farmer would certainly not be any worse off and might be better off if we got better prices. I am sure that you are just as concerned as anybody I know of about the fact that over the last few years the percent of the consumer dollar that the farmer receives has dropped down to 17 cents, so that from the consumer's standpoint there would not be any great hardship to get it back up to 18 or 19 cents, where it was a few years ago, and give the farmer a better share of this national income, which he has not been receiving. Would you agree with that?

Mr. SCOTT. I am sure that I agree with you exactly, Senator, to the fact that we would like to see the farmer's income increase, but we are not convinced at all that the elimination of farm programs, the money for farm programs, will increase the income to the farmer, and for that reason we would resist very strenuously until we can get our agricultural situation better under control as far as the producer is concerned, resist very strenuously the programs which do control production and help us at least maintain our income where it is.

Senator MILLER. I am sure I detect your policy on this very well and I understand it and I agree with it, but if the prices that farmers receive get up to a reasonable level, then the cost of these various programs you refer to is certainly going to increase, and increased appropriations are going to be needed to fund them. I am not saying I am opposed to that, but it seems to me that we cannot have our cake and eat it too, and we cannot come out and say we want better prices for farmers on the one hand, and then deplore the fact that these programs are going to be increased and more appropriations are going to be needed to fund them on the other.

Mr. SCOTT. I think we feel basically, Senator, that this Nation's prosperity of agriculture historically, and if in fact we are able to improve the income of the farmer, we will be improving the income of all Americans, and hopefully the thing that we would ultimately like to see is that the need for food programs will be less, and so will be able to cut down on the cost in that manner.

Senator MILLER. To that I will say "amen."

Thank you, Mr. Chairman.

The CHAIRMAN. Any further questions?

(No response.)

The CHAIRMAN. Thank you very much, Mr. Scott.

Mr. SCOTT. Thank you, Senator.

The CHAIRMAN. The next witness is Mr. Julius Rothman.

Is he present?

Step forward, Mr. Rothman.

Will you identify yourself for the record, Mr. Rothman, please.

STATEMENT OF JULIUS F. ROTHMAN, ASSOCIATE DIRECTOR, DEPARTMENT OF URBAN AFFAIRS, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

Mr. ROTHMAN. Mr. Chairman, my name is Julius F. Rothman. I am associate director of the Department of Urban Affairs of the American Federation of Labor and Congress of Industrial Organizations. On behalf of the AFL-CIO, I wish to present to your committee the position of our organization on the proposed legislation to amend the Food Stamp Act of 1964.

Mr. Chairman, I would like to say that we are very grateful for this opportunity to appear before you.

Mr. Chairman, in this most affluent of nations, hunger and malnutrition are still a stark reality for millions. Hunger and malnutrition take their toll in many forms—in infant deaths, organic brain damage, retarded growth, and learning ability; in increased vulnerability to disease; in withdrawal, apathy, frustration, and violence.

Studies indicate that between 10 and 12 million Americans are hungry or grossly malnourished. A U.S. Public Health Service survey estimates malnutrition exists among 15 percent of the population in the areas covered by the survey.

There need be no hunger in America; it is not an insurmountable problem. And the American people have clearly indicated their support for facing up to this challenge as quickly as possible. Hunger can be eradicated in the country if (a) the Federal Government will make adequate funds available for substantial expansion of food programs and drastic revision of the food stamp program to permit more food stamps to be purchased at substantially lower cost and free food stamps be made available to the lowest income families and individuals, and (b) the administration by Federal, State, and local officials of the various food programs is substantially reformed.

We are pleased that the present administration has recognized the serious nature of the problem of hunger and malnutrition and that the President has committed himself to revising the food stamp program so that it will respond more effectively to the needs of the hungry and malnourished. Unfortunately, the administration's program, as outlined in the President's message to Congress dated May 6, 1969, falls far short of providing what is needed.

We do not believe that hungry people, whose needs are not now being met, should be made to wait 2 years before full implementation of a substantially more effective food stamp program.

There are now before this committee bills which are designed to deal with the problem of hunger in America. We have reviewed these bills, and we find much that is commendable in them.

It is not our intent today to appear in support of any particular bill. We would, however, like to suggest some criteria for consideration as you review the proposals before the committee.

One. Eligibility standards for food stamps should be lowered to cover families and individuals not now covered so that a broader spectrum of the poor will be eligible for food stamp coverage. Federal eligibility standards should be established.

I might say, Mr. Chairman, that we believe perhaps family incomes three times or less the low-cost food plan of the U.S. Department of Agriculture might be a cut-off point for those who are eligible.

The CHAIRMAN. What do you mean by that?

Mr. ROTHMAN. The low-cost food plan, sir; costs \$1,440 a year for a family; therefore, we would recommend three times \$1,440.

The CHAIRMAN. Three times? That is \$4,200? In other words, anybody who makes \$4,200 and some odd within the United States should be eligible for food stamps?

Mr. ROTHMAN. Yes, sir.

The CHAIRMAN. Proceed. I think you are very liberal.

Mr. ROTHMAN. Two. For the lowest income groups, food stamps should be available at no cost. This might include those households with incomes of \$60 or less per month. That is \$720 a year.

Three. The administration of the food stamp program may be retained by local agencies. But any new legislation should permit the Secretary of Agriculture, when he determines that a local program is necessary and a local agency is unwilling to cooperate, to administer the program in the locality or to designate an appropriate agency—public or nonprofit—to do so.

Four. When the Secretary of Agriculture deems it necessary to enable a local agency to conduct the food stamp program and local funds are not available, the Secretary should be empowered to pay to the States up to the full amount of the administrative costs for the local program.

Five. We suggest that the committee include in amendments to the present act, the proposals for prompter and simpler certification, and that the method of issuing food stamps be planned so that they will be more readily available to those for whom they are intended.

Six. We suggest that the purchase of food stamps be permitted on installment or partial purchase basis to facilitate purchasing by families whose paydays do not coincide with stamp issuance periods.

Mr. Chairman, if I may I would like to recommend a seventh point which is not in my statement. We recommend that this committee revise existing legislation to permit the simultaneous operation of the food stamp program and direct distribution of food.

Mr. CHAIRMAN. In the same area?

Mr. ROTHMAN. In the same area.

The CHAIRMAN. On a continuous basis?

Mr. ROTHMAN. On a continuous basis, sir.

Mr. Chairman, we feel that the proposal of the administration to increase the amount available for fiscal year 1970 for the food stamp program to \$610 million is a step in the right direction. But when measured against the need, this sum is inadequate.

Extension of the food stamp program to those who are hungry will require at least 1 billion in fiscal year 1970 and a proportionate increase for the following year. This cost is not great when measured against the illness, the wasted and dependent lives, that are the result of malnutrition.

The eradication of hunger in America should not be viewed as a partisan commitment. In a recent public opinion survey, released by the Gallup poll, it was found that nearly seven Americans in every 10—68 percent to be exact—of those interviewed favored the idea of giving free food stamps to those with incomes under a \$20 a week.

And 60 percent favored selling food stamps at a greatly reduced rate to those families whose earnings are from \$20 to 80 per week. The conscience of the Nation has been stirred by the exposure during the past several years of the prevalence of hunger in our midst.

While the food stamp program revisions proposed in the various bills now before your committee are basic to the alleviation of hunger and malnutrition among the poor, there is another and very important aspect to the problem of providing nutritious diets for families and individuals in the food stamp program. This relates to informing the poor about what constitutes an adequate diet.

Some have maintained that the problem of an adequate diet is not the provision of more food stamps, but is a matter of educating the poor to consume those foods that are most nutritious. They have recommended that the professional nutritionists might take a hand in solving this problem. We in the AFL-CIO claim no expertise in this field, yet we are aware of the many barriers which must be overcome if the poor are to be reached with this kind of information.

Food consumption is related to habit, tradition, life-style, and other factors. The professional nutritionists and home economists have been notably unsuccessful in reaching the poor.

We would, therefore, recommend that the U.S. Department of Agriculture turn to the poor themselves to find those who can communicate effectively with others who are poor and train them to help food stamp recipients to use their food stamps to the greatest nutritional advantage. Such a program may very well help the family food budget and, at the same time, help the family to better health.

As President Nixon has stated in his message to Congress, “ * * * the moment is at hand to put an end to hunger in America * * * for all time.” We in the AFL-CIO heartily agree with this sentiment and, therefore, we urge this committee and the Congress to act in the spirit of compassion and revise existing legislation so that we as a Nation can take a major step forward and “end * * * hunger in America * * * for all time.”

The CHAIRMAN. Mr. Rothman, when you put in your seventh point there, that we should provide food stamps for families whose income is less than \$4,200, have you figured out the amount it would cost the Federal Government?

Mr. ROTHMAN. No, sir?

The CHAIRMAN. Any further questions?

Thank you, sir.

Senator HOLLAND. I have one question.

I do not understand, that part of your statement with reference to employing intelligent people from among the poor to give better information as to what is sound nutrition to other poor, that you are falling out with the program now underway, which attempts to accomplish the same thing. You know about the program under which the Department of Agriculture has now nearly 5,000 nutrition aides functioning in exactly the way you have suggested.

Mr. ROTHMAN. If they have that is fine, Senator. I was not aware of it.

Senator HOLLAND. If that be the case, that is beginning in the same direction that you are urging here, is that right?

Mr. ROTHMAN. Sir, I know it has worked in other fields. It has worked in social services and in areas of health and, therefore, it seemed to me that it might very well work in the field of nutrition.

The CHAIRMAN. Thank you very much, sir.

Senator HOLLAND. I thoroughly agree.

The CHAIRMAN. Mr. Markham Ball.

Will you identify yourself for the record, Mr. Ball, please.

STATEMENT OF MARKHAM BALL, CHAIRMAN; AND BARBARA DONALD, COMMITTEE ON FEDERAL LEGISLATION, HEALTH AND WELFARE COUNCIL OF THE NATIONAL CAPITAL AREA

Mr. BALL. Mr. Chairman, my name is Markham Ball. I am appearing on behalf of the Health and Welfare Council of the National Capital Area. I serve as chairman of the council's committee on Federal legislation.

With me is Miss Barbara Donald, a member of our Committee, who has played a major part in the development of this presentation.

The health and welfare council is the central agency for developing and coordinating the support of the private sector for health, welfare, and related community services in the greater metropolitan area of Washington. It is a nonprofit organization financed chiefly by the United Givers Fund and is responsible for the allocation of all UFG funds to eligible private voluntary agencies. The council is a citizen-led organization representative of all segments of the metropolitan area.

We appear before this Committee because we are increasingly convinced that the effectiveness of the voluntary agencies in making their full contribution to the solution of the welfare problems facing this country today depends directly and fundamentally on the existence of adequate public program. We believe that the experience and knowledge of thousands of concerned citizens, primarily volunteers, whom we and similar health and welfare councils in other communities throughout the United States represent, are important resources in helping to formulate the Federal legislation and policies which affect our communities.

We are forced to conclude that today the Federal Government is not carrying its share of the national commitment to insure a basic decent living standard for all who lack an income adequate to support this standard.

We have found that here in Washington private agencies frequently have to provide cash assistance to the needy so that they can participate in the Federal food stamp program. It surely is ironic that private dollars must be used as "seed money" for those otherwise too poor to take advantage of Federal aid. This simply is not an appropriate burden for private, voluntary agencies to carry in this day and age.

Despite its present inadequacies, the Federal food stamp program is one technique of providing part of needed basic assistance. Until some improved system of public assistance or income maintenance is achieved, we believe that this program can be an effective means for

eliminating the most elemental consequences of poverty—hunger and malnutrition.

In testimony before the Senate Select Committee on Nutrition and Human Needs, at its recent field hearings in the District of Columbia, our committee analyzed the extent of the need for an expanded food stamp program. We also explored some of the present program's inadequacies on the basis of information collected from our member agencies regarding their direct day-to-day experience with the operation of the program. Our findings demonstrate that the current food stamp program falls sadly short of meeting the real needs.

We believe that our findings are typical of many communities throughout the United States.

I will not describe our findings and the statistical analysis we have made in detail. I do have copies here and would offer them for inclusion in the record if that is appropriate.

The CHAIRMAN. Without objection it will be filed for the record. We want to try to obviate duplication. We will look into it and try to put yours in if the department does not.

In other words, we do not want to put the same kind of data in the record.

Mr. BALL. I understand, Mr. Chariman.

The CHAIRMAN. We will simply file it for the record.

Mr. BALL. Fine.

(The study is as follows:)

STATISTICAL STUDY OF NEED AND COST OF PROVIDING MINIMUM NUTRITION IN THE DISTRICT OF COLUMBIA, PREPARED BY THE FEDERAL LEGISLATION COMMITTEE OF THE HEALTH AND WELFARE COUNCIL OF THE NATIONAL CAPITAL AREA

EXPLANATION AND CONCLUSIONS

Our study was prepared with the aim of developing a reliable breakdown of a major American city by income group, family size, and nutritional needs, so that the true cost of eliminating hunger and malnutrition in a finite area could be measured with accuracy.

The study was intentionally based on the most conservative statistics. First, family food needs were calculated for the USDA's "economy" food plan—designated for short-term emergency use when funds are especially limited. This plan does not guarantee an adequate diet. Second, family income levels in the District were projected forward to 1967 from the 1960 census figures, although the demographic trend during the last eight years undoubtedly has increased the preponderance of low-income families. Furthermore, the study is based on an allocation of 25% of disposable income to food, although the national average is 17%. And, finally, the census-derived income figures on which the study is based inflate true disposable income by excluding federal taxes.

Our central conclusion is that the current food stamp program in the District is reaching only approximately 11% of those people needing some financial assistance to maintain minimum nutritional levels. As of three months ago, 33,000 D.C. citizens were benefiting from food stamps. Yet our conclusions show that there are more than 250,000 D. C. residents who are in need of some financial aid to achieve what the Department of Agriculture calls an "economy food plan" diet.

We wish to make clear that not all these 250,000 are presently hungry people, or are suffering from malnutrition. Many of this number would require only several hundred dollars a year or less from the Federal Government to be able to furnish themselves with a minimally adequate diet, and until our Government fulfills this responsibility, these people simply are foregoing and will forego other basic necessities in order to eat. But it is equally obvious that many others in this group are hungry, under-nourished, and lack any means of correcting their condition. For example, our study shows that there are almost 70,000 people in the District who either have or whose family group has disposable incomes of less than \$1,000 a year. There are an additional 40,000 per-

sons in the \$1,000-\$2,000 category. Many of these must be hungry people. Yet the food stamp program is not even reaching 30% of these most impoverished citizens.

What would a food stamp program cost that would guarantee this quarter million of our citizens a minimum diet for which they would not pay more than 25% of their disposable income? Our study puts the cost of such a program at \$39 million per year. And, as our tables show, this cost rises to almost \$57 million if we assume that no more than 17% of income should be devoted to food purchases. (See Table 9)

The following example illustrates how we arrived at these figures. Take a family of six—2 parents, a pre-teen boy, a second child of 8, and two little ones between 6 and 3. The USDA tells us that this family can eat on \$1,450 a year (Table 1), and even though this comes to only 65 cents per person each day, we have used this figure. This family of six would require disposable income of \$5,800 if it is to spend only 25% of its means for food (see Table 2). But if its disposable income is in fact only \$2,500, it can contribute only \$625 annually, and the public cost of keeping this family at minimum nutritional levels would be \$825 (Table 3). Our figures, derived from U.S. census statistics, show that in the District of Columbia there are 1,089 such 6-member families whose annual income is between \$2,000 and \$3,000 (Table 4), and that the annual cost of supplementing this group's ability to achieve an adequate diet would be \$898,425 (Table 7). By extending this methodology to all families of various sizes and income levels, we have arrived at our conclusions.

We believe these figures represent the true dimensions of our problem in the District of Columbia.

TABLE 1.—ESTIMATED DECEMBER 1968 COST BY FAMILY SIZE OF FOOD AT HOME UNDER USDA ECONOMY FOOD PLAN (WEEKLY AND ANNUALLY)¹

Family composition ²	Family size ³						
	2	3	4	5	6	7	8
Adults 25 to 35 years.....	⁴ \$12.36	\$12.36	⁵ \$23	⁶ \$23.00	⁷ \$23.00	⁸ \$23.00	⁹ \$23.00
Child 6 to 9 years.....		⁴ \$4.90					
Boy 9 to 12 years.....				74.00	4.00	4.00	4.00
Child 3 to 6 years.....					⁴ \$4.00	4.00	4.00
Do.....						⁴ \$3.40	3.40
Child 1 to 3 years.....							⁶ \$6.10
Girl 12 to 15 years.....							36.45
Weekly total for family.....	13.60	18.12	23	25.65	27.90	30.96	36.45
Annual cost.....	707.20	942.24	1,196	1,333.80	1,450.80	1,609.92	1,895.40
Rounded annual cost.....	710.00	940.00	1,200	1,330.00	1,450.00	1,610.00	1,900.00

¹ From USDA, January 1969 CFE (Adm.)-256.

² Ages and sexes selected to represent general characteristics of impoverished families.

³ Figures are given for individuals on the basis of a 4-member family. Percentages in footnotes 4, 6, 7, and 8 are USDA adjustment factors for individuals in families of other sizes.

⁴ Plus 10 percent of family total.

⁵ For the 1st 4 members of family.

⁶ Plus 5 percent of family total.

⁷ Less 5 percent of family total.

⁸ Less 10 percent of family total.

TABLE 1-A.—ESTIMATED DECEMBER 1968 COST OF FOOD AT HOME FOR UNRELATED INDIVIDUALS BY AGE AND SEX UNDER USDA ECONOMY FOOD PLAN (WEEKLY AND ANNUALLY)

Sex/age ¹	Weekly ²	Annually ³
Girl 14 to 21.....	\$6.20 (plus 20 percent).....	\$7.44.....
Boy 14 to 21.....	\$7.20 (plus 20 percent).....	\$8.64.....
Male 22 to 64.....	\$6.30 (plus 20 percent).....	\$7.60.....
Female 22 to 64.....	\$5.50 (plus 20 percent).....	\$6.60.....
Male 65 and over.....	\$5.25 (plus 20 percent).....	\$6.30.....
Female 65 and over.....	\$4.45 (plus 20 percent).....	\$5.35.....

¹ The age and sex categories were selected to correspond with available, recent Bureau of Census distributions of unrelated individuals by age and sex.

² From USDA, January 1969 CFE (adm.) 256. Figures are given for individuals on the basis of a 4-member family. Percentages in parentheses are USDA adjustment factors for individuals living alone. USDA figures are for different age categories (for example, girls 12 to 15 and 15 to 20, not 14 to 21) so that composite costs were ascertained.

³ Annual cost figures are rounded to simplify computations.

TABLE 2.—MINIMUM ANNUAL FAMILY INCOME NECESSARY TO SUPPORT ECONOMY PLAN FOOD COSTS WITH OUTLAY OF 17, 20, AND 25 PERCENT OF INCOME FOR FOOD ¹

Family size	Percent		
	17	20	25
Without children.....	\$4, 110	\$3, 550	\$2, 840
With children:			
3 (1 child).....	5, 530	4, 700	3, 760
4 (2 children).....	7, 060	6, 000	4, 800
5 (3 children).....	7, 820	6, 650	5, 320
6 (4 children).....	8, 530	7, 250	5, 800
7 (5 children).....	9, 470	8, 050	6, 440
8 (6 children).....	11, 180	9, 500	7, 600

¹ The income referred to is disposable income or income after taxes and is derived from the annual food costs ascertained in table 1.

TABLE 2A.—MINIMUM ANNUAL INCOME OF UNRELATED INDIVIDUALS NECESSARY TO SUPPORT ECONOMY PLAN FOOD COSTS WITH OUTLAY OF 17, 20, AND 25 PERCENT OF INCOME FOR FOOD ¹

Age and Sex	Percent		
	17	20	25
Female 14 to 21.....	\$2, 290	\$1, 950	\$1, 560
Male 14 to 21.....	2, 650	2, 250	1, 800
Male 22 to 64.....	2, 302	1, 975	1, 580
Female 22 to 64.....	2, 030	1, 725	1, 380
Male 65 or over.....	1, 940	1, 650	1, 320
Female 65 or over.....	1, 647	1, 400	1, 120

¹ The income referred to is disposable income or income after taxes and is derived from the annual food costs ascertained in table 1A.

TABLE 3.—ANNUAL AMOUNT OF BONUS STAMPS NECESSARY TO PERMIT DISTRICT OF COLUMBIA FAMILIES TO OBTAIN ECONOMY FOOD PLAN WITH OUTLAY OF 17 PERCENT, 20 PERCENT, AND 25 PERCENT OF INCOME FOR FOOD ¹

Family size	Income class ²					
	Under \$1, 000	\$1, 000 to \$1, 999	\$2, 000 to \$2, 999	\$3, 000 to \$3, 999	\$4, 000 to \$4, 999	\$5, 000 to \$8, 999
Without children (2):						
17 percent.....	\$710	\$455	\$285	\$115	(3)	(3)
20 percent.....	710	410	210	10	(3)	(3)
25 percent.....	710	335	85	(3)	(3)	(3)
With children:						
3 (1 child):						
17 percent.....	940	685	515	335	175	(3)
20 percent.....	940	640	440	240	40	(3)
25 percent.....	940	565	315	65	-----	(3)
4 (2 children):						
17 percent.....	1, 200	945	775	605	435	\$10
20 percent.....	1, 200	900	700	500	300	(3)
25 percent.....	1, 200	825	575	325	75	(3)
5 (3 children):						
17 percent.....	1, 330	1, 075	905	735	565	140
20 percent.....	1, 330	1, 030	830	630	430	(3)
25 percent.....	1, 330	955	705	455	205	(3)
6 (4 children):						
17 percent.....	1, 450	1, 195	1, 025	855	685	260
20 percent.....	1, 450	1, 150	950	750	550	50
25 percent.....	1, 450	1, 075	825	575	325	(3)
7 (5 children):						
17 percent.....	1, 610	1, 355	1, 185	1, 015	845	420
20 percent.....	1, 610	1, 310	1, 110	910	710	210
25 percent.....	1, 610	1, 235	895	735	485	(3)
8 (6 children):						
17 percent.....	1, 900	1, 645	1, 475	1, 305	1, 135	710
20 percent.....	1, 900	1, 600	1, 400	1, 200	1, 000	500
25 percent.....	1, 900	1, 525	1, 275	1, 025	775	150

¹ Based on the difference between the annual economy food plan costs by family size contained in table 1 and the annual outlay of income for food by family size. Where the annual family income was less than \$1,000, it was assumed that all necessary stamps would be provided free of charge. Where the annual family income exceeded \$1,000, it was assumed that all of the families in each income class were at the midpoint of the income range for their class and that the families spent 17 percent/20 percent/25 percent of their after-tax incomes for food, reducing the bonus to which they were entitled by that amount. For example, if a 4-member family was at the \$1,500 income level (\$1,000 to \$1,999 range), their 17 percent outlay would yield \$255 for food, requiring \$945 in bonus stamps to reach Economy Food Plan requirement of \$1,200.

² Income class was selected in light of the most recent available data (1967) on the District of Columbia. Although some families with 8 children might need bonus stamps even if their income exceeded \$9,000, the necessary data on distribution of families could not be secured.

³ Indicates that the family's investment of income exceeds the cost of the economy food plan, hence no bonus stamps are necessary.

TABLE 3-A.—ANNUAL AMOUNT OF BONUS STAMPS NECESSARY TO PERMIT DISTRICT OF COLUMBIA UNRELATED INDIVIDUALS TO OBTAIN ECONOMY FOOD PLAN WITH OUTLAY OF 17 PERCENT, 20 PERCENT, OR 25 PERCENT OF INCOME FOR FOOD ¹

Age and sex	Income class ²		
	\$1,000	\$1,000 to \$1,999	\$2,000 to \$2,999
Girl, 14 to 21:			
17 percent	\$390	\$135	(³)
20 percent	390	90	(³)
25 percent	390	15	(³)
Boy, 14 to 21:			
17 percent	450	195	\$25
20 percent	450	150	(³)
25 percent	450	75	(³)
Male, 22 to 64:			
17 percent	395	140	(³)
20 percent	395	95	(³)
25 percent	395	20	(³)
Female, 22 to 64:			
17 percent	345	90	(³)
20 percent	345	45	(³)
25 percent	345	(³)	(³)
Male, 65 or over:			
17 percent	330	75	(³)
20 percent	330	30	(³)
25 percent	330	(³)	(³)
Female, 65 or over:			
17 percent	280	25	(³)
20 percent	280	(³)	(³)
25 percent	280	(³)	(³)

¹ Based on the difference between the annual economy food plan costs for unrelated individuals, by age and sex, contained in table 1A and the annual outlay of income for food by unrelated individuals, by age and sex. Where the annual individual income was less than \$1,000, it was assumed that all necessary stamps would be provided free of charge. Where the annual individual income exceeded \$1,000, it was assumed that all of the individuals in each income class were at the midpoint of the income range for their class and that the individuals spent 17 percent, 20 percent, or 25 percent of their after-tax incomes for food, reducing the bonus to which they were entitled by that amount, e.g., if a male aged 25 was at the \$1,500 income level (\$1,000 to \$1,999 range), then a 17-percent outlay would yield \$255 for food, requiring \$140 in bonus stamps to reach the economy food plan requirement of \$395.

² Income classes were selected in light of the most recent available data (1967) on the District of Columbia.

³ Indicates that the individual's investment of income exceeds the cost of the economy food plan, hence no bonus stamps are necessary.

TABLE 4.—DISTRIBUTION OF FAMILIES BY FAMILY SIZE AND INCOME, WASHINGTON, D.C.¹

Family size	Under \$1,000	\$1,000 to \$1,999	\$2,000 to \$2,999	\$3,000 to \$3,999	\$4,000 to \$4,999	\$5,000 to \$8,999
Without children (2)	3,077	2,208	4,380	5,249	2,932	25,376
With children:						
3 (1 child)	1,164	836	1,658	1,987	1,110	9,604
4 (2 children)	1,216	872	1,730	2,073	1,158	10,024
5 (3 children)	969	695	1,379	1,653	924	7,991
6 (4 children)	765	549	1,089	1,305	729	6,309
7 (5 children)	544	391	775	928	518	4,487
8 (6 children)	765	549	1,089	1,305	729	6,309

¹ The number of families in the District in each income range as of 1967 was obtained from the Mayor's economic development program for Washington, ch. 11, chart No. 1 (Bureau of the Census data). This was distributed by family size by assuming that poor families in the District were distributed according to family size in the same manner as poor families throughout the United States. The countrywide figures as of 1966 were derived by the Social Security Administration. See Orshansky, "The Shape of Poverty in 1966," Social Security Bulletin, March 1968, p. 7, table No. 4.

TABLE 4-A.—DISTRIBUTION OF UNRELATED INDIVIDUALS BY AGE, SEX, AND INCOME, WASHINGTON, D.C.¹

Age and sex	Number of individuals		
	Under \$1,000	\$1,000 to \$1,999	\$2,000 to \$2,999
Female 14 to 21	\$1,068	\$549	
Male 14 to 21	1,068	549	\$534
Male 22 to 64	9,790	5,032	
Female 22 to 64	9,790	5,032	
Male 65 or over	6,942	3,569	
Female 65 or over	6,942	3,569	

¹ The number of unrelated individuals in the District in each income range as of 1967 was obtained from the Mayor's economic development committee's "Overall Economic Development Program for Washington," ch. 11, chart No. 2 (Bureau of the Census data). This was further broken down by age by assuming that poor unrelated individuals in the District were distributed according to age in the same manner as poor unrelated individuals throughout the United States. The countrywide figures as of 1966 were derived by the Social Security Administration. See Orshansky, "The Shape of Poverty in 1966," Social Security Bulletin, March 1968, p. 6, table No. 3. The final analysis by sex assumed an equal division between male and female in each age group.

TABLE 5.—FOOD STAMPS IN THE DISTRICT OF COLUMBIA, ANNUAL COST OF PLAN WITH FAMILY INVESTMENT OF 17 PERCENT OF INCOME¹

Family size	Income class					
	Under \$1,000	\$1,000 to \$1,999	\$2,000 to \$2,999	\$3,000 to \$3,999	\$4,000 to \$4,999	\$5,000 to \$8,999
Without children: 2	2, 184, 670	1, 004, 640	1, 248, 300	603, 635		
With children:						
3 (1 child)	1, 094, 160	572, 660	853, 870	665, 645	194, 250	
4 (2 children)	1, 459, 200	824, 040	1, 340, 750	1, 254, 165	503, 730	100, 240
5 (3 children)	1, 288, 770	747, 125	1, 247, 995	1, 214, 955	522, 060	1, 118, 740
6 (4 children)	1, 109, 250	656, 055	1, 116, 225	1, 115, 775	499, 365	1, 640, 340
7 (5 children)	875, 840	529, 805	918, 375	941, 920	437, 710	1, 184, 540
8 (6 children)	1, 453, 500	903, 105	1, 606, 275	1, 703, 025	827, 415	4, 479, 390
Total	9, 465, 390	5, 237, 430	8, 331, 790	7, 499, 120	2, 984, 530	9, 223, 250

¹ The figures were determined by multiplying the number of families of a given size in a given income class in the District (see table 4) by the annual amount of bonus stamps necessary to permit such families to obtain the economy food plan with the appropriate percentage outlay of income for food (see table 3).

TABLE 6.—FOOD STAMPS IN THE DISTRICT OF COLUMBIA, ANNUAL COST OF PLAN WITH FAMILY INVESTMENT OF 20 PERCENT OF INCOME¹

Family size	Income class					
	Under \$1,000	\$1,000 to \$1,999	\$2,000 to \$2,999	\$3,000 to \$3,999	\$4,000 to \$4,999	\$5,000 to \$8,999
Without children: 2	2, 184, 670	905, 280	919, 800	52, 490		
With children:						
3 (1 child)	1, 094, 160	535, 040	729, 520	476, 880	44, 400	
4 (2 children)	1, 495, 200	784, 800	1, 211, 000	1, 036, 500	347, 400	
5 (3 children)	1, 288, 770	715, 850	1, 144, 570	1, 041, 390	397, 320	
6 (4 children)	1, 109, 250	631, 350	1, 034, 570	978, 750	400, 950	315, 450
7 (5 children)	875, 840	512, 210	860, 250	844, 480	367, 780	942, 270
8 (6 children)	1, 453, 500	878, 400	1, 524, 600	1, 566, 000	729, 000	3, 154, 500
Total	9, 465, 390	4, 962, 930	7, 424, 290	5, 996, 490	2, 286, 850	4, 412, 220

¹ The figures were determined by multiplying the number of families of a given size in a given income class in the District (see table 4) by the annual amount of bonus stamps necessary to permit such families to obtain the economy food plan with the appropriate percentage outlay of income for food (see table 3). Grand total of \$34,558,170.

TABLE 7.—FOOD STAMPS IN THE DISTRICT OF COLUMBIA, ANNUAL COST OF PLAN WITH FAMILY INVESTMENT OF 25 PERCENT OF INCOME¹

Family size	Income class					
	Under \$1,000	\$1,000 to \$1,999	\$2,000 to \$2,999	\$3,000 to \$3,999	\$4,000 to \$4,999	\$5,000 to \$8,999
Without children: 2	2, 184, 670	739, 680	372, 300			
With children:						
3 (1 child)	1, 094, 160	472, 340	522, 270	129, 155		
4 (2 children)	1, 459, 200	719, 400	994, 750	673, 725	86, 850	
5 (3 children)	1, 288, 770	663, 725	972, 195	752, 115	189, 420	
6 (4 children)	1, 109, 250	590, 175	898, 425	750, 375	236, 925	
7 (5 children)	875, 840	482, 885	763, 375	682, 080	251, 230	
8 (6 children)	1, 453, 500	837, 225	1, 388, 475	1, 337, 625	564, 975	946, 350
Total	9, 465, 390	4, 505, 430	5, 911, 790	4, 325, 075	1, 329, 400	946, 350

¹ The figures were determined by multiplying the number of families of a given size in a given income class in the District (see table 4) by the annual amount of bonus stamps necessary to permit such families to obtain the economy food plan with the appropriate percentage outlay of income for food (see table 3). Grand total of \$26,483,435.

TABLE 8.—FOOD STAMPS IN THE DISTRICT OF COLUMBIA

Annual cost of plan with unrelated individuals' investment of 17, 20, and 25 percent of income ¹

Age and sex	Income class		
	Under \$1,000	\$1,000 to \$1,999	\$2,000 to \$2,999
17 percent participation (grand total, \$14,085,120):			
Female 14 to 21.....	\$416, 520	\$74, 115	-----
Male 14 to 21.....	480, 600	107, 055	\$13, 350
Male 22 to 64.....	3, 867, 050	704, 480	-----
Female 22 to 64.....	3, 377, 550	452, 880	-----
Male 65 or over.....	2, 290, 860	267, 675	-----
Female 65 or over.....	1, 943, 760	89, 225	-----
Total.....	12, 376, 340	1, 695, 430	13, 350
20 percent participation (grand total, \$13,319,650):			
Female 14 to 21.....	416, 520	49, 410	-----
Male 14 to 21.....	480, 600	82, 350	-----
Male 22 to 64.....	3, 867, 050	478, 040	-----
Female 22 to 64.....	3, 377, 550	226, 440	-----
Male 65 or over.....	2, 290, 860	107, 070	-----
Female 65 or over.....	1, 943, 760	-----	-----
Total.....	12, 376, 340	943, 310	-----
25 percent participation (grand total, \$12,526,390):			
Female 14 to 21.....	416, 520	8, 235	-----
Male 14 to 21.....	480, 600	41, 175	-----
Male 22 to 64.....	3, 867, 050	100, 640	-----
Female 22 to 64.....	3, 377, 550	-----	-----
Male 65 or over.....	2, 290, 860	-----	-----
Female 65 or over.....	1, 943, 760	-----	-----
Total.....	12, 376, 340	150, 050	-----

¹ The figures were determined by multiplying the number of unrelated individuals of a given age and sex in a given income class in the District (see table 4A) by the annual amount of bonus stamps necessary to permit such individuals to obtain the economy food plan with the appropriate percentage outlay of income for food (see table 3A).

TABLE 9.—Food stamps in District of Columbia: Total annual cost of plan, individuals and families combined ¹

17-percent participation :		
Families		\$42, 741, 510
Individuals		14, 085, 120
Total		56, 826, 630
20-percent participation :		
Families		34, 558, 170
Individuals		13, 319, 650
Total		47, 877, 820
25-percent participation :		
Families		26, 483, 435
Individuals		12, 526, 390
Total		39, 009, 825

¹ Figures determined by combining relevant totals in tables 5, 6, and 7 with those totals in table 8.

TABLE 10.—Number of individuals in District of Columbia requiring some financial assistance

17-percent participation assumption :		
Family members		390, 385
Unrelated individuals		54, 434
Total		444, 819

20-percent participation assumption :

Family members -----	310, 334
Unrelated individuals -----	50, 331

Total -----	360, 665
-------------	----------

25-percent participation assumption :

Family members -----	218, 697
Unrelated individuals -----	40, 267

Total -----	258, 964
-------------	----------

Mr. BALL. Our findings indicate that the current food stamp program in the District of Columbia is reaching only approximately 11 percent of those people needing some financial assistance to maintain minimum nutritional levels.

That I think is our most significant finding.

A significant percentage of families eligible for food stamps do not have the income to permit them to purchase stamps.

The unrealistic current bonus value schedule presents an additional deterrent to program participation.

The total value of most families food stamp allotments falls well below even the U.S. Department of Agriculture's "economy" food plan, which itself is approximately 20 percent below the "low-cost" plan. Moreover, under the sliding scale in effect, the poorer the family the lower its food allotment.

The requirement that the total monthly supply of food stamps be purchased at one or two times a month is a formidable obstacle to participation.

Funds and staff for administration and certification are inadequate.

Certification and distribution regulations and procedures are unnecessarily complicated and rigid, and make participation a difficult, time-consuming and sometimes humiliating process.

Each of the bills before this committee contains useful proposals to improve the food stamp program. We believe that, in order to meet existing needs, the bill reported by your committee should contain at least the following provisions:

1. Eligibility. Minimum national standards should be established to cover all households whose disposable incomes fall below three times the cost of the USDA low-cost food plan. This would mean that no family would be required to spend more than approximately 33 percent of its income on food to obtain a minimum nutritional diet. Since the average American family's expenditure on food is 17 percent of disposable income, this would hardly seem an unreasonable standard.

The CHAIRMAN. What would that mean converted for the committee?

Mr. BALL. In dollars?

The CHAIRMAN. Yes.

Mr. BALL. This is much the point that you were discussing with the previous witness, Mr. Chairman. If a family has income less than three times what has been determined to be needed to establish basic nutrition, it would be eligible to participate in the program.

The CHAIRMAN. What would that mean in the District of Columbia?

Mr. BALL. We have not measured the situation in the District of Columbia against that standard.

The CHAIRMAN. Because your statement seems to envision assistance only as it applies to the District of Columbia, unless you have got something else.

Mr. BALL. Without going into detail on our study in the District of Columbia, we made an analysis somewhat like the one which we would propose be implemented in legislation. We looked at income levels in the District of Columbia, and compared these with the incomes families should have if they are to purchase basic minimal requirements on the "economy" food plan, which is below the "low-cost" plan. We assumed that no family should spend more than a quarter of its income for food. Applying that formula across the board, we arrived at a need for additional assistance to some 220,000 people.

The CHAIRMAN. In the District?

Mr. BALL. In the District of Columbia. Now the formula for eligibility that we think should be enacted need not be quite so all-encompassing. We suggest a cutoff level here, for instance, of 33 percent, instead of a quarter of family income spent for food. This would mean that people at the higher reaches of the poverty zone would not participate in the program. At that level, the level above three times \$1,440 for a family of four, the added value, the added bonus stamps, to be gotten out of the food stamp program are probably not worth the administrative cost, and it may not be worth it to the family to have to commit itself to purchase the stamps.

The CHAIRMAN. Your views are somewhat similar to the preceding witness.

Mr. BALL. Yes, sir.

The CHAIRMAN. That all people in the District let us say who receive less than \$4,300 in round figures should participate in this program?

Mr. BALL. Yes, that was as to a family of four, you understand.

The CHAIRMAN. Yes, I understand. Well, assuming that the family got \$3,000, how would your formula work?

Mr. BALL. At \$3,000—

The CHAIRMAN. Or make it any figure you have below \$4,300 that you have got in your table.

Miss DONALD. I think what we are proposing actually is somewhat different from the existing food stamp program. We think that everybody eligible for the program with incomes falling below three times the average cost of a nutritionally adequate diet (which means spending at least 33 percent for food)—on, would be required to spend only up to 25 percent on food, so that a family of four with \$3,000 income would be eligible. The purchase price and bonus value would be graduated according to income, so it would be equitable.

The CHAIRMAN. Can you give me an example?

Mr. BALL. An example—

The CHAIRMAN. A family of four under your formula, how much stamps would the Federal Government make available to them and at what cost, if any?

Mr. BALL. S. 2014 would apply a formula which we think is a suitable formula. A family of four at \$3,000 a year would purchase \$1,440 worth of food stamps for \$750. There would be a bonus of \$690.

Mr. Chairman, we could give you the table which has been developed on this.

The CHAIRMAN. It might be well that you file that table with the committee.

Mr. BALL. All right.

(The information is as follows:)

ANNUAL FOOD STAMP SCHEDULE FOR A FAMILY OF 4 (NORTH)

	Present program	S. 2014	S. 1864
Availability of free stamps.	None, except in a few selected areas.	To families with incomes under two-thirds of the cost of a nutritionally adequate diet.	To families with incomes under \$40 per month or less if the Secretary so determines or none at all if the Secretary so determines.
Total value of coupons available.	Such amounts as will provide households with an opportunity more nearly to obtain a low-cost nutritionally adequate diet, but more for wealthier low-income households,	Sufficient to enable participating households to purchase a nutritionally adequate diet and no less than low-cost food plan for households.	As in existing act.

ILLUSTRATION—YEARLY FOOD STAMP SCHEDULE FOR A FAMILY OF 4 (NORTH)

	Present program	S. 2014	S. 1864
\$20 per month/\$240 per year:			
Purchase price.....	24	0	0
Bonus.....	696	1,440	720
Total.....	720	1,440	720
\$30 per month/\$360 per year:			
Purchase price.....	120	0	0
Bonus.....	624	1,440	744
Total.....	744	1,440	744
\$40 per month/\$480 per year:			
Purchase price.....	158	0	120
Bonus.....	576	1,440	624
Total.....	744	1,440	744
\$50 per month/\$600 per year:			
Purchase price.....	240	0	150
Bonus.....	528	1,440	618
Total.....	768	1,440	768
\$80 per month/\$960 per year:			
Purchase price.....	432	2 144	240
Bonus.....	432	1,256	624
Total.....	864	1,440	864
\$100 per month/\$1,200 per year:			
Purchase price.....	528	2 150	300
Bonus.....	408	1,290	636
Total.....	936	1,440	936
\$120 per month/\$1,440 per year:			
Purchase price.....	624	3 360	360
Bonus.....	384	1,080	648
Total.....	1,008	1,440	1,008

ILLUSTRATION—YEARLY FOOD STAMP SCHEDULE FOR A FAMILY OF 4 (NORTH)—Continued

	Present program	S. 2014	S. 1864
\$125 per month/\$1,500 per year:			
Purchase price.....	624	³ 375	375
Bonus.....	384	1,065	633
Total.....	1,008	1,440	1,008
\$170 per month/\$2,040 per year:			
Purchase price.....	720	³ 508	510
Bonus.....	336	932	546
Total.....	1,056	1,440	1,056
\$200 per month/\$2,400 per year:			
Purchase price.....	816	³ 600	600
Bonus.....	288	840	504
Total.....	1,104	1,440	1,104
\$250 per month/\$3,000 per year:			
Purchase price.....	912	³ 750	750
Bonus.....	288	690	450
Total.....	1,200	1,440	1,200
\$290 per month/\$3,480 per year:			
Purchase price.....	960	³ 870	870
Bonus.....	288	570	378
Total.....	1,248	1,440	1,248
\$350 per month/\$4,200 per year:			
Purchase price.....	(⁴)	³ 1,050	(⁴)
Bonus.....		390	
Total.....		1,440	
\$400 per month/\$4,800 per year:			
Purchase price.....	(⁴)	(⁴)	(⁴)
Bonus.....			
Total.....			

¹ Cutoff for free stamps.² After June 30, 1970.³ After June 30, 1971.⁴ Not eligible.

The CHAIRMAN. This is how the formula would work, and you would want to apply that nationwide?

Mr. BALL. Yes, sir. There may, of course, be variations based on the costs of meeting nutritional needs in different parts of the country, but this we think is a workable formula based on what seems to be a fair measure of need.

The CHAIRMAN. Washington is known as a city in which the cost of living is very high, much higher than any part of the country.

Mr. BALL. We have not made allowance for that.

The CHAIRMAN. You have not. Now in areas where the rent should be cheaper, would you decrease this sum?

Mr. BALL. I think, Mr. Chairman, there may be variations from region to region, perhaps between urban and rural areas.

The CHAIRMAN. So that your formula would not apply to the country as a whole?

Mr. BALL. No. The basic bit of information on which the whole formula is based; namely, what it costs to provide a basic nutritional diet, may vary from place to place.

The CHAIRMAN. Proceed.

Senator MILLER. Would the Senator yield at that point, please?

Do I understand that you are proposing standards by regions, with respect to the \$1,440? In other words, the \$1,440 would apply here. It might be \$1,000 in some other area, it might be \$1,200 in some other area. Is that what you are proposing?

Mr. BALL. I do not want to get so specific as to say I think there should be differences among all the regions. I do think this: The basic information on which your formula is based; namely, what it costs to provide a basic diet, should actually measure that cost, and if there are differences, as I am sure there are between cities and the country, and between some regions, then those differences should be taken into account.

Senator MILLER. Then you think they should be. I see no reason for you to be reluctant to recognize that.

Mr. BALL. All right. I just wanted to make my point clear, Senator.

Senator MILLER. Thank you.

The CHAIRMAN. Proceed.

Mr. BALL. Among the other provisions that we think should be in the bill reported by your committee are these:

2. *Food Stamp Value.* Every eligible family, without regard to income or food stamp payments, should receive stamps equal in amount to the cost of the USDA low-cost food plan.

3. *Purchase Price.* No eligible family should be required to pay more than 25 percent of its income for food stamps. A purchase schedule should be established to authorize free food stamps for those with no income or very low incomes, with a sliding scale up to 25 percent of disposable income for other eligible families. There should be a flexible system of payment permitting partial purchase of the total monthly allotment.

The CHAIRMAN. Do you know of any family in Washington that does not have any income whatsoever?

Mr. BALL. I believe that there are such. Our agencies report that there are such.

The CHAIRMAN. How do they live or how do they exist? Do they live with other people? Who feeds them? I have heard that oftentimes.

Mr. BALL. Often the voluntary agencies are forced to just step in, if there is no family and no one else to help. The voluntary agencies will step in and give them what they have to have to keep going. It is an emergency measure and not a satisfactory one, but it sometimes happens.

4. *Commodity Coverage.* Food stamps should cover the purchase of items necessary for personal cleanliness, hygiene, and home sanitation. These essential items are generally accepted as a normal part of the food budget. We have found that noneligibility of these items under the present program is a significant deterrent to participation.

Senator CURTIS. Are you talking about soap?

Mr. BALL. Yes, sir; the sort of things which are normally picked up at the grocery store and which are basic necessities.

Senator MILLER. How could that be a significant factor deterrent in participation if they can still get the food?

Mr. BALL. Well, what we hear from our agencies is this. When one is faced with the prospect of purchasing or not purchasing food

stamps, one is faced with committing a large part of the family budget in one hunk of money, and we hear that sometimes people are just not willing or not able to commit that much to food alone. They find that they have other needs. They find that they want to buy other things at the grocery store. They want the soap and other necessary things. The report that we get from our agencies is that this, among other factors, makes people reluctant to participate in the food stamp program.

Senator MILLER. They do not understand that they are getting \$2 or \$3 or \$4 of stamps for \$1, or even more?

Mr. BALL. Well, perhaps they understand that, but there are also the kinds of drawbacks that I have indicated, which make the program to some people just unappealing.

Senator MILLER. Do you think this is widespread?

Mr. BALL. I really cannot tell you, Senator. I do know that agencies that we have talked to in this area find it widespread here.

The CHAIRMAN. Proceed.

Mr. BALL. 5. *Simplified Certification*. The self-declaration or affidavit system should be approved.

6. *Distribution*. A flexible system of distribution should be established as appropriate—through post offices, directly or by mail, through participating retail foodstores or through other channels.

7. *Consumer Education and Publicity*. Specific programs and funds should be authorized to insure that adequate publicity and effective nutrition counseling are available in every community. Counselors and neighborhood workers should be chosen from the poor themselves wherever possible.

8. *Federal Responsibility and Authority*. To guarantee that every needy family can avail itself of this national program, the Federal Government must have the responsibility and authority, in the absence of appropriate State or local action, to initiate and administer programs directly or through other public or nonprofit agencies.

Of the various bills before your committee, we believe that S. 2014 would best meet these objectives, and would meet them well.

In conclusion, I want only to emphasize that the problem of hunger in our Nation is not one about which only the needy or certain public officials are concerned. The private agencies represented by our council are also vitally concerned. And perhaps more importantly, the very many people—ordinary middle-class people—who work with and support these agencies care.

We hope that, by expressing the deep concern that we feel, we have contributed toward a chain of events that will eventually, with your help, result in a nation where none need exist without a basic, nutritional diet.

The CHAIRMAN. Somebody suggested that agencies such as you represent should be the ones to administer this program at the local level. Do you agree with that? Do you have enough funds?

Mr. BALL. I believe that many of our agencies could help handle this sort of thing. I have not talked with any of them explicitly about this. I do know that some of our agencies operate programs, in addition to their normal privately funded programs, that are funded and conducted under Federal contracts. I would suspect some could undertake something of this. They have a certain outreach capability.

The CHAIRMAN. Why do you suggest that? Is it because of their

knowledge of conditions and they could do a better job of it, knowing who should get what?

Mr. BALL. The agencies do, of course, work with the poor people. They have a certain outreach to these people, and they know a good deal of their problems.

The CHAIRMAN. And that is your reason for advocating or one of your reasons for advocating that these agencies could do a better job than the officials of the District of Columbia?

Mr. BALL. I was not advocating. I do believe that some of these agencies might help handle the program.

The CHAIRMAN. You are not advocating that I know, but some have suggested that instead of letting the local governments do it, like the District of Columbia or like a county or a municipality.

Mr. BALL. And I do believe it might be a feasible way of working part of the program. It might be better in some cases, but frankly I do not know.

The CHAIRMAN. How many agencies do you represent in Washington, do you know?

Mr. BALL. There are 83 financially participating agencies, that is agencies that are receiving UGF funds through our Council, and then a much larger number of agencies affiliated with the Council in addition.

The CHAIRMAN. What do you figure the amount that you distribute by way of food through your agencies in the District of Columbia?

Mr. BALL. Of course we are largely not in the food distribution business. I do not have figures on what, say, the Salvation Army gives people in the way of food or in the way of cash to buy food with, but in talking with some of our agencies, in preparation for testimony before the select committee, we did ask agencies about how much money they were having to expend just as "seed money" for the food stamp program. One agency said \$25,000 a year, another said \$19,000.

The CHAIRMAN. And they collect that from various sources?

Mr. BALL. This is largely United Givers Fund money. It had not of course been budgeted for this, but it just had to be expended to help people buy food stamps.

The CHAIRMAN. I know the Salvation Army is very much interested, is very active in the city of Washington, because for the past 10 years they have had programs, and they call on me to make Pralines for them and every time I have occasion I make from 150 to as many as 500 and they sell those at 50 cents apiece, so the chairman contributes quite a bit to the good of the Salvation Army.

Mr. BALL. That is a fine contribution, Mr. Chairman.

The CHAIRMAN. The point is though that the agencies that you represent depend on the public for contributions to be made to them so that they can carry this work out?

Mr. BALL. That is correct.

Miss DONALD. May I say something too?

The CHAIRMAN. Yes. Will you identify yourself for the record.

Miss Donald, Barbara Donald, and I am a member of the committee.

The Salvation Army is one of our participating agencies, and it is one of the agencies that we collected information from. They could not give us exact figures. In many cases a lot of agencies said they could not break it down, but they give sometimes substantially, and this is dependent on private contributions. In the case of the agency,

for example, which gave \$25,000, its total UGF budget for the program for services is only \$480,000, so it is quite a large percentage that goes to cash relief.

The CHAIRMAN. Any further questions?

Senator MILLER. Could I ask a couple of questions?

Mr. BALL, you said that you have found here in Washington private agencies frequently have to provide cash assistance to the needy so that they can participate in the food stamp program?

Mr. BALL. Yes, sir.

Senator MILLER. Do you have any figures on that?

Mr. BALL. Those were the \$19,000 and the \$25,000 figures I gave. We do not have total figures.

Senator MILLER. I thought that was overall food purchases.

Mr. BALL. No, I do not want to leave that impression at all. This was simply what it cost two agencies that we talked to, two major agencies, to prime the pump, to give out the seed money necessary to help make the food stamp program go.

Miss DONALD. It is total food purchases, but if they had had the money to be able to buy the stamps, they would not have had to have cash relief to buy the food.

Senator MILLER. I am wondering how much of the \$19,000 would be seed money so to speak.

Senator JORDAN. All of it?

Mr. BALL. All of it.

Senator JORDAN. That is what he said.

Mr. BALL. These are people who either had no money or had so little money they could not purchase their monthly allotment of food stamps.

Senator MILLER. Now you recommend, as many have done, that the Federal Government have the responsibility and authority, in the absence of appropriate State or local action, to initiate and administer programs. What guidelines should there be for the Secretary of Agriculture or whoever is administering the program to follow in making a determination that the local agency has not taken proper action and therefore it is necessary for the Federal Government to take action? For example, a finding of a certain degree of malnutrition in the county, and if there is such a finding by what standards will the malnutrition be measured, the U.S. Public Health Service or what?

I run into the fact that some people resent what they regard as arbitrary action by the Federal Government, and to avoid that, it seems to me we ought to set forth some minimal standards, and I am sure you have some minimal standards in mind when you made that statement?

Mr. BALL. We certainly agree there should be such procedural and substantive standards. We do not advocate any particular set of standards.

Senator MILLER. What would be feasible in the District of Columbia, for example?

Mr. BALL. Well, I was simply going to say that S. 2014 does have one set of substantive standards which we think adequate, and beyond that, sir, I really cannot comment. I really have not thought through in more detail what the standards should be.

Senator CURTIS. I will try to be brief but I want to ask a couple of questions.

What is the eligibility in the District of Columbia for food stamps?

Mr. BALL. What is the eligibility?

Senator CURTIS. Yes.

Mr. BALL. You mean in terms of—

Senator CURTIS. Of being eligible to buy food stamps.

Mr. BALL. Well, it varies.

Miss DONALD. It is related to the income standard for public assistance subject to various adjustments.

Senator CURTIS. What does it amount to here in the District of Columbia?

Miss DONALD. It differs you might say for each person, because they take their individual situation if they pay an excessive amount for rent or if they have excessive medical expenses, and each individual's income is considered separately in this rather complicated process of certification.

Senator CURTIS. That is not so in other States?

Miss DONALD. I suppose it may well be in these different State plans of operation. It is basically a question of the income standard for public assistance in the District. I am sorry I do not have the exact figures for that.

Mr. BALL. We could supply this for the record if you would like it, Senator.

Senator CURTIS. I would think there should be a simple answer to that as to who is eligible for food stamps in the District of Columbia.

Miss DONALD. Anybody who is on public assistance, and others whose incomes relate to the standards established for public assistance.

Senator CURTIS. Well, what is that?

Miss DONALD. We could get the definition of that.

Mr. BALL. I do not have that.

(The information is as follows:)

Maximum monthly income eligibility standards for nonpublic assistance households in the District of Columbia

[Net after allowable deductions] *

<i>Income</i>		<i>Income</i>	
1 -----	\$120	6 -----	\$320
2 -----	180	7 -----	350
3 -----	220	8 -----	375
4 -----	250	9 -----	400
5 -----	285	10 -----	425

*Maximum income standards for Public Assistance Households are somewhat lower.

Senator CURTIS. How many people are deprived of food stamps in the District of Columbia because the eligibility is too rigid? And how many are deprived because they either do not elect to do it or do not have the matching money?

Mr. BALL. Again, Senator, I cannot give you exact figures. We

simply know that, as the present program is operated, it does not reach very many of those in need.

The CHAIRMAN. Senator Curtis, I have before me a table that was made part of the record this morning, and in the District of Columbia, a family of four, the amount of income per family is \$250.

Senator MILLER. A month?

The CHAIRMAN. A month, \$250 per month.

Senator CURTIS. How many such families do we have?

The CHAIRMAN. The record does not show it. I guess we can obtain that.

Mr. BALL. Yes, and we would be happy to provide it, sir.

(The information is on page 221.)

The CHAIRMAN. Any further questions?

Senator CURTIS. No further questions at this time, Mr. Chairman.

The CHAIRMAN. Have you ever thought of providing cash, a little cash to those families that do not have any funds at all so they can go and buy stamps with it?

Mr. BALL. As I pointed out, it has been necessary in some cases to do that.

The CHAIRMAN. You have done that?

Mr. BALL. Yes, sir.

The CHAIRMAN. Because I felt that in States, for instance, or like the District of Columbia, where the recipient has no money at all, it would be possible for the local government or the county to provide a minimum to people who have no money, say \$3 or \$5 so they can get anywhere from \$25 to maybe \$50 of stamps with the money?

Mr. BALL. We think that more or less the same thing can be accomplished and probably better, by simply providing free food stamps to people of very low incomes.

The CHAIRMAN. Yes, but when you start talking free there is no limit under the formulas that would be submitted.

Mr. BALL. Yes, sir, but—

The CHAIRMAN. I think it would be appreciated more if they pay something for it.

Mr. BALL. I think it is becoming more and more apparent that there are some people who simply cannot afford either to pay anything or who cannot afford to pay more than a token amount.

The CHAIRMAN. Thank you very much.

Senator CURTIS. How do they afford to get along without it?

Mr. BALL. As I pointed out earlier in response to a similar question, they may be tided over by their families or friends. Often, as I pointed out, our agencies just pick up the pieces in an emergency situation.

The CHAIRMAN. Thank you very much.

Mr. BALL. Thank you, Mr. Chairman.

The CHAIRMAN. Mrs. Fred R. Harris and Lowell Beck, will you step forward, please.

All right, Mrs. Harris, will you identify yourself for the record?

**STATEMENT OF MRS. FRED R. HARRIS AND LOWELL R. BECK,
EXECUTIVE DIRECTOR, URBAN COALITION ACTION COUNCIL**

Mr. BECK. Mr. Chairman, I will begin if it is all right with you, sir.

The CHAIRMAN. You may proceed.

Mr. BECK. Mr. Chairman and members of the committee, I am Lowell Beck, the Executive Director of the Urban Coalition Action Council.

The Urban Coalition Action Council brings together various leaders in American life who do not normally collaborate on national issues but who share an overriding concern about the problems of our country and particularly the cities. These leaders are from business, labor, city and State governments, religious and minority groups. Mr. John W. Gardner, the former Secretary of HEW, is the chairman of the Urban Coalition Action Council.

The Action Council supports improvements in the food stamp program and larger appropriations to combat malnutrition and hunger. Even though our title is "Urban coalition," Mr. Chairman, I just want to stress that we certainly do see this as a national problem affecting both our rural and our urban communities.

I have the pleasure this afternoon of presenting a most valued and charming member of the Action Council, Mrs. Fred R. Harris, the wife of your distinguished colleague, Senator Harris. She has had long experience in working to improve the living conditions of disadvantaged citizens in this country. She is the Chairman of the Women's Advisory Committee on Poverty to the Office of Economic Opportunity and heads the National Urban Coalition Task Force on Health.

She is a member of the National Council on Indian Opportunity and chairs the Council's Committee on Urban Indians. In this post, Mrs. Harris has held hearings throughout the country on problems of Indians who move from reservations to metropolitan areas. She truly has firsthand knowledge of the blighting effects of malnutrition and hunger.

She can speak from firsthand experience and I am very happy to present her to you this afternoon.

The CHAIRMAN. Will you first tell us how is your Council maintained?

Mr. BECK. Yes, sir. The Council has some 50 members from business, from labor, civil rights groups, businessmen such as Mr. David Rockefeller, Mr. Henry Ford and Mr. Fritz Close.

The CHAIRMAN. You must have a very big budget.

Mr. BECK. We do not have a very big budget. Other members are Mr. George Meany, Mr. Walter Reuther, Mr. Whitney Young, Mr. Roy Wilkins and Mr. George Philip Randolph. We have a wide variety of people on this Council. The purpose of this organization is to try to bring people together who normally do not agree on issues, to sit down around the table.

The CHAIRMAN. And try to make them think alike?

Mr. BECK. And talk together. We try to come to some agreement.

The CHAIRMAN. Mrs. Harris, we are glad to have you.

Mrs. HARRIS. Thank you, sir.

Mr. Chairman, I certainly appreciate this opportunity, and if I could I would like to submit a formal statement for the record. In order to take less time, I will just hit the highlights if I could.

The CHAIRMAN. Very well. Your statement will be printed in the record at this point.

(The prepared statement of Mrs. Harris is as follows:)

Mr. Chairman and members of this Committee, my name is Mrs. Fred R. Harris, and I am appearing on behalf of the Urban Coalition Action Council. I appreciate the opportunity to appear before this Committee today on the vital issue of providing adequate food programs for the poor of America.

That serious hunger, malnutrition and undernutrition exist in America is no longer arguable. That our current food programs are failing to meet these grave problems is clear. Malnutrition and hunger among the poor emerged as an issue more than two years ago in Mississippi hearings before the Senate Subcommittee on Employment, Manpower and Poverty in April of 1967. These hearings were followed by the publication of "Hunger USA" and the CBS documentary on "Hunger in America". More Senate hearings followed during the summer of 1968 which resulted in the establishment of the Select Committee on Nutrition and Human Needs chaired by Senator George McGovern and on which you, Mr. Chairman and Senator Cook serve. This committee has heard extensive testimony on the existence of hunger and malnutrition including that of Dr. Arnold Shaefer, Director of the National Nutrition Survey of the Public Health Service of HEW who testified that preliminary data indicate "an alarming prevalence of characteristics associated with undernourished groups." Shockingly, Dr. Shaefer's survey also uncovered 7 cases of marasmus and kwashiorkor which we did not believe existed in this rich country.

The Subcommittee on Food and Nutrition of the President's Urban Affairs Council estimated that half of *all* infants from poor families in the United States are likely to suffer from undernutrition and that there is no significant proportion of the poor who do *not* suffer from under-nutrition. Moreover, it estimates that half of the poor in the Southern states and a fifth of the poor in non-Southern states suffer from malnutrition and that "scattered evidence indicates five to ten million (persons) are suffering from severe hunger and malnutrition."

Despite the crying need, documented in all of the forums cited above and beginning over two years ago, our current food programs are still not reaching three fourths of the poor, many of whom suffer extreme poverty. At present, the direct distribution program is operating in 1400 counties and serving approximately 3.7 million individual recipients. Under this program, 22 commodities are made available to the states with a retail value of \$13 per person per month. These commodities have less than adequate amounts for energy and Vitamin A according to the National Research Council's Recommended Dietary Allowances.

Even so, only 380 of the 1400 participating counties accept 20 or more of the 22 foods which means that even those poor persons participating in this federal food program are being denied an adequate diet.

The food stamp program provides a bonus for food purchases which varies with the income and family size of the recipient with an average bonus of \$6.90 per person per month in food purchasing power. 2.8 million persons participate in this program. This program provides only 60% of the minimum needs of those in extreme poverty who participate. Both programs fall far below the Department of Agriculture's own economy food plan which calls for \$25 per person per month or \$1200 per year for a family of four—an amount USDA admits can be utilized by only the most ingenious of the poor to gain a balanced diet. Moreover, there remain approximately 480 counties and independent cities with no food programs at all and which include about 10% of the poor. In areas where food programs operate, only one third of the poor are being reached—around 6 million of 25 million persons living in families with less than \$3000 annual income.

OEO estimates that approximately 5.5 million persons live in families with an income of less than \$1000 for a family of four, \$200 less than the \$1200 rock-bottom USDA requirement for food alone per year. OEO also estimates that 8 million persons live in families with incomes less than \$1200 a year for a family of four, the amount USDA says they need for food alone. It is safe to assume that many of this group are going hungry. The Census Bureau estimates that more than 11 million persons live in families with incomes less than \$2200 per year for a family of four. To meet USDA's economy plan standards, they would have to spend approximately 55% of their income. Clearly with the costs of clothing, shelter, medicine, utilities and other fixed necessary expenses, these people are not eating adequately. After all, the average American spends only 17.4% of his income for food.

Nor are poor children being reached by the school lunch program. Of the 20 million beneficiaries, only 2.5 million are poor and less than one half of the children of families with poverty level income receive a free or reduced price lunch.

In sum, current family food programs offer little assistance and fail to reach the great majority of the poor. 14 million of the poor consume food not meeting recommended dietary allowances and 8 million more are on diets with less than two-thirds of the recommended allowances for one or more essential nutrients. Nor are our welfare programs reaching them. Less than 9 million of the country's 25 million persons living in families with less than \$3000 a year receive any form of welfare assistance. This situation compels the Committee's most immediate and thorough attention.

What must be done? First, barriers to participation of the poor must be removed. Red tape, complicated certification procedure, inefficient administration, insufficient personnel, weak outreach efforts, inconvenient distribution points, all militate against those needing food getting food. I have brought for the Committee the long and cumbersome eligibility forms used in Los Angeles and the District of Columbia in order to show how difficult it is for the poor to take advantage of programs allegedly designed for them. It is not surprising that a Los Angeles witness before the McGovern Committee testified that only an average of 15 persons can be certified per day by a local food program employee with the cumbersome and detailed forms used. A District of Columbia witness stated that "only 33,000 out of 250,000 persons needing assistance are benefitting from food stamps in the District." Much blame must be placed on the bureaucratic and complicated procedures which should be immediately simplified by permitting recipients to fill out a simple declaration of eligibility. This would obviate much of the long wait, the cumbersome forms and the discouragement that must come from the slow grinding process which leaves the hungry in the lurch. People who need food should receive it without delay, not in a month or two months.

2. More convenient distribution mechanisms must be established to avoid the excessive time and expensive transportation burdens now imposed on the poor attempting to qualify for assistance. Stamps should be mailed, and in the

direct distribution program, convenient distribution points established. Recipients should be able to obtain food on a weekly basis and not, as is now often the case, only once a month.

3. Well trained and sufficient personnel should be provided to insure that the poor are aware of these programs and of how to take advantage of them.

4. Sufficient bonuses should be given to permit every person to obtain a decent and fully nutritious diet. The economy plan of the USDA is inadequate and a more realistic goal would be to provide food for a family of four of \$1440 annually, the second lowest food plan recommended by USDA.

5. Food stamp and commodity programs should be allowed to operate in the same county when the Secretary of Agriculture determines that this is necessary and federal funds should be available for administrative costs of dual program operation where local officials are unable or unwilling to bear the burden.

6. Effective monitoring of local program operations is essential to insure that programs are operating as intended and reaching those most in need.

7. Minimally free food stamps should be provided to families of four with incomes of \$1200 a year or less.

8. No food stamp recipient should be required to pay a larger percentage of his income to eat than the 17.4% paid by middle-class consumers. After all, his needs are greater in other essential areas as well.

9. There should be inter-county and inter-state certification of food recipients in order to permit the migrant poor to participate.

What will it cost to provide adequate food programs?

To provide free food stamps to families of four earning less than \$30 per month, \$360 per year, as we understand the Administration proposes, would cost about \$600 million annually (2 million people times \$25 per person per month). Assuring that the other 14.5 million hard-core poor (families of four with less than \$2200 per year income) will pay no more than 30% of their income for food stamps, will cost \$2.58 billion per year. This would total \$3.45 billion for these minimum reforms. If free food stamps were provided for those with incomes of \$1000 annually for a family of four, the annual cost would be \$1.65 billion (5.5 million people times \$25 per person per month). The annual cost of assuring that the remainder of the hard-core poor in need pay no more than 30% of their income for food stamps would be \$1.91 billion. Thus the total cost of this somewhat better program would be about \$3.63 billion. However, if this Committee and the Congress decided realistically to attack hunger by providing free food stamps for families of four with incomes of less than \$1200 a year and requiring that the purchase requirement for the remainder of the program recipients not exceed 17.7% (and assuring a total stamp allotment of \$100 per month) the total program cost would be \$4.439 billion. This would reach 22 million people. If we were to reach all families earning less than \$4320 annually or 27 million people, this would cost \$5.134 billion.

While these figures may appear high, it is very cheap when compared to the cost of stunted human development and suffering resulting from denial of adequate food to all our citizens. We simply have to have as our first priority, the elimination of hunger and malnutrition in our children and in our men and women now. It is unthinkable to me and unconvincing to the poor that the richest nation in the world, with a highly developed food production and marketing system and with the capacity to provide more food than we can consume, cannot provide food for its neediest citizens. Hunger should never have existed in America and should not exist one minute more than is required for this Committee and this Congress to act.

(The attachments are as follows:)

District of Columbia

FOOD STAMP PROGRAM
REFERRAL - WORKSHEETPW-PA-323
Rev. 5-66

1. 

2. ORIGINAL ☒ CHANGE ☐

3. TYPE OF PAYMENT
BPR ONLY ☐ SHELTER AND BPR ☐

4. TOTAL NO. IN HOUSEHOLD EXCLUDING ROOMERS _____
TOTAL NO. OF ROOMERS _____

5. COOKING FACILITIES YES ☐ NO ☐

6. TYPE OF HOUSEHOLD
PA ☐ MIXED ☐ NPA ☐

7.* NOT ELIGIBLE FOR FOOD STAMP PROGRAM

EO ☐ NC ☐ RB ☐ PHC ☐ HOSPITALIZED-PARTIAL REQUIREMENTS ☐

8. INCOME (GROSS)	SOURCE	HOW VERIFIED
A. \$	PA PAYMENT	PW-PA-4
B. \$	WTOC TRAINING ALLOWANCE	PW-WT-5
C. \$		
D. \$		
E. \$		

9. MANDATORY DEDUCTIONS	10. SHELTER ADJUSTMENTS
(A) FEDERAL INCOME TAX WITHHELD \$	ACTUAL MONTHLY RENT CHARGED \$
(B) STATE TAX WITHHELD \$	UTILITIES INCLUDED:
(C) UNION CHECK-OFF DUES \$	HEAT YES ☐ NO ☐
(D) SOCIAL SECURITY \$	UTILITIES YES ☐ NO ☐
(E) RETIREMENT \$	REFRIGERATION YES ☐ NO ☐
(F) INSURANCE \$	
(G) OTHER-EXPLAIN	11. HARDSHIP ADJUSTMENT
TOTAL MANDATORY DEDUCTIONS \$	TRANSPORTATION \$ MEDICAL \$
	HOUSEKEEPING AND HOME MAKER
	SERVICE \$
	CHILD CARE \$ OTHER \$

12. EXPLANATION OF HARDSHIP

COMPLETED BY _____ DATE _____

* EO (EATING OUT) NC (NURSING CARE) RB (ROOM and BOARD) PHC (POSTER HOME CARE)

FOOD STAMP PROGRAM
ELIGIBILITY WORKSHEET

XPW-PA-323
10-67

Case Name		Case No.	
Number in Household	Type of Household PA ☐ Mixed ☐ NPA ☐		Cooking Facilities Yes ☐ No ☐

ASSETS DECLARED

LINE NO.	TYPE	AMOUNT	DATE VERIFIED	HOW VERIFIED

INCOME

LINE NO.	SOURCE	AMOUNT	DATE VERIFIED	METHOD OF VERIFICATION

MANDATORY DEDUCTIONS FROM EARNINGS

RESIDENCE AND SHELTER COST

Federal Income Tax Withheld	\$	Monthly Rent Charged	\$
State Tax Withheld		Heat	
Union Check-Off Dues		Utilities	
Social Security		Refrigeration	
Retirement		Other - Explain	
Insurance		TOTAL SHELTER COST	\$
Other - Explain		Verification	
TOTAL MANDATORY DEDUCTIONS	\$		

HARDSHIP FACTORS

Transportation	\$
Medical	
Homemaker	
Child Care	
PA Contingent	
Other - Explain	
TOTAL HARDSHIP	\$
Verification	

REMARKS (any information affecting eligibility)

XPW-PA-359
10-67

FOOD STAMP HOUSEHOLD COMPOSITION

Case Name

Case No.

LINE NO.	* Enter date and check (X) opposite the, name of person included in the house- hold. NAME	DATE OF BIRTH	REL	*	*	*	*	*	*	*
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(use additional sheet for continuation)

(Use additional sheet if necessary)

LC-4

XPW-PA-37a

10-67

☐ OPEN☐ CLOSE☐ CHANGE

DEPT. OF PUBLIC WELFARE

FOOD STAMP PROGRAM
CERTIFICATION
RECORD OF ACTION.☐ MANUAL ISSUE☐ REJECTION

V

CASE NUMBER	PROGRAM	NAME OF RECIPIENT			STREET ADDRESS			SECTION		
Z ¹	CENSUS TRACT	NUMBER IN HOUSEHOLD	NUMBER OF CHILDREN	BANK NUMBER	DATE OF APPROVAL	CLOSING DATE	REASON FOR CLOSING	RACE	PURCHS REQUIRE	
TOTAL COUPONS	RECERTIFICATION DUE	MONTHLY OR	I declare under penalty of FINE or PRISON TERM or BOTH that all information I have given is true and correct. I understand that any unauthorized use of Food Coupons may subject me to legal prosecution. I will notify you at once of any change in my household or financial condition. I hereby GIVE PERMISSION FOR YOU TO VERIFY ANY INFORMATION GIVEN.							
SIGNATURE Approving Official			SIGNATURE Head of Household or Authorized Agent							
Date			DATE							

☐ ID Card

Date Initial

PROXY DESIGNATED:

STATE OF CALIFORNIA
DEPARTMENT OF SOCIAL WELFARE

Los Angeles

FOOD STAMP PROGRAM
WORK SHEET AND CERTIFICATION

COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC SOCIAL SERVICES

CASE NAME		ADDRESS		STATE NUMBER	COUNTY NUMBER
HEAD OF FOLD STAMP HOUSEHOLD		AUTHORIZED REPRESENTATIVE		AUTHORIZED REPRESENTATIVE	CROSS REFERENCE
HOUSEHOLD IS: ☐ NUMBER IN HOUSEHOLD ☐ ASSISTANCE ☐ NON ASSISTANCE ☐ MIXED				TYPE OF AID (CIRCLE) OAS AB AFDC ATD GR OTHER	
HOUSEHOLD IS: ☐ INELIGIBLE, REASON: CODE: ☐ ELIGIBLE				HOUSEHOLD IS: FROM THROUGH	
TOTAL ADJUSTED NET INCOME	PURCHASE REQUIREMENT	VALUE OF BONUS STAMPS	TOTAL VALUE OF STAMPS	FREQUENCY OF PURCHASE ☐ MONTHLY ☐ SEMI-MONTHLY	
LIQUID ASSETS NEED NOT BE FILLED OUT FOR ASSISTANCE HOUSEHOLD.		VERIFICATION OF LIQUID ASSETS		SHELTER COST RENT OR PAYMENT \$ TAXES & INS. \$ UTILITIES \$ OTHERS \$ TOTAL SHELTER COST \$	
1. CASH ON HAND \$					
2. CASH IN BANK \$					
3. OTHER (SPECIFY) \$					
TOTAL LIQUID ASSETS \$					
ITEM			DOCUMENTATION: ITEM, DATE & VERIFICATION		
PRELIMINARY NET INCOME	A. GROSS EARNED INCOME	\$	MANDATORY DEDUCTIONS:		
	A1. MANDATORY DEDUCTIONS (TOTAL)	\$	SOCIAL SECURITY \$		
	B. NET EARNED INCOME (A MINUS A1)	\$	DISABILITY INS. \$		
	C. PUB. ASST. GRANT (LESS BUDGETED SPEC. NEEDS— SEE FOOD STAMP REGULATIONS FOR EXCEPTIONS)	\$	WITHHOLDING TAX \$		
	D. SOCIAL SECURITY AND OTHER PENSIONS	\$	UNION \$		
	E. UIB, DIB AND/OR WORKMAN COMPENSATION	\$	OTHER \$		
	F. GROSS ROOM AND BOARD	\$	TOTAL \$		
	G. 10% OF ROOM RENT INCOME	\$			
	H. DEGRADED LIQUID ASSETS - COLLEGE STUDENTS	\$			
	I. DIVIDENDS, INTEREST	\$			
	J. OTHER GROSS INCOME, INCLUDING FEDERALLY FUNDED WORK & TRAINING GRANTS (WHEN APPLICABLE)	\$			
	K. TOTAL (ENTER SUM B THROUGH J)	\$			
	L. GROSS INCOME FROM PROPERTY OR BUSINESS	\$			
	M. COSTS OF PRODUCING INCOME:				
	HARDSHIP DEDUCTION	1. TAXES, ASSESSMENTS	\$		
2. INSURANCE ON PROPERTY		\$			
3. UPKEEP-REPAIR (\$4.17 PLUS 15%)		\$			
4. UTILITIES PROVIDED		\$			
5. OTHER (SPECIFY)		\$			
6. TOTAL (ADD ITEMS 1 THROUGH 5)		\$			
N. NET INCOME FROM PROPERTY OR BUSINESS (L MINUS 6)		\$			
O. PRELIMINARY NET INCOME		\$			
P. TOTAL SHELTER COST		\$			
Q. 30% OF TOTAL PRELIMINARY NET INCOME		\$			
R. EXCESS HOUSING (O MINUS P)		\$			
S. MONTHLY MEDICAL COSTS (INCLUDES INSURANCE & TRANSPORTATION FOR MEDICAL NEEDS)		\$			
T. ATTENDANT CARE		\$			
U. LEGAL RESPONSIBILITY		\$			
V. CHILD CARE		\$			
W. TRANSPORTATION FOR EMPLOYMENT	\$				
X. COLLEGE EXPENSE ALLOWED	\$				
Y. OTHER	\$				
Y. TOTAL HARDSHIP (ADD Q THROUGH X)	\$				
Z. TOTAL ADJUSTED NET INCOME (N MINUS Y)	\$				
CAUTION: ITEMS CANNOT APPEAR AS BOTH PRELIMINARY NET INCOME & HARDSHIP DEDUCTION.			TRANSPORTATION FOR EMPLOYMENT ACTUAL MILEAGE _____ MILES. @ 8c PER MILE PLUS CAR PAYMENTS. \$ LESS \$15.00 EXCESS TRANSPORTATION COST (MAXIMUM OF \$30.00) \$		
SIGNATURE OF APPLICANT			DATE		
FILED			DATE		

168645-PA 1811 (Rev. 10-69) CMB 1-69

CONTINUE DOCUMENTATION ON OTHER SIDE 3

ENTER NUMBER PRECEDING NAME FROM PA. 1810 (CMS 285A).

PART V

DETERMINATION OF NET INCOME

SECTION I HOUSING ALLOWANCE

A. RENT OR OWN HOME?

1. TOTAL ACTUAL COST OF HOUSING.
ARE ALL UTILITIES INCLUDED?☐ YES ☐ NO IF (NO), ADDAFDC COST ALLOWANCE FOR
UTILITIES \$ _____UTILITIES PAID SEPARATELY.
UTILITIES - AVERAGE \$ _____

TOTAL HOUSING COST \$ _____

B. ARE THERE COOKING FACILITIES IN THE HOME?

☐ YES ☐ NO

SECTION II INCOME

A. 1. BUSINESS ENTERPRISE \$ _____

2. DIVIDENDS, INTEREST,
INVESTMENT \$ _____

3. SOCIAL SECURITY & PENSION \$ _____

4. DIB & UIB \$ _____

5. MDTA OR EOA \$ _____

6. OTHER (SPECIFY) \$ _____

B. SUB TOTAL INCOME \$ _____

C. ROOM AND/OR BOARD \$ _____

D. 90% OF ROOM RENTAL \$ _____

E. NET ROOM RENTAL (C MINUS D) \$ _____

F. RENTAL INCOME \$ _____

G. 1. 15% OF GROSS PLUS \$4.17
FOR UPKEEP - REPAIR \$ _____

2. TAXES \$ _____

3. INSURANCE \$ _____

4. INTEREST ON MORTGAGE \$ _____

5. ANY UTILITIES PROVIDED \$ _____

H. TOTAL RENT DEDUCTION \$ _____

J. NET RENTAL INCOME (F MINUS H) \$ _____

K. WAGES*** \$ _____

L. 1. SOCIAL SECURITY \$ _____

2. DISABILITY INSURANCE \$ _____

3. WITHHOLDING TAX \$ _____

4. UNION DUES \$ _____

5. OTHERS (NONELECTIVE) \$ _____

M. TOTAL MANDATORY DEDUCTIONS \$ _____

N. TOTAL EARNING (K MINUS M) \$ _____

O. SUB GROSS INCOME (ADD B, E, J & N) \$ _____

P. HARDSHIP ALLOWANCE (FROM PART III) \$ _____

Q. INCOME LESS HARDSHIP ALLOWANCE (O MINUS P) \$ _____

R. PUBLIC ASSISTANCE GRANT \$ _____

S. TOTAL GROSS INCOME (Q PLUS R) \$ _____

T. 1. MDTA GRANT DEDUCTIBLE \$ _____

2. EOA INCOME DEDUCTIBLE \$ _____

3. OTHER \$ _____

U. TOTAL ADDITIONAL DEDUCTIONS \$ _____

V. SUB NET INCOME (S MINUS U) \$ _____

W. TOTAL ACTUAL COST OF HOUSING
(FROM SECTION I) \$ _____

X. 30% OF SUB NET INCOME (LINE V) \$ _____

Y. EXCESS SHELTER COST (W MINUS X) \$ _____

Z. GRAND NET INCOME (V MINUS Y) \$ _____

NOTE ON VERIFICATION AND INVESTIGATION

MEMBERS
OF
HOUSE-
HOLD*

DATE

ITEM**

SUMMARY OF VERIFICATION

* ENTER NUMBER PRECEDING NAME FROM PA 1810 (CMS 285A).

** HD FOR HARDSHIP ALLOWANCE, HS FOR HOUSING ALLOWANCE, I FOR INCOME, C FOR COOKING FACILITIES.

Mrs. HARRIS. Mr. Chairman and members of the committee, I certainly appreciate this opportunity to speak to you today. As you know, I am appearing on behalf of the Urban Coalition Action Council.

I want to make this statement because I feel that this is a national issue, and not affecting just one segment of our country. As you know, like yourselves, gentlemen, I come from a rural State with a rural background. I come from a farm in the State of Oklahoma.

For years I have been working in my own State, in many different ways on the poverty program, concentrating most of all on rural poverty. I have seen first-hand and heard first-hand the problems of hunger and the poor in my own State.

As chairman of the National Women's Advisory Group to the war on poverty, I have had an opportunity to see it on a national level. Last year I was appointed by the President to serve on the National Indian Opportunities Council, and I chaired a meeting on the problems of urban Indians.

As chairman of the task force on health of the Urban Coalition, I have had hearings over the country, and in these hearings I have had an opportunity to hear and see people who come from Indian reservations, who come from rural farm areas of our country. They are unprepared and sometimes, in fact, most of the time live in poor economic conditions; they find themselves in very difficult circumstances.

I have heard witnesses testify what it is like to be hungry, what it is like to go without food at the end of the month for their children, how difficult sometimes it is to get food stamps. And when they get them, how they must sometimes go without other necessities, such as shoes for their children.

Because of what I have seen and I have heard and because I am a mother, and for so many other reasons, I appreciate the opportunity to make this statement.

The highlight of my formal statement is to bring these facts to everyone's attention, although I know you know this quite well, Mr. Chairman, because of your own particular activities in the hot lunch program, and other such programs you are responsible for. The problems have been pointed up by the President's Urban Affairs Council. For instance, they estimate that roughly one-half of all the babies from poor families in the United States are now suffering from undernourishment, and that no significant proportion of the poor do not suffer from some sort of malnutrition or undernourishment.

With only 380 of the 1,400 participating counties accepting 20 or more of the 22 food commodities, many poor people participating in Federal programs are being denied an adequate diet. According to findings, these commodities do not even provide an adequate diet.

The CHAIRMAN. That is the bulk food program you are talking about?

Mrs. HARRIS. Yes, sir.

The CHAIRMAN. Insofar as the food stamps which they buy, and make their own balanced diets if they so desire?

Mrs. HARRIS. Yes, but as I understand it—yes, you are right.

The CHAIRMAN. On the food stamps?

Mrs. HARRIS. That is on the foods themselves. Both the commodities and the food stamps fall far below the Department of Agriculture's own minimum requirements which calls for \$25 per month or \$1,200 per person for a family of four for the year. There are approximately 480 counties and independent cities that have no food programs whatsoever; and where there are food programs operating, only one-third of the poor are being reached.

Of course, as we know, that most important thing that poor people need is income, income for food and other things. Less than 1 million of the country's 25 million people who live in families with less than \$3,000 a year income receive any welfare at all.

These are some of the recommendations I would like to present indicating what must be done.

First of all, to break down the barriers, to remove the barriers from the poor so that they may more easily participate, barriers such as redtape, complicated forms, ineffective administration, insufficient personnel. We need better outreach programs to reach the kinds of people that are not being reached now.

I have with my statement, on the back of my statement for the committee, the eligibility forms from the Los Angeles and the District of Columbia certification programs. You can see how difficult it is for people to fill these out.

I question my own ability to do so, particularly as to the Los Angeles one. This is a deterrent to many people. It is embarrassing if they cannot fill them out. They should be simplified.

In the McGovern committee hearings, testimony was presented from one of the witnesses in Los Angeles that only an average of 15 persons per day can be certified for the program, because of this long procedure, and because of the cumbersome detail of these forms.

In the District of Columbia, one witness stated that only 33,000 out of 250,000 persons needing assistance were actually benefiting from the food program. Most of this was blamed on the difficult and cumbersome forms.

The CHAIRMAN. Have you a suggestion as to what the form ought to be?

Mrs. HARRIS. No specific suggestions. I think they would have to vary within communities, but to be specific, I think one thing that could be done is to allow applicants to say they are eligible.

The CHAIRMAN. I know, but you would have to conform to some rule or regulation.

Mrs. HARRIS. Yes, under the rules that they themselves—that their income fits. I mean, in signing it they are saying "I fit."

Senator CURTIS. You mean a self-declaration?

Mrs. HARRIS. Self-declaration, yes, sir; thank you.

The second recommendation I would like to present is that there is a need for more convenient delivery of food stamps. Perhaps mailing the stamps to the recipients would be more convenient. This would eliminate the problem of transportation involved in rural areas. Costs of transportation to distribution centers in urban areas are almost prohibitive.

The CHAIRMAN. We have had a lot of testimony on that.

Mrs. HARRIS. Good.

The CHAIRMAN. I think you are on the right track as far as the delivery of stamps is concerned.

Mrs. HARRIS. Very good. Applicants should be able to obtain food on a weekly basis rather than on a monthly basis because poor refrigeration, for instance, makes it difficult to keep some foods for any length of time.

The CHAIRMAN. That is one problem the committee will have to look into. It is my belief that we will finally have to come to a food stamp program rather than the bulk food, because of the facts as you just stated, the people do not have facilities to refrigerate. I have seen some families get as many as four pounds of butter.

Mrs. HARRIS. I have seen it.

The CHAIRMAN. And unless it is refrigerated——

Mrs. HARRIS. Yes, it is wasted, not that they intend it to be wasted, but they have no way to preserve it.

Number three, well trained and sufficient numbers of personnel are needed. A better outreach program is needed so that these people can be found. I have found over and over again, particularly in Indian communities and in large cities, that many people did not even know these programs were available. And so we have to make some attempt to reach these people.

The CHAIRMAN. Have you any suggestions as to how that could be done?

Mrs. HARRIS. Yes, OEO has some good outreach programs, and I think you could use some of their guidelines. Some are better than others.

The CHAIRMAN. Could we get their services, the OEO people to spread it out, or the VISTA people to spread it out? In other words, I think we would favor getting existing agencies instead of creating a separate one. Would you agree to that?

Mrs. HARRIS. I would agree with that. I would think VISTA would know where the poor were, as would OEO, generally.

The CHAIRMAN. Then your welfare programs carried on in your State?

Mrs. HARRIS. Right.

The CHAIRMAN. They could help also.

Mrs. HARRIS. A sufficient food bonus should be permitted so that every person can obtain a decent, full and nutritious diet. It should be made possible for food stamps and commodity programs to operate in the same county when the Secretary of Agriculture determines that this is necessary. Federal fund should be made available for administration costs.

The CHAIRMAN. You mean for both, food stamps——

Mrs. HARRIS. For both, if it was necessary.

The CHAIRMAN. If it was necessary? Don't you think there should be by all means, local participation?

Mrs. HARRIS. Yes.

The CHAIRMAN. At the local level, either the county or the city?

Mrs. HARRIS. I would assume that the Secretary would have to get that information some place and this would be by some form of local participation.

Recommendation six: to insure in some form, I have not any specific suggestion, but to insure in some form that the programs that are

operating as intended are reaching those who are in need. Sometimes we are not reaching these people.

Recommendation seven: minimum free food stamps should be provided for families of four with incomes of \$1,200 a year or less.

Recommendation eight: no food stamps recipient should be required to pay a larger percentage of his income to eat than the 17.4 percent paid by the middle-class consumer. The middle-class consumer only pays 17.4 percent of his income for food, whereas the food stamp recipient has to pay much more.

Recommendation nine: there should be an inter-county, interstate certification of food recipients in order to permit the migrant worker to participate in this program.

I would like to conclude by saying that we know, and we are very proud of the fact, that we are the richest and the most productive country in the world, and we are getting richer. I think that we must invest our moneys and our products in our fellow-Americans, and I think that we have a moral obligation to eliminate hunger in our country.

I thank you gentlemen very much for allowing me to make this statement.

The CHAIRMAN. Any questions?

Senator MILLER. Thank you, Mr. Chairman.

Mrs. Harris and Mr. Beck, we appreciate your being here very much and I want to compliment both of you, and particularly you, Mrs. Harris, for the work you are doing.

Mrs. HARRIS. Thank you.

Senator MILLER. In getting the food stamp program or food stamps distributed, we have had recommendations to have some of the local agencies, such as post offices, participate. Would it not be feasible to have the community action agencies bear a substantial portion of this task, certainly in the communities or community areas where you have the community agencies?

Mrs. HARRIS. Yes, as the community action now stands, as it now functions, that would be a possibility. It seems that receiving stamps through the mail would be the easiest and most systematic way that it could be done without requiring the recipient to go to a specific point. There is the transportation problem, and maybe even the humiliation of having to participate in such a program.

Senator MILLER. One reason for suggesting the community action agencies is because certainly those that I am familiar with have people, volunteers——

Mrs. HARRIS. Yes.

Senator MILLER (continuing). And some paid workers who are you might say from that poverty sector, and they have the rapport needed to get the program across to them.

Mrs. HARRIS. I agree. I am a little concerned now about the future of the community action program, sir.

Senator MILLER. Well, assuming it goes on, would this not be a logical area to take on some of the work in getting the stamps distributed and familiarizing the people with the guidelines?

Mrs. HARRIS. Yes, I think they would be more familiar with the problem.

Mr. BECK. There are many of them, so many community action agencies throughout the country.

Senator MILLER. That is right. You testified that you advocate both the food stamp program and the commodity distribution program to be put into a county, if the Secretary of Agriculture determines it is necessary. Necessary to do what? We are going to have to draft some guidelines in here, and I am wondering what determination would be made so that he could say it is necessary, and the people would say, well, he has made an intelligent and reasonable determination that it is necessary.

Mrs. HARRIS. Well, in some local communities we have to determine how the commodities are going to be distributed, and who is going to handle them. Some local communities cannot afford to do it properly. They do not have the know-how, do not know the circumstances and they cannot bear the burden. It is somebody's responsibility to see if this is happening. I am still not answering your point.

Senator MILLER. You put your finger on a problem there but if that problem existed why not give the Secretary the discretion to put the food stamp program in rather than commodity distribution program, because one thing I have been hearing about is that the commodity distribution program while it is better than nothing is not going to achieve the job of nutrition, whereas the food stamp program properly implemented will.

I detect a feeling in the committee that they would like to kind of phase out this commodity program and phase in the food stamp program, because of the desirable objective of getting a proper nutritional diet, which they won't get from the commodity distribution program.

Mrs. HARRIS. If I could Senator, I would like to think that out and later submit something to you, maybe even at the end of the day, something more specific.

Senator MILLER. If you care to furnish anything you would like for the record I am sure the chairman will be happy to have it.

The CHAIRMAN. You may do so and it will be put in the hearings at this point of your testimony, because we need a lot of guidance here, and with your experience I am sure that we ought to be able to get some valuable methods of distributing this food.

(The information is as follows:)

SUPPLEMENT TO STATEMENT OF MRS. FRED R. HARRIS

One of our recommendations in testimony before your committee on Thursday, May 22, 1969 was that "food stamp and commodity programs should be allowed to operate in the same county when the Secretary of Agriculture determines that this is necessary and Federal funds should be available for administrative cost of dual program operation where local officials are unable or unwilling to bear the burden."

We favor this reform because (1) the current food stamp program fails to reach substantial numbers of the poor who suffer from inadequate diets, hunger and malnutrition, because of the high cost scales for stamps, the lack of free food stamps and therefore the inability of many thousands of the poor to take advantage of food stamps; and (2) the large drop in participation that results when counties change from the commodity program to the food stamp program. A sample of such counties reflecting a severe drop in participation in food programs when food stamps replace commodities is listed below.

For the many thousands who are unable to take advantage of the food stamp program where it is in operation, some supplementary food assistance should

be provided. Thus, we have heard the demands for several years now for the Secretary of Agriculture to use his existing authorities to institute an emergency commodity program in food stamp counties in order to reach the thousands of people excluded because of inadequate income from participating in the food stamp program.

Until adequate reforms in the food stamp program are enacted to provide assistance to the poorest without charge and to scale down the purchase price of food stamps generally in all categories, the need for supplementary commodities seems clear. Moreover, other reforms such as permitting people to buy a portion of their stamps rather than the whole amount at one time and the lowering of the percentage required of families out of their total income for food are essential if full participation is to occur in the food stamp program. It is very difficult for people with incomes below the poverty line to spend more than 30% of their income to eat and it is very difficult for them to get the total amount of money required to purchase food stamps on a monthly basis out of limited incomes with other fixed expenses. Therefore, complementary operation of both programs is going to be necessary until the food stamp program is brought to the level of all those in need of an adequate diet.

Secretary Hardin in his testimony before the Committee on May 22, 1969 stated that the Nixon Administration proposals "will provide that the commodity distribution programs may operate simultaneously with the food stamp program under certain circumstances." We are sure that this rationale stems at least in part from the reasons outlined above.

COUNTIES WITH SIGNIFICANT DECREASE IN PARTICIPATION AFTER CHANGING FROM DIRECT COMMODITY DISTRIBUTION TO FOOD STAMPS

County	January 1968 number of participants in commodity distribution program	January 1968 number of participants in food stamp program	Difference ¹	Date of change	1967 percent of households with incomes under \$3,000 ²	Number of recipients of public assist- ance payments February 1968
Crisp, Ga.....	3,883	770	-3,113	Aug. 1, 1968	38.8	2,263
Pierce, Ga.....	1,182	467	-715	Apr. 1, 1968	43.1	700
Spalding, Ga.....	3,070	1,158	-1,912	Mar. 1, 1968	24.0	2,983
East Carroll, La.....	5,155	2,038	-3,117	July 15, 1968	53.9	2,569
Madison, La.....	5,207	2,077	-3,130	Aug. 8, 1968	52.3	2,144
Hinds, Miss.....	24,865	12,493	-12,372	Apr. 1, 1968	25.4	15,509
Humphreys, Miss.....	8,796	4,682	-4,114	Aug. 1, 1968	58.4	2,497
Jasper, Miss.....	5,021	3,024	-1,997	Aug. 5, 1968	46.4	1,994
Montgomery, Miss.....	4,944	2,304	-2,640	Aug. 1, 1968	51.2	1,974
Simpson, Miss.....	3,952	1,563	-2,389	do.....	42.9	1,846
Union, Miss.....	3,046	1,999	-1,047	do.....	42.3	1,874
Anson, N.C.....	2,805	1,286	-1,519	do.....	38.6	1,212
Warren, N.C.....	4,421	2,832	-1,589	July 10, 1968	46.1	1,207
Blount, Tenn. ⁴	3,011	1,825	-1,186	Apr. 1, 1968	26.9	2,010
Roane, Tenn.....	2,807	1,921	-886	do.....	25.1	1,775

¹ In these 15 counties there was a total decrease of 41,726 participants. In each case the new food stamp program had been in operation at least 5 months so there is no reason to think that all families eligible to participate were not certified.

² From survey done by, "Sales Management, the Marketing Magazine."

³ HEW Social and Rehabilitation Service.

⁴ Tennessee also has some counties that increased participation after the change.

Mr. BECK. I think a point, too, Senator, is that the Secretary would be given discretion to make the determination one way or the other.

Senator MILLER. That is right. Well, the discretion as between the two?

Mr. BECK. Yes.

Senator MILLER. I am wondering why he should have the discretion to make a program which we get the impression is not going to achieve the objective.

The Chairman. I think that the Presidential message envisions that if there is a bulk food program in a county now existing, that it will be gradually faded out, but at the same time you put in the food stamp program.

Senator MILLER. That is right.

The CHAIRMAN. I do not think it is envisioned to have both.

Senator MILLER. That is right.

The CHAIRMAN. In other words, the food stamp program is to take the place of the bulk food program that may be in existence in a county.

Senator MILLER. I understand, Mr. Chairman. We have testimony from two or three witnesses now.

The CHAIRMAN. Yes.

Senator MILLER. Advocating both.

The CHAIRMAN. When the cost of administration is figured out, it will be seen that it is a lot, and the higher the costs of administration, the less opportunity we will have to get local people involved in carrying the load with the Federal Government.

Mrs. HARRIS. If I do have that permission then I will look into it and make more specific recommendations.

Senator MILLER. That would be fine. Thank you.

The CHAIRMAN. Any further questions?

Senator CURTIS. Not at this hour, thank you. I have no questions. I would appreciate it if the staff would insert in the record at this point the dollar amount of the appropriations for the food stamp plan in this fiscal year and the previous fiscal years.

The CHAIRMAN. I put that in the record yesterday, the whole picture of it was put in yesterday, Senator.

Senator CURTIS. All right.

Mrs. HARRIS. Thank you, gentlemen.

The CHAIRMAN. I want to thank you very much. We enjoyed having you, and hope that you can furnish this information say within the next week or so.

Mrs. HARRIS. Yes, I think we can do that very easily.

Mr. BECK. Thank you very much.

The CHAIRMAN. The next and last witness is Mr. Charles Krause. Will you step forward, Mr. Krause.

STATEMENT OF CHARLES A. KRAUSE, PRESIDENT, KRAUSE MILLING COMPANY, MILWAUKEE, WIS.

Mr. KRAUSE. Thank you, Mr. Chairman.

The CHAIRMAN. Will you identify yourself for the record.

Mr. KRAUSE. My name is Charles Krause. I am president of the Krause Milling Co., Milwaukee, Wis.

Senator CURTIS. What do you mill?

Mr. KRAUSE. Corn and grain sorghum.

Mr. Chairman, members of the Committee on Agriculture, I am grateful for this opportunity to discuss with you the problem of malnutrition and hunger in the United States.

My name is Charles A. Krause. I am president of the Krause Milling Co., which has its headquarters in Milwaukee, Wis. We operate extensive milling facilities in Milwaukee, St. Joseph, Mo., and Dodge City, Kans., processing corn and grain sorghums.

Our company has been privileged to play a leading role in an exciting and rewarding advance against human malnutrition and hunger in the American food-for-peace program overseas. Notable break-

throughs have been achieved in this "War on Hunger" beyond our borders. I believe they also can have important significance in dealing with problems of hunger and malnutrition within the United States.

Our company is one of the major manufacturers of "CSM", the high-protein blended food product developed only a few years ago, which is now being used with outstanding success in famine emergencies and child feeding programs. The Krause Milling Co. spent a good deal of time and money in developing and "market-testing" the product overseas. Later other corn milling firms joined in this effort.

All of this testing was conducted at industry expense and prior to any purchases of the product under Public Law 480. At the present time, CSM is the mainstay of relief projects in Nigeria and Biafra, and the child nutrition program administered by CARE in India.

Senator CURTIS. Pardon me, is that what they served in the Senate dining-room?

Mr. KRAUSE. Yes, sir, it has been served there.

The CHAIRMAN. Was that the one that Everett Dirksen——

Mr. KRAUSE. I think it was served as a soup.

Senator CURTIS. It was in Peoria, Ill. and Crete, Nebr.

Mr. KRAUSE. Yes, as well as our plants in Missouri and other places.

Since September 1966 over 900 million pounds of CSM have been purchased for distribution in over 100 countries.

Before I get into my suggestions as to how this experience overseas might bear upon our own problems, I would like to try to take the measure of the problem as it exists in the United States.

26 MILLION NEED FOOD AID

According to data cited by the Office of Economic Opportunity, there are approximately 26 million persons in the United States whose income fall below the "poverty" line. Of this number, about 12 million have incomes so low that even if they were able to obtain all the food they need free of cost, they would be unable to buy the other minimum necessities of life.

This is the number, 12 million Americans, who must receive their food through assistance programs if they are to have enough to eat without sacrificing other necessities of life. (Incidentally, it is commonly known that adequate nutrition is more likely to be sacrificed than such other necessities as rent, transportation, medical care, and so on, if the total family income is not sufficient for all needs.)

There are about 14 million other Americans whose incomes are below the "poverty" line, but who do have sufficient income to enable them to pay something toward the cost of their food. These people also need help—at least to cover part of their food requirements—if they are to meet their minimal nutritional requirements.

Taking all of the persons living on incomes below the poverty level together—the 12 million persons needing free food, together with the 14 million needing partial food assistance—approximately \$5 to \$6 billion is required in food aid, on a retail cost basis, to provide adequate nutritious diets to all Americans who are now living in poverty.

This is more than twice the amount the Administration feels able to allocate to this problem. The proposal to increase expenditures for

the food stamp program by \$270 million in the fiscal year immediately ahead, and by about \$1 billion in the following fiscal year would raise expenditures for food aid programs to only \$2.5 billion per year. This is about one-half of the \$5 to \$6 billion required to provide for this need at retail price levels.

The proposal advanced by Senate McGovern and his colleagues would increase outlays for food assistance programs somewhat more rapidly than the Administration proposal. Food stamp program expenditures would be increased by \$1.5 billion in fiscal year 1970 to a total of \$1.8 billion. Senator McGovern anticipates that an additional \$500 million to \$1 billion would be expended under his legislation in subsequent years, which might result in total food aid expenditures 2 years from now about half a billion dollars above the level anticipated in the Administration's proposal. This proposal also barely covers half the total requirements of America's poor for adequate diets, at retail price levels.

Mr. Chairman, I do not wish in any way to detract from the splendid commitment that is contained in President Nixon's message to Congress on hunger in America, and the enlightened interpretation that has been given to it by Secretaries Finch and Hardin. Neither do I wish to diminish the service done by the investigations of the Senate Select Committee on Nutrition and Human Needs.

These events mark a decisive turning point toward eradicating the paradox of hunger and malnutrition in our land of abundance. However, Mr. Chairman, if these proposals do accurately reflect the levels of spending which it is realistic to expect might be available for domestic food assistance programs, then the food stamp program is too expensive an approach and will not provide adequate nutrition to all who need it, at least for several years to come.

Science has found faster solutions:

But there is no need to put off the hope of providing adequate nutrition to all Americans. There is no need for us to accept the irreversible physical and mental retardation of thousands, perhaps millions of children, during the years before we can provide the money needed for an adequate and universal food stamp program.

Mr. Chairman, we can eliminate hunger and malnutrition in America within months—and it can be done within the cost levels that are now being considered for doing only part of the job. We can do this by capitalizing on the recent dramatic breakthroughs in food technology and in nutrition economics that we have achieved in our food for peace and famine relief programs overseas. These developments make it both physically possible and economically feasible to eliminate from the United States all the hunger and malnutrition that are caused by poverty—and to do it immediately.

The specific advance that makes this possible is the development by food scientists and technologists of what might be called "economical full-nutrition foods." These are foods that are scientifically compounded to provide, at a very low cost, everything required for balanced good nutrition, in forms that are tasty and appealing and acceptable to consumers.

By far the most successful of all the economical full-nutrition food products that have been tried in the food for peace programs is

"CSM." CSM is a high-protein blended food product made of pre-cooked cornmeal, soy flour, and nonfat dry milk; reinforced with appropriate vitamins and minerals. It has been tried and proven in a wide variety of ethnic and cultural patterns throughout the world since its use was instituted in September of 1966 in the overseas food programs.

CSM provides virtually fully adequate human nutrition at an f.o.b. mill cost of less than 8 cents a pound. One pound per day provides ample food for a child's health and growth. A pound and a half provides enough calories, and more than enough protein, to maintain a man for a day of hard labor.

Literally millions of Americans who are suffering today from hunger and malnutrition, would eat CSM with relish if they could get it. We believe it can be made available in appropriate packaging for domestic distribution at less than 10 cents a pound. Therefore, this product can provide the greatest return, in improved nutrition, at the lowest cost of any food that is now available. And CSM can be produced in substantial quantity for domestic distribution—beginning tomorrow.

The CHAIRMAN. How many concerns manufacture that food?

Mr. KRAUSE. I think there have been six different companies that have received awards under the food for peace program since the inception of the program, and many of them have more than one milling location. I do not know how many have been on this program.

The CHAIRMAN. Can any concern use it? Is it patented?

Mr. KRAUSE. No, sir. The technology is wide open—wide open. There are no patents, no restrictions at all.

The CHAIRMAN. Having been abroad quite a lot, I can see that food of that kind would be relished by people who do not have any other or maybe feed on dates or maybe just a little plain cornmeal, but I am just wondering if it has been tried here in America? Have any tests been made as to whether or not the people as a whole would relish it?

Mr. KRAUSE. Mr. Chairman, there have been very small tests conducted under the auspices of the Department of Agriculture in California and I have not seen the results of that testing program as yet. However, we know from our own experience that recipes can be developed, very simple ones, that make very delicious products. The soup that was served in the Senate dining room I do not think anyone would have known it was not pea soup if we had not told them it was made out of CSM. This is a very versatile, palatable, instant modern food, and we think its flexibility is unique and it is really the most modern food and food development in the last 20 years.

(Discussion off the record.)

The CHAIRMAN. I am just wondering whether or not that kind of food could be readily served in America, and do away with this hunger problem that you speak of overnight, because that is what you are advocating, is it not?

Mr. KRAUSE. I do not think that CSM, as I say later on in my testimony, can do the job alone, but the CSM concept. If I could leave four words with you today, it is "economical full nutrition foods."

The CHAIRMAN. We have had before us programs that envision the

use of fishmeal with soybean oil to give balanced diet overnight, but the idea, I mean the problem would be, can you get people to eat that. That is where you meet objection perhaps.

Mr. KRAUSE. Mr. Chairman, it is a delicious food.

The CHAIRMAN. I am glad you like it.

Senator CURTIS. If it was going to be marketed domestically, would the liquid be in it or can you market it as a solid, adding water?

Mr. KRAUSE. It normally would be marketed as a solid.

Senator CURTIS. Does it require refrigeration?

Mr. KRAUSE. No. This is CSM. It has a shelf life of over a year.

Senator CURTIS. At 10 cents a pound, a pound for a child, a pound and a half for a working man?

Mr. KRAUSE. Yes, sir; a day.

The CHAIRMAN. That is simply to furnish the vitamins necessary?

Mr. KRAUSE. The calories, the protein, and the vitamins.

The CHAIRMAN. But they would have to eat something else?

Mr. KRAUSE. They would not have to, Senator. They might want to, but they would not have to.

The CHAIRMAN. They would be hungry I presume?

Mr. KRAUSE. No, a pound of that when mixed with water forms a—

Senator CURTIS. Would you insert for the record because it is getting late now, the vitamin, mineral, and calorie content of a pound of that?

Mr. KRAUSE. I have that here, Senator, along with the composition and the amino acid results of this fortification which I would be happy to supply.

The CHAIRMAN. I will take this home with me and try it tonight.

Senator CURTIS. Get one of their recipe packages. They gave me one.

The CHAIRMAN. I did not try it because I learned about it the day after in the Senate.

Senator CURTIS. They had a pamphlet with five or six recipes.

Mr. KRAUSE. Here are some recipes, Senator.

The CHAIRMAN. Proceed.

CSM USE WOULD SLASH COST

Mr. KRAUSE. The use of CSM and comparable economic full-nutrition foods would bring fully adequate nutrition to all of America's poor. Consider these cost comparisons:

The Department of Agriculture "economy plan diet," which is calculated to yield minimum nutritional adequacy through extremely careful food selection and home management, is estimated to cost \$100 per month at retail, for a family of four with two school-age children. The Agriculture Department considers its "low-cost diet" as a more realistic guide to what low-income families require for adequate nutrition. This diet is estimated to cost \$124 a month for a similar family.

By using CSM, even after allowing for a 100-percent markup above the production cost for packaging, distribution and program administration, fully adequate nutrition could be supplied to such a family at only one-fifth of the cost of the "economy plan diet," and less than one-sixth the cost of the "low-cost diet."

Applying the same comparison to the nationwide hunger and nutrition problem, we find that one-fifth of the estimated income assistance required to enable all Americans living in poverty to secure adequate nutrition is just about the amount that the administration has proposed be made available annually for increased food program expenditures.

In other words, the funds that might now become available would be sufficient to eliminate hunger and malnutrition within the year ahead, if the proposal of Senator McGovern and his colleagues is accepted as the measure of funds available, or before the end of fiscal year 1971, if the administration's expenditure proposal is accepted.

Providing CSM and similar economical full-nutrition foods to all who are now going hungry or malnourished is the easiest, quickest, and most economical way to overcome the major part of America's hunger problem.

We all recognize that there is a wide gap between human realities and objective theory in the problem of providing adequate nutrition. Merely furnishing a food like CSM, which objectively provides fully adequate nutrition, will not insure that everyone would respond by eating enough to obtain adequate nourishment. However, our experience in over 100 countries abroad suggests that this problem often is greatly exaggerated.

CSM has proved to be a most versatile product with its use possibilities limited only by the creativity of the housewife. It makes an excellent soup or breakfast cereal and can be baked into cookies and quick breads such as corn muffins or cornbread. It also makes delicious fluffy pancakes. With proper instruction through recipe distribution and demonstrations, it will have the same acceptance and success in this country that it has enjoyed around the world.

NEED NEW STRATEGY AGAINST HUNGER

Let me make it clear, however, that I do not advocate simply that all who lack sufficient income to secure good nutrition be given a diet solely of CSM. What I do advocate is that the advances in food technology and nutrition economics which are represented by the development of economical full nutrition foods like CSM, be utilized as the core of a concerted strategy to eliminate hunger and malnutrition from the American scene within the next 12 months.

Such a strategy can be implemented without disrupting the present food stamp and direct family distribution programs.

Moreover, it need not interfere with the orderly expansion of the food stamp program or whatever form of cash income support Congress might devise as more ample Federal funds become available in the years ahead.

Furthermore, it can be designed and administered in a manner that will contribute significantly and directly to improved nutrition among present participants in the food stamp program and among the general public as well.

Here is how I suggest that these things might be done:

1. Both variety and convenience can be "built in" to various food products essentially similar in compositions to CSM. For example, these could include ready-mixed preparations for products such as

puddings, waffles, corn muffins, pancakes, macaroni, noodles, and snack-type preparations. A fairly wide variety of forms and flavors of foods can be formulated, in addition to regular CSM, each of which would supply the primary requirements for good nutrition in a meal, and all of which would be interchangeable in terms of nutritional content.

2. The scope of school lunch and school breakfast and family food distribution programs should be extended to every part of the Nation as quickly as possible. These expanded and improved nationwide food distribution programs should include the delivery of full-nutrition foods directly, or sufficiently nearby to the homes of recipients and to the schools, so that they can get their food without prohibitive and burdensome transportation expenses.

3. A basic supply of economical full-nutrition foods should be distributed regularly to all schools and families in accordance with an optimum nutrition program, taking into account the requirements of the particular recipients and the resources available for serving them. Many localities, and many needy recipients, do not receive food nor food stamps at present because of the difficulty of overcoming transportation, handling, distribution, and administrative problems. Moreover, many localities actually receive only a few of the more than 20 individual forms of food products that are now included in the list available from USDA. The curtailed selection of foods available in many areas is likely to result in poor nutritional balance and lack of variety. In contrast to this, the use of economical full-nutrition foods would make it possible to provide full nutritional adequacy, with a substantial degree of variety in form and flavor, at very little more expense and difficulty than for providing a single ordinary commodity.

4. If it becomes feasible in a given locality to distribute a balanced full selection of the 20 or more food products available, there should be a generous quantity of economical full-nutrition foods included to provide inexpensive nutrition insurance. Such nutrition insurance would be well worth the cost.

5. The direct distribution of food, including a basic supply of economical full-nutritional food, should be continued in all communities as long as necessary, even where the food stamp program is in operation, in order to enable any needy resident to obtain fully adequate nutrition. Special distribution should be made to families and individuals having special nutritional needs, including pregnant women, nursing mothers, infants, and preschool children.

6. Both general and special nutrition education and indoctrination programs should be stepped up, and should be given Federal leadership and support. Adequate nutrition for most of us is dependent upon the voluntary choices of the family food buyer in the commercial market, and this includes the families that are participating in the food stamp program. The expanded food and nutrition program should be increased and adequately staffed with trained home economists and nutritionists.

7. The food manufacturing and food merchandising industries should be encouraged to offer economical full-nutrition foods in the commercial market to all consumers and to employ their merchandising arts to encourage and instruct consumers in their use. Present food marketing practices often overlook opportunities to reinforce eco-

nomical basic foods with protein, vitamins, and minerals. The White House Conference on Food and Nutrition, which President Nixon announced will be convened soon, should provide an excellent forum to explore ways for the food industry to take advantage of the opportunities that exist to upgrade the nutritional impact of basic foods.

8. Nutrition education efforts should be aimed at the general public as well as recipients of food aid, and should stress the use of economical full-nutrition foods. Distribution of these foods in the school lunch and family distribution programs will promote their acceptance and provide an effective focus for nutrition education. Such education will also permit recipients to "carryover" their good nutrition practices when they transfer to the food stamp program or "graduate" to buying their food in the market. Other consumers will be helped by being better able to identify products that provide optimum nutrition at an economical cost. The food industry will also be encouraged to develop and merchandise economical full-nutrition foods through regular commercial channels.

Mr. Chairman, I believe the approach I have proposed here conforms both to the best interests of the public, and to the principal of equity as it relates to those who need food assistance. It is an approach that makes it economically feasible, within the limits of funds now available, to eliminate hunger and malnutrition from the American scene, and to get it done as quickly as the necessary legislative and administrative action can be complete.

It is an approach that benefits the general public in the form of improved health, learning and working ability, enterprise and motivation, and other social consequences that can be realized quickly. It is an approach that makes it feasible to reach all the needy without delay, instead of leaving millions in want for several years or more. And it is an approach that can exert a significant and favorable influence upon the nutritional opportunity and the nutrition consciousness of the general public.

URGE IMMEDIATE FOOD AID FOR ALL NEEDY

Mr. Chairman, we are confident that the tremendous acceptance of CSM overseas clearly shows it can be adapted for use by American consumers. We urge that Congress act promptly to authorize the Federal Government to operate school lunch and family distribution programs wherever local officials decline to do so, to broaden eligibility standards, and provide adequately for administrative costs and the transportation of food, to insure that all who need help can obtain enough food to provide adequate nutrition.

It is my understanding that no new statutory authority is required to use CSM in the domestic school lunch and family distribution programs. Indeed, the Secretary of Agriculture, only 2 weeks ago, authorized the purchase of protein-enriched macaroni for these programs.

We urge that the purchase of CSM for these programs likewise be authorized and implemented, and that other forms of economical full-nutrition foods be added as soon as suitable products are developed and tested.

We urge Congress to authorize and appropriate sufficient funds at least to provide this basic nutritional selection of foods for all in need who are not now being reached, beginning as early as possible in the fiscal year beginning July 1.

These steps, Mr. Chairman, will enable us to achieve before the end of 1970 a goal to which I am sure we all subscribe—the eradication of human hunger from America, and the end of malnutrition caused by economic want.

The estimate of \$5 billion to \$6 billion as the total required to provide needed food assistance through the food stamp program is based on the USDA “Economy Plan” minimum diet costing \$100 per month for a family of four. About 12 million persons receive incomes too low to pay for the other minimum necessities aside from food that are allowed for in the “poverty level” income, which is \$3,300 per year for a family of four.

The retail cost of furnishing an “Economy Plan” diet free-of-charge to these 12 million of the poorest of the poor, plus the average of one-half of the retail cost of “Economy Plan” diets for the remaining 14 million persons in poverty would amount to roughly \$5 billion to \$6 billion per year.

Although USDA’s Food Stamp Program is based on the cost of “Economy Plan” diet, which cost about 25 percent more at retail, is a more realistic standard of nutritional adequacy. If this “Low Cost Plan” diet is used as a basis for computation, the retail cost of providing needed food assistance would mount to roughly \$7 billion to \$8 billion per year.

The CHAIRMAN. Is it your idea to have Congress to simply authorize the use of it, make it available to families or just how——

Mr. KRAUSE. As far as the product itself is concerned, I think that the authorization exists now. It could be put into the program. I would urge Congress to urge the Department to——

The CHAIRMAN. The reason I asked the question is how could you force people to let us say use your product?

Mr. KRAUSE. You cannot force people to use any product, of course, but I do feel that if the product were really available, if a mass attack was initiated to develop recipes that would help popularize this product in different parts of the country, people would use a product like CSM and other products that contain this nutritional impact. Mr. Chairman, we have gone to the moon; I think in 6 months, with a real strong effort to develop recipes, to move into the homes, we can get this kind of nutrition product in widespread usage. It is a good product. It is very flexible.

The CHAIRMAN. I am not questioning that. I am just wondering how we can do it legislatively. That is what concerns me.

Mr. KRAUSE. I think the funds have to be provided.

The CHAIRMAN. To buy it and distribute it?

Mr. KRAUSE. Yes.

The CHAIRMAN. You said a while ago that you would give us the formula. What was in it, cornmeal, soybeans and what else?

Mr. KRAUSE. I have for the record the composition of the product. CSM is made up of 64-percent processed cornmeal, 24-percent defatted soya flour, 5-percent nonfat dried milk, 5 percent of refined soya oil, and then a 2-percent vitamin-mineral premix, which contains a long list of vitamins and minerals.

The CHAIRMAN. We will put that in the record at this point.

(The document referred to follows:)

CSM HIGH PROTEIN FOOD

Composition:	Percent
Processed corn meal.....	64
Defatted soy flour.....	24
Nonfat dried milk.....	5
Refined soy oil.....	5
Mineral-vitamin premix.....	2
Typical analysis:	
Moisture.....	9.0
Protein, dry basis.....	20.0
Fat, dry basis.....	6.5
Crude fiber, dry basis.....	1.5

In addition to the vitamins and minerals naturally present in the corn, soy and milk ingredients, CSM is fortified with vitamin and mineral supplements. Under ASCS Announcement CSM-1 dated 2/7/69, the following supplements must be included in CSM:

Mineral supplement	Pounds per ton, CSM	Milligrams per 100 grams CSM
Calcium carbonate, precipitated, FCC grade.....	12.0	600
Zinc sulfate, hydrated, FCC (ZnSO ₄ ·7H ₂ O).....	.08	4
Ferrous fumarate, purified food grade.....	.92	46
Iodized salt (.007 percent I ₂), food grade.....	13.0	650

Vitamin supplement	Per ton, CSM	Per 100 grams, CSM
Thiamine mononitrate.....	2.5 g.....	0.28 mg.
Riboflavin.....	3.5 g.....	0.39 mg.
Pyridoxine hydrochloride.....	1.5 g.....	0.17 mg.
Niacin.....	45.0 g.....	5.0 mg.
Ca D-pantothenate.....	25.0 g.....	2.8 mg.
Folacin.....	1.8 g.....	0.2 mg.
Vitamin B ₁₂	36.0 mg.....	4.0 mcg.
Ascorbic acid.....	364.0 g.....	40.0 mg.
Vitamin A (stabilized retinyl palmitate).....	15,000,000 USP units.....	1,670 USP units.
Vitamin D (stabilized).....	1,800,000 USP units.....	200 USP units.
Alpha tocopherol acetate.....	68,000 IU.....	7.6 IU.

The following is the available data relative to several of the essential amino acids in CSM:

Essential amino acids	USDA guideline Min. grams per 100 grams ¹	CSM grams per 100 grams ¹
Lysine.....	0.95	1.00
Methionine.....	.3	.4
Total S-containing.....	.6	.6
Tryptophan.....	.22	.22
Threonine.....	.65	.75

¹ Dry basis.

The CHAIRMAN. Have you considered the effect that this would have on the production of other foods, such as meat and other products that people now eat, if the Government were to get into the business of distributing this and having the people use it instead of their regular diets?

Mr. KRAUSE. I do not believe it would make any difference at all.

The CHAIRMAN. It would not affect the cattle grower over here in Nebraska?

Mr. KRAUSE. I think it might affect the farmer by opening up a new market for his corn and for his soybeans.

The CHAIRMAN. I am talking about chickens, cattle, hogs?

Mr. KRAUSE. I think we are talking about reaching people that generally do not get that kind of food.

Senator CURTIS. The question that runs through my mind is how are we going to devise a program that limits the Government food supply to this, because I do not believe you will reach it by a matter of selection.

Mr. KRAUSE. I think this idea of putting a nutrition package together in a foodstuff and then showing people how to use it can be achieved if we really go to work on this educational arena.

Senator CURTIS. I am not quarreling with the objective. I am wondering through these hearings how much of our malnutrition is to cook foods in their original state. I do not know what the difference is between the cost of a loaf of bread purchased on retail and caused by inability and lack of knowledge of people knowing how a loaf of home-baked bread. I do not know what the difference is between the cost of a bushel of potatoes and the cost of prepared and precooked and preflavored potatoes that you just warm up. Neither do I know whether there has been any survey as to whether or not people suffering from malnutrition have any of this information.

I am not quarreling with your proposition. I think we have quite a muddle on our hands here. I believe that one of the reasons why tens of thousands of people in my State whose income is below that which would make them eligible for stamps are not at all undernourished, whereas others may be undernourished to a degree, stems from how they purchase their food and how they prepare it, and whether they substitute their own work for prepared, precooked, preflavored, prepackaged foods. Certainly I am not quarreling with the various foods that have been developed and have contributed to ease, comfort, convenience and less labor, but it might well be the reason that an arbitrary income level is not a measuring stick for malnutrition, it might be that one of the reasons for that is the difference in the way people prepare their foods and what they start with and whether they start with the food itself or whether it is already prepared.

You get back among the people, and you cite a statistic, a Government statistic, there are so many people with an income below that, therefore ipso facto they are undernourished, they just know that is not so.

Mr. KRAUSE. I am sure that is correct and there is much to indicate that malnutrition is not limited to the poor. We see it in the way many of the teenagers race in and have a bite to eat and then they have a bottle of soda pop.

Senator CURTIS. I do not favor nor do I suggest that the Federal Government look over the shoulder of every merchant who is selling food for food stamps, but the fact remains there is no way of telling who the purchaser obtained the stamps from or what he gave in exchange for them, and I do not know that there is much that can be done about it.

The CHAIRMAN. That is what concerns me. It is a fine thing to make a statement here that you can take a fifth of the amount of money that is proposed here and with your formula get rid of malnutrition. It would be a marvelous thing if we could do it, if we could get the people to follow your suggestion.

Senator CURTIS. Do you think it would be possible for the Government to run some pilot programs in this? An area could be selected, with the consent of the local people, to carry this out and have the doctors do some testing before and afterward and size up the cost. It is entirely possible that that might have to be done before this could be sold to the American people as an answer.

Mr. KRAUSE. Senator Curtis, I agree that this is a very logical and good approach. Our company has already had discussions with representatives of the Department of Agriculture and we are willing to undertake at our expense such testing programs, in cooperation with the Department, naturally, and I hope to do just that. We feel so strongly that this concept of putting nutrition in a package that has versatility will work that we want to undertake just such a testing program in three or four significant poverty areas in different parts of the country, at our expense.

Senator CURTIS. I am sure that every member of this committee and every Member of the Senate would like to see the general standard of living as high as possible in the United States. I do think that one of the things we have to decide in reference to this program is whether our objective is to relieve starvation and malnutrition with this food program, or is it to generally lift the level of the standard of living.

The CHAIRMAN. Have experiments been carried on abroad to indicate the effect of feeding this?

Mr. KRAUSE. I have with me an article that was published on February 17 that tells about one small area in Biafra where three people a day were dying of malnutrition, and when they started feeding CSM, within a week the loss had gone down to three people a week. I would like to put that article in the record.

The CHAIRMAN. Without objection that will be done.

(The article referred to follows:)

[Excerpt from the Chicago Tribune, Feb. 17, 1969]

BIAFRANS GENTLY TAP BOWLS, TIN CANS IN PLEA FOR FOOD

(By David Mazzaella)

UMUOHIAGU, BIAFRA, February 17.—Sister Mary Thomas' breakfast guests begin arriving before dawn.

More than 2,000 of them form lines up and down the field. Most are children, squatting on their haunches, tapping out subdued rhythms on chipped bowls and empty sardine cans. Their colorfully robed mothers and silent fathers stand behind, many of the women balancing babies on their hips.

Sister Mary's helpers appear, carrying three-foot-deep kettles, and the tapping quickens.

SPOONS AND SPATULA

The aging nun from Ireland's County Cork walks briskly, a broad-lipped metal spoon in her right hand, a wooden spatula in her left. She dips deeply into the mixture and begins filling the bowls and the cans.

Little fingers plunge into the bowls, dip and lick, dip and lick.

"Ah, a great food this is," the smiling nun remarks. It contains cornmeal, soybean, and milk powder and comes from the United States.

"We add powdered egg, oil and stockfish," said Sister Mary. "They like it . . . and what a world of good for them it does."

The base, known as Formula Two, has been donated to relief agencies in huge quantities recently by the American government.

Sister Mary's feeding center is one of the largest of more than 1,500 set up in Biafra to aid thousands of persons displaced by the 18-month Nigerian civil war.

ONE MEAL DAILY

It provides one meal a day—breakfast—and the meal possibly is the most wholesome in Biafra.

The Red Cross, and Roman Catholic and Protestant relief organizations are serving 3 million high protein meals a week. Officials agree that the dreaded protein deficiency disease—kwashiokor—has nearly been controlled, at least among the children.

Six months ago, children with bloated stomachs, gray skin, and reddish hair—the signs of kwashiokor—were seen in great numbers anywhere in Biafra.

Only 10 kwashiokor cases were reported this week at Itu Olokoro refugee camp here. At Queen Elizabeth's Hospital, an average of three children a day used to die of malnutrition. Now three or four die in a week from all causes.

Relief workers warn, however, that should the airlift cease the situation would be reversed quickly. They say that while the present supply is keeping Biafra's children on a safe nutrition level, there is not enough for adults who need food desperately.

MEALS ARE LIMITED

"Most feeding centers still can only provide three meals a week to refugees," said Earl Roe, a Chicago schoolteacher who runs a distribution center for the World Council of Churches.

Aged men and shabbily dressed women camp outside the centers. Sometimes they get a bit of food left over after the distribution to refugee camps, feeding centers, and hospitals.

But much of the time the hard-pressed relief officials can give them nothing.

The CHAIRMAN. You have given us something to think about. The problem would be how to put that into legislation and make it effective.

Mr. KRAUSE. We have a fine group of nutritionists who we have discussed several times this morning, 5,000 people. If we give them a little leadership, we could mobilize them and if we turn them loose, a lot could be done.

The CHAIRMAN. Mr. Hardin will appear before us, and I am going to mention this to him, with the view of having the nutritionists who are now being trained try this out among the people and see how it works and try to get results from it.

Mr. KRAUSE. Fine. Thank you very much. I appreciate it.

The CHAIRMAN. Thank you very much.

That completes the list of witnesses for today.

The committee will stand in recess until 10 o'clock on Monday, May 26.

(Whereupon, at 1:25 p.m. the committee recessed, to reconvene at 10 a.m. Monday, May 26, 1969.)

FOOD STAMP PROGRAM AND COMMODITY DISTRIBUTION

MONDAY, MAY 26, 1969

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The committee met, pursuant to recess, at 10:15 a.m., in room 324, Old Senate Office Building, Senator Allen J. Ellender (chairman of the committee) presiding.

Present: Senators Ellender, Holland, Jordan of North Carolina, McGovern, Aiken, Miller, Curtis, Cook, and Dole.

The CHAIRMAN. The committee will please come to order.

The committee will continue hearings on the food stamp program and the direct food distribution program.

Senator McGovern, I understand you want to make a short statement.

STATEMENT OF HON. GEORGE McGOVERN, A U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA

Senator McGOVERN. Mr. Chairman, I would like to just make a brief statement if I may before we proceed.

The CHAIRMAN. You may proceed.

Senator McGOVERN. I would like to supplement this brief statement today with a more complete statement for the record before the hearing record is closed if I may.

I regret, Mr. Chairman, that a longstanding commitment to chair a consultation of the World Council of Churches in London last week made it necessary for me to miss the hearings on Thursday and Friday, but I will read that testimony with interest, and I am delighted that the committee is moving ahead on hearings on the various food stamp proposals.

As I said on the floor of the Senate in introducing my own bill, S. 2014, I do not regard this bill as the only answer to the problems of malnutrition and hunger, nor am I wedded to specific provisions. I think the important thing is to begin in a substantive way in eliminating malnutrition, and hunger.

I want to particularly compliment the chairman of our Committee on Agriculture for the leadership and dedication that he has given to this task over the years, and especially to the long hours that he has given to the work of the Select Committee on Nutrition and Human Needs.

It is a fact that more than any other member of our committee, that he has attended more of the hearings and stayed through each of the sessions for a longer period of time.

I also want to compliment Senator Talmadge, who has proposed what I regard as very substantial reforms of the Food Stamp Act, together with a substantial increase in the authorized appropriations for both fiscal year 1970 and 1971.

I think the leadership he has provided, both as a member of this committee and the special select committee is an example for each one of us.

Mr. Chairman, the committee has before it various documents analyzing and comparing the major provisions of five different food stamp proposals. I shall not comment on the differences of the bills in detail, because of the witnesses that are waiting to testify, but I do hope the committee will seriously consider each of the specific reforms in the food stamp programs, and especially those in Senator Talmadge's bill and my own bill.

I would like at this time to simply itemize the major reforms proposed in my own legislation, S. 2014, and those items of reform are as follows.

First of all, nationwide Federal minimum eligibility standards:

The story by Mr. Spencer Rich in today's Washington Post underscoring some of the ridiculous requirements that are made by local and State agencies points up the importance, I think, of giving serious consideration to Federal standards.

Secondly, a food stamp coupon value to every recipient of not less than \$30 per person per month, which is the cost of USDA's low-budget diet.

Third, free food stamps for families whose incomes do not exceed \$80 per month, and that is a very important part of the legislation that I have suggested with the cosponsorship of some 32 Senators.

Fourth, scaled purchase prices with a maximum ceiling of 15 percent of the family's income for those families with income of less than the USDA low-budget food cost, and 25 percent of the family's income for all other recipients.

Fifth, authorization for participants to purchase less than a full supply of stamps during the month.

Sixth, distribution of surplus commodities in food stamp counties where there is a demonstrated need.

Seventh, use of food stamps for the purchase of soaps and other sanitation products.

Eighth, instruction, counseling, and outreach to assure eligible households are given the opportunity to participate in the education to spend their stamps wisely.

I think we have seen in the hearings of the special committee that many people are not aware of the program, and do not know how to use it wisely.

Ninth, availability of food stamps through grocery stores, post offices, as suggested by Senator Talmadge, or other convenient places.

Tenth, administration of the food stamp program through State or local agencies other than welfare agencies, or directly by the Federal Government, where local officials refuse to administer a program or do not adequately serve those eligible to participate.

Finally, simplified certification through the use of the personal declaration form.

Mr. Chairman, I realize that these reforms are costly in terms of what we are now doing. They will add an estimated \$1.8 billion in fiscal year 1970 to the food stamp program, and lower the purchase price as I have suggested, anticipating reasonable increases in participation, the cost in the next fiscal year would probably exceed \$3.5 billion.

Many of these provisions do not appear in the other bills before the committee, but in my best judgment, they are all necessary, if the food stamp program is to become what I believe it should be, and that is the first line of defense against hunger and malnutrition in the United States.

Thank you, Mr. Chairman, for permission to make this brief statement.

The CHAIRMAN. We are glad to have had your statement, Senator McGovern.

We have quite a lot of testimony on the subject which you have raised, and we hope to have more of it today and plenty of it tomorrow when the Secretary of Agriculture appears with some of his aides.

I am very hopeful that the committee will explore all of these points you have raised specifically with the Department of Agriculture. After all, the Department may have to administer this bill, and we will find out from the Department what they have in mind, and I hope you will be able to be here.

Senator MCGOVERN. I plan to be here.

The CHAIRMAN. So that we can bring all the points out.

(The supplemental statement filed by Senator McGovern is as follows:)

This Committee has before it four bills, each proposing major reforms in the Food Stamp Program. In a statement before the Committee on May 26, 1969, I outlined the eleven major reforms proposed in S. 2014 which I and 32 colleagues have co-sponsored and which is before this Committee for consideration.

So that the Members of the Committee will be apprised of the reasons why I believe each of these reforms is essential if the Food Stamp Program is to be made to work effectively and to serve those low-income families who cannot afford to purchase a minimum adequate diet, the following material is submitted to the Committee for inclusion in the hearings record.

I. PROGRAM FUNDING

A. S. 2014 provides for authorization for appropriations of funds necessary to carry out the provisions of the Food Stamp Act

The basic purpose of all of the bills before the Senate Agriculture Committee is to end malnutrition among low-income families. This Committee will carefully consider every provision of each bill and will recommend the program which it agrees will best serve that purpose. Once we have written such a bill there is no justification for not authorizing such appropriations as are necessary to put it into effect.

Precedents for unlimited authorization are numerous. In the food assistance area alone, the School Lunch Program has an unlimited authorization and the Commodity Program draws on Section 32 and CCC monies which require neither prior appropriation nor prior authorization.

Appropriations Committees must, of course, pass on appropriations annually whether the authorization be limited or open-ended. Under S. 2014 these committees will have before them the Secretary's cost estimates for the program for the ensuing year—estimates that will be made on the basis of the latest participation projections available to the Secretary.

An unlimited authorization will neither overburden the Appropriations Committees nor, as some have implied, result in the delegation of the legislative or oversight responsibilities of this Committee.

An unlimited authorization need not in any way limit the authority of an authorizing committee. This Committee and the House Agriculture Committee can and should periodically review all programs under its jurisdiction and it, of course, can at any time, recommend a limited authorization, or report a bill terminating or altering the Food Stamp Program in any way they desire.

B. S. 2014 gives the Secretary authority to obligate 10 percent more than the funds appropriated (to be repaid out of the following year's appropriations)

Economic factors as the unemployment rate affect participation and resultant cost of operating the Food Stamp Programs. Either participation must be deliberately limited or new funds must be appropriated to take care of sharp fluctuations in demand. The impracticalities of having to return to Congress for a supplemental appropriation whenever additional monies are needed are obvious.

A 1% rise in the unemployment rate could increase participation in a national Food Stamp Program by 500,000 persons and raise the program cost of the Administration's proposal, for example, by several hundred million dollars. This provision provides the flexibility to meet increased need immediately.

The provision of authority to obligate 10% more than is appropriated during any Fiscal Year will also eliminate the current requirement that the Secretary hold millions of dollars of badly needed funds, funds which have already been appropriated for the Food Stamp Program, in a useless kitty against the possibility that unanticipated expenses may exhaust appropriations for the program. According to Mr. Robert Choate (p. 357)* this requirement will result in \$20 million dollars, or nearly 10% of all funds appropriated for the program for FY 1969, being returned to the Treasury this July—\$20 million that should have been spent to feed the hungry.

Providing food stamps to the needy is no different from the purchase of surplus commodities in that nobody can predict what surpluses may exist during any given year or how many persons may require food assistance during that same year. Congress has provided a flexible funding arrangement to meet unanticipated expenses of farm programs. It can do no less to meet the needs of our malnourished poor.

II. COST OF COUPON ALLOTMENT

A. S. 2014 pegs the cost of purchasing the coupon allotment to the price of purchasing an adequate diet (as determined by the Secretary)

1. The formula for determining the cost to a family of purchasing the coupon allotment is as follows:

(a) Families having a total income of less than $\frac{2}{3}$ the cost of buying food alone would receive their allotment free.

(b) Families whose income is between $\frac{2}{3}$ and an amount equal to the cost of buying food alone would pay no more than 15% of their income for their coupon allotment. (After June 30, 1970.)

(c) All other families eligible to participate would pay no more than 25% of their income for their coupon allotment. (After June 30, 1971.)

2. If the Secretary sets the purchase price of an adequate diet at the minimum level authorized in S. 2014 (\$120 per month for a family of four), then the formula for determining the cost to a family of purchasing its coupon allotment would work out as follows:

	Percent of family income required to purchase coupons
Annual income (family of four) :	
\$0 to \$960.....	Free.
\$960 to \$1,440.....	15 percent or less (after June 30, 1970).
\$1,440 to \$4,320.....	25 percent or less (after June 30, 1971).

B. Free stamps

Some have *objected in principle* to the concept of free stamps. It is argued that by giving out free stamps we eliminate the incentive to carefully budget the food

*All page references are to the transcript of the Hearings of the Senate Agriculture Committee, May 22-27, 1969.

dollar. Even a token payment, it is said, helps a family to learn how to save money for food (pp 12, 14, ff) However, when the income levels of the families which we are talking about are analysed in relation to their food needs, it is clear why those at the lowest level cannot be expected to pay for their stamps. S. 2014 would give free stamps to a family of four whose total monthly income is less than \$80. According to OEO this same family needs about \$185 per month to meet its minimum necessary non-food expenditures alone. It is obvious that if rent, clothing, transportation, medicine, and other necessary expenses cost \$185 and a family has an income of \$80 then that family just does not have any money left over to buy food.

If we ask that family to spend \$36 per month for its coupons, as the present Act does, that family must choose between not participating and taking \$36 which are needed for other basic necessities and giving them to USDA. That is not the kind of choice which should be forced on those we seek to help, and it certainly will not result in teaching a family how to make proper budgeting decisions. It will simply, as it now does, keep the people who need help most out of the program. It is proper to ask a family which has enough money to meet all of its basic needs to learn how to distribute that money so that these needs are actually met. It is *not* proper, in fact it is cruel, to ask a family to choose between food and medicine and to call that choice an education in effective budgeting.

Some may agree that \$36 per month is too much to ask of a family earning \$80 per month, but argue that, on principle, a \$2, \$5 or \$10 "token" payment should be required. But this required "token" charge, like the present \$36 charge, comes out of an income which will not buy basic fixed non-food necessities. For the very poor the difference between a "token" charge and a substantial charge is the difference between going entirely without clothes, or giving up only their pants, in order to buy food.

Furthermore a person who need save only \$2, \$5, or \$10 a month is not likely to learn much about budgeting or to feel that if he wastes his food dollar he is wasting his own money.

Finally, a token charge to the very poor will obviously save very little money—a token charge produces a token saving to the taxpayer.

While the whole idea of demanding payment from families whose entire monthly income is less than \$80 may put us safely on the record against "the dole," what the Food Stamp Program is providing is not a dole, but food money without which families at these income levels cannot possibly even approach a minimally adequate diet. This is the sort of token which we can do without.

C. Nonfood expenses—15- and 25-percent purchase requirements

The cost of coupon allotments under S. 2014 is scaled to the amounts which families of varying incomes can realistically afford to spend for their coupons. Elementary logic suggests that what a family can afford to spend for food coupons is directly dependent on how much money it has left after meeting expenses for other absolute and *fixed cost* necessities. The brief table below shows that S. 2014, far from being too liberal, would ask most participants to pay more for their stamps than they have left over after meeting necessary non-food expenses.

Total monthly income (family of 4)	Minimum required for nonfood expenses (OEO)	Surplus money available to purchase coupons	Cost of coupon allotment (S. 2014)
\$80-----	\$185	0	0
\$100-----	185	0	15
\$200-----	185	15	50
250-----	185	65	63

III. VALUE OF COUPON ALLOTMENT

A. S. 2014 Provides an Allotment Worth \$120 Per Month (for a family of 4; adjusted according to family size) to All Participants

1. \$120 per month is what USDA calls a "low-cost" diet. It is the absolute minimum price for which a family which is not headed by an expert in nutrition

can buy an adequate diet. All participants should receive this \$120 per month. None should receive less or they will be malnourished. None should receive more because the program is to provide *adequate* nutrition only.

2. *\$60-124 per month is the range of values of the allotments now provided under the Food Stamp Program.* These allotments are far too low for all but the near-poor and they are grossly unfair. It costs the very poor and the not so poor the same amount to buy their food. They should get the same amount.

3. *\$100 per month is the value of the allotment proposed by President Nixon.* This is what USDA calls an "economy" diet. In USDA's own words, this diet is for temporary emergency use when funds are low. The Bureau of Labor Statistics has rejected this "economy" diet as not adequate for an average family to meet its food needs. USDA itself rejected it in 1968 for the same reason.

It is critically important that we eliminate what one witness has called "government mandated malnutrition" from our food programs. If we retain coupon allotments at their present level, or merely increase them to \$100 per month per family of 4, we will, according to USDA's own data, merely be perpetuating malnutrition. The Food Stamp Program asks the participant to pay what he can for his stamps. If, after taking from the participant all of his food money, we fail to provide enough stamps to give him a nutritious diet, we will be perpetrating a fraud on him and on the American people.

IV. ELIGIBILITY REQUIREMENTS

A. S. 2014 Provides the Following National Eligibility Standard—All Families of 4 Earning Less than \$4,320 Shall Be Eligible to Participate in the Food Stamp Program

1. *The Minimum Standard*

Under S. 2014 all families composed of four persons and earning less than \$4,320 per year (\$360 per month) would be eligible to participate in the Food Stamp Program. As in the present program, *this income standard would, of course, be adjusted according to the size of the family involved. Bonuses provided under S. 2014 would also be adjusted according to family size and income; \$4,320 is three times the present cost of purchasing an adequate diet.* OEO estimates that a family can spend no more than $\frac{1}{3}$ of its income on food without cutting out other basic necessities. Thus families earning less than \$4,320 need food stamps to supplement their food budget. Without this sort of supplement they must dip into money needed to meet non-food expenses if they are to eat adequately.

In light of the Bureau of Labor Statistics recent estimate that it costs a family of four nearly \$6,000 per year to maintain a "low standard of living", \$4,320 per year is a realistic national standard for eligibility to participate in the Food Stamp Program.

2. *National Eligibility Standard*

Nearly every witness before both the Select Committee on Nutrition and Human Needs and the Senate Agriculture Committee has stressed the gross inequity of present eligibility requirements under the Food Stamp Act. Several witnesses suggest that these requirements may even drive people out of their home State in search of food which they cannot get there, but may get in some more liberal State. This is grossly unfair to the individual and to the States. As the lengthy questioning of Mr. Howard Davis on this point (pp. 116-127), indicated it is inequitable that a family of four earning \$175 per month should be ineligible to receive stamps in one State while a similar family earning \$325 can get stamps in another State.

While these inequitable eligibility standards reflect similar welfare standards and would be corrected were welfare eligibility to be standardized, there is no reason to wait for HEW to reform its program. A national eligibility standard for the Food Stamp Program is needed now. This Committee and the Department of Agriculture should take the lead in legislating and implementing national guidelines for the programs under our jurisdiction—guidelines that will insure that all persons in need of food assistance will be eligible to participate in the Food Stamp Program.

B. S. 2014 permits local authorities to set eligibility standards responsive to local needs so long as they meet the national standard set forth above

As Senator Steven's statement in support of S. 2014 points out, prices and incomes vary greatly around the nation. S. 2014, while setting a needed *minimum*

national standard, permits local authorities to establish eligibility standards appropriate to the needs of their area.

C. S. 2014 provides guidelines for determining allowable resources for eligible families

Existing standards for determining allowable non-income resources are inequitable both between States and between families having differing occupations (pp. 113-116, 128-130). Howard Davis testified that USDA is "not satisfied" with present allowable resource standards for farmers (p. 118). S. 2014 directs program administrators to consider only income which can be realized from an applicant's resources, not the total value of those resources, in determining his eligibility to participate in the Food Stamp Program. Regulations promulgated under the guidelines set forth in this provision would provide a fairer eligibility standard for farmers and would eliminate present requirements which in some cases force an applicant to sell his house, his livestock, or liquidate his life's savings in order to become eligible to participate in the Food Stamp Program.

V. LOCAL ADMINISTRATION

A. S. 2014 retains the state welfare agency as the primary local administrator of most food stamp projects. Alternative administration would occur only under specified conditions

S. 2014 removes administrative responsibility from the local welfare agency only under unusual conditions.

Only if (1) local officials refuse to accept a program; (2) the welfare agency fails to comply with the Act; or (3) that agency fails to serve those in need of assistance would S. 2014 permit a program to be operated by anyone other than the local branch of the State welfare agency. When this is the case, when local officials refuse to operate a program or fail to comply with the law, then the Secretary would be authorized to operate a program in whatever manner he judges most effective to meet the needs of the county in question. His options would include direct operation, or operation through other State, local, or private agencies.

It is, of course, desirable that there be local operation of a program of this type. The vast majority of local officials are aware of the need for food assistance programs. But candor requires us to admit that there are County Commissioners who refuse food programs on principle and who claim to speak for a majority of their constituents in this refusal. Often the counties these Commissioners rule are counties in which a significant minority are desperately in need of food assistance. Surely this minority has the right to participate in a program whose benefits are so critically important. They should not be excluded solely because of their residency. The needs of the hungry should certainly override any presumption in favor of local control. These needs indeed demand that, in the few cases where an unenlightened, stubborn local government denies food to its hungry citizens, we have the duty to step in and offer people the food which they would be entitled to if they lived in almost any other county in the nation.

Of course, a program which has the cooperation of local officials is more effective than one which does not. But it seems obvious that a program which must be undertaken without local cooperation will still be more effective than no program at all. If we are going to promise all of the hungry of this nation a chance to participate in a Food Stamp Program, we must back up this promise with legislation which guarantees that we will actually be able to put a Food Stamp Program into every county. Both the experiences of the Select Committee in Florida and the record of the past several years show very clearly that a small number of the nation's 3,091 counties will never introduce a Food Stamp Program voluntarily. Unless we give the Secretary carefully circumscribed authority to operate a Food Stamp Program where local officials absolutely refuse to do so, the promise of a nationwide Food Stamp Program will become just another in a long string of unfulfilled promises to the poor.

VI. COSTS OF LOCAL ADMINISTRATION

A. S. 2014 would permit the Secretary to pay up to the full administrative cost of operating a Food Stamp Program

In a few cases counties are unable to meet the administrative costs of the program. Under S. 2014 the Secretary would establish regulations to determine

which counties qualify to receive Federal assistance in meeting administrative costs. These costs would be paid only where lack of local ability to pay is a substantial limiting factor in the introduction or proper administration of a program. *It is not correct that under S. 2014 most counties would be operating Food Stamp Program at Federal Expense.* Standard regulation for determining a county's ability to meet program expenses could be issued by the Secretary, and only counties qualifying under these standards should receive assistance in meeting administrative expenses.

S. 2014, moreover, limits the Secretary's power to operate a program against local wishes: The payments to which a county is entitled must be offered before the Secretary can remove administration from local control. This guarantees that no county which is actually not able to pay the administrative cost of operating a Food Stamp Program will be required to operate a program or else face direct Federal operation of the program.

VII. CONCURRENT DISTRIBUTION OF COMMODITIES

S. 2014 Permits Simultaneous Operation of Food Stamp and Commodity Programs.

This program is need to *ease the transition to Stamps from Commodities.* At present many Commodity recipients are left without assistance for several months before they can be certified to receive stamps.

This provision is also badly needed until the Food Stamp Program can be reformed to enable all Commodity families to meet purchase requirements. Often 50% or more of the former Commodity recipients are unable to buy into the Food Stamp Program as now operated. Any adequate Food Stamp Program reform must change this, but the change will take time and commodities are needed in the interim.

This provision is needed as an expanded emergency measure for use in disaster areas *and* in areas where a Food Stamp Program is being improperly operated and a direct program cannot be implemented immediately.

Under this provision the Secretary would establish regulations governing simultaneous operation of Commodity and Food Stamp Programs. These regulations might include provisions for simultaneous operation during the transition from Commodities to Stamps until such time as all former Commodity recipients are receiving Stamps. They might also include provision for simultaneous operation wherever a Stamp Program is being operated on such a limited basis that it fails to reach a significant portion of the hard core poor.

Certainly, the Food Stamp Program should be our major defense against hunger, but it is important that we retain the Commodity Program as a secondary defense to be used for the purposes outlined above. In the Defense sector we provide hundreds of weapons against the possibility of failures in any one weapons system. And we provide back-up systems for astronauts orbiting the moon. This is called "flexibility." Surely we should have programs which will enable us to respond as flexibly to the needs of our own hungry citizens as we do to our defense needs and the space program.

VIII. SELF-CERTIFICATION

S. 2014 Provides for Certification by Affidavit of the Applicant.

This provision would eliminate the long wait which many applicants must endure while they are being investigated to determine whether they meet eligibility requirements. It will also reverse the present assumption that an applicant's statements are false until proven true by the case worker—an assumption which is insulting and unnecessary.

Investigations would still be undertaken, but they would occur after the applicant is receiving the immediate help he needs. If the affidavit is found faulty, the level of assistance received by the participant would immediately be adjusted to the appropriate level. The small amounts which might be paid to ineligible persons before their affidavit can be checked would be far, far outweighed by the elimination of long waiting periods during which perfectly eligible applicants are presently denied the food assistance they need.

The value of treating an applicant with dignity would, in itself, justify the minimal losses which might occur under the self-certification procedure contained in S. 2014.

IX. ISSUANCE OF COUPONS

A. S. 2014 Authorizes the Issuance of Coupons "*in Such Manner as Shall Best Insure Participation of Eligible Households.*"

This provision is designed to provide flexibility in the search to find the issuance procedure most likely to promote participation in each locality.

Under S. 2014 stamps might be mailed with welfare or social security checks, issued in participating food stores, or distributed in any other manner suited to local conditions and approved by the Secretary.

B. S. 2014 *Permits Participants to Purchase All, or Any Portion, of the Coupon Allotment to Which They Are Entitled.*

This provision would enable a family which cannot afford to purchase its full month's coupon allotment to purchase any fraction of that allotment in installments at a proportionately reduced price. Often unanticipated expenses make it impossible for a family to purchase its full allotment. Under present regulations this family must drop out of the program, and must undergo recertification before it is again eligible to participate. S. 2014 would enable such a family to continue to participate at whatever level it is able to afford.

X. FOOD COVERED

S. 2014 *Permits Participants to Buy Specified Products Required for Personal and Home Sanitation.*

This recommendation proceeds from the obvious fact that food prepared in dirty pots, served in dirty dishes on a dirty table, and eaten by a person with filthy hands is likely to be food whose nutritive value will go to the parasites which thrive under such conditions. The cost of soap, detergent and toothpaste is relatively small, but their benefit is great because they protect a family's large investment in food. It would be silly for us to offer people millions of dollars worth of food stamps only to see malnutrition continue because we will not permit a few of these dollars to be spent on soap.

XI. INFORMATION ASSISTANCE

S. 2014 requires vigorous outreach and nutrition education efforts by the local administering agency. It also requires agencies to seek the assistance of other private and public groups able to provide nutrition education. These efforts are vital to the success of any food program. Without outreach and education, potential participants will not know about the Food Stamp Program and actual participants will not know how to spend their bonus dollars as effectively as they should. S. 2014 recognizes these facts.

The CHAIRMAN. All right, the first witness will be Dr. Robert A. Bohannon, director of extension division, Kansas State University, and Dr. Shirley White, of Kansas State Extension Service, Manhattan, Kans.

Senator DOLE. Mr. Chairman——

The CHAIRMAN. Senator Dole.

Senator DOLE. Let me say a word on behalf of Dr. Bohannon and Dr. White.

Dr. Bohannon is the director of the extension service of Kansas State University. He is a native Kansan with a long, distinguished record in agriculture.

Dr. White's mother came from North Carolina. She attended school in Nebraska. Therefore, she knows a couple of members on the committee.

The CHAIRMAN. Her mother married somebody from Nebraska; am I right?

Senator DOLE. Right. She is our State home economics leader.

Let me say before Dr. Bohannon reads his statement I have been a member of Senator McGovern's committee and have made it a point at every opportunity to point out the great work being done by the Extension Service of the U.S. Department of Agriculture.

There was a time, there was a suggestion, perhaps, that some of their programs should be shifted to HEW. These two witnesses are here today to tell the story of the progress made in Kansas, the problems in Kansas, and particular reference to nutrition project in Kansas.

I am convinced now as I always have been that the USDA, specifically the Extension Service, can provide the necessary services when it comes to education, and I am pleased to have both Dr. Bohannon and Dr. White here this morning.

The CHAIRMAN. We are also glad to have both of you. You may proceed.

STATEMENTS OF DR. ROBERT A. BOHANNON, DIRECTOR, EXTENSION DIVISION, AND DR. SHIRLEY A. WHITE, STATE LEADER, EXTENSION HOME ECONOMICS, KANSAS STATE UNIVERSITY, MANHATTAN, KANS.

Dr. BOHANNON. I will read my statement.

The attention of Kansas, indeed all Americans, has been recently focused upon that segment of our society classified as low-income, disadvantaged, or limited-resource families.

It is a paradox that in a land where opportunity abounds, there are people who are not able to enjoy an acceptable standard of living. In both rural and urban areas poverty exists to a degree that it affects diets, health, sanitation, educational aspirations, family morale—literally every aspect of family life.

Even in Kansas, which is considered a prosperous State by many standards, the number of low-income rural and urban families—less than \$3,000 annual income—is surprising. Among the 568,621 Kansas families listed in the 1960 census, 22.3 percent were rated as low income. This included 56,685 urban families—16.3 percent—and 69,918 rural families—31.6 percent.

Because our experience in the Kansas State University Cooperative Extension Service of working with large numbers of Kansas citizens through a variety of noncredit, out-of-the-classroom educational activities, we always welcome any opportunity to initiate a program of service to a new or broadened clientele. The expanded nutrition program is such an activity.

We went through the preliminary planning stage on this project last fall, but were not able to implement it until section 32 funds were made available early this year through the USDA and the Federal Extension Service. The project was started on a pilot scale in three counties, but is now at various stages of consideration in nine counties in Kansas. Approximately 45 nonprofessional KSU program aides and supervisors will be utilized when proposed county programs are fully implemented.

We proceeded slowly because we feel that during the initial stage in each participating county there must be careful consideration given to the project by county agents, the county extension council, county commissioners, the district extension supervisor, State home economics specialists, and administrators.

It is essential that everyone directly concerned must want the project and be willing to become dedicated to its success.

It seems appropriate at this time to offer some general observations based on our relatively brief involvement in considering, developing, and implementing an expanded nutrition project for limited resources families in our State:

First, operation and implementation of this special nutrition project has challenged the Kansas State University Extension Service to adapt and devise new educational techniques of reaching a segment of the population not currently involved in extension programs.

Second, preliminary experience shows that families with restricted resources do not, for a variety of reasons, take advantage of informal educational opportunities available to them. To reach this audience extension must "go to the people" and, in the beginning, put almost total emphasis on personalized demonstrations and consultations.

Third, because this one-to-one type of teaching is expensive, an attempt to stretch available funds has led to the use of nonprofessional program aids. These are community leaders who have enough positive rapport in their own neighborhoods to present a regular series of integrated training lessons that constitute an orderly educational program.

Fourth, success of this project depends on three things—training and supervision of the aids, effective teaching methods, and adequate financing.

TRAINING AND SUPERVISION

Extension home economists in participating counties and State extension specialists can provide basic training in foods and nutrition, but this reduces the time that can be spent on other programs that will reach many more participants. So a nonprofessional supervisor is needed to coordinate home visitation activities when four or more aids are involved.

TEACHING METHODS

To reach this "new" audience extension must develop a whole new pool of attractive, easy-to-understand resources to stimulate response and action from persons in limited income situations. This necessitates creating, developing, and/or purchasing such teaching aids as slide sets, 8-millimeter film loops, models, flip charts, simplified leaflets, illustrated instruction sheets, and TV programs.

ADEQUATE FINANCING

Kansas counties already provide 40 to 50 percent of the budget for local programs from county tax sources. Although response to the challenging work with limited income families has been gratifying, new funds for this effort are severely limited at the local level. Future expansion of the nutrition or similar programs depend almost entirely upon availability of additional financial support from State and Federal sources.

Fifth, spectacular short-run results should not be expected from the expanded nutrition project. Success depends upon changing attitudes and eating habits, based on application of educational information. Results cannot be judged on the bases of group activities, meetings, publications, media stories, and newsletters so effective in reaching other more affluent extension clientele.

Sixth, hopefully, this effort of helping low-income families improve their skills in shopping, selecting food, planning meals, and using available commodities is only the first step to assisting this segment of society to become more self-sufficient and self-determined. Other related educational topics that might logically provide the second step are money management, shopping for credit, buying clothes, low-cost ways to improve the home, and creative use of out-of-school time for youth.

If projects to work with limited resource families involve more than foods and nutrition in the future it is probably that there will be a need for special assistance from many other State extensions specialists in such areas as clothing, health, family living, 4-H, recreation, horticulture, entomology, engineering, housing, and consumer marketing.

We have provided specific and detailed information concerning the counties in which we are working in the State of Kansas. This relates to the number of aids that we are using, the number of families being reached, and some specific information concerning either the commodity distribution food program or the food stamp program.

Additional details about the current status of the expanded nutrition project in Kansas may provide further insight into our procedures and emphasis.

CRAWFORD COUNTY

Eight aides are working with 90 urban and rural families, predominantly white. The county participates in food stamp plan, but two-thirds of cooperating families are not involved in program. Aides are giving practical demonstrations on food preparation, controlling fleas and bugs in the home, and planting and caring for vegetable gardens.

DOUGLAS COUNTY

Two aides are working with 60 predominantly white urban families. Progress is slow because of difficulty in hiring qualified nonprofessionals and some concern by a strong NAACP organization. The local extension board has some reservations about the nutrition program, but extension agents have good rapport with community leaders, university officials, and county commissioners who look with favor on the effort.

FINNEY AND SEWARD COUNTIES

Two aides will be hired in each county to work mainly with white and Mexican-American families, including some migrant workers. As many as 180 families may be involved when these programs are started.

JACKSON AND BROWN COUNTIES

A proposal is under consideration with Bureau of Indian Affairs to hire six aides to work with Indian families both on and off the reservations. A professional home economist, preferably Indian, would be hired to head up the program. Aides and the supervisor would be housed in the county extension offices, and the local Indian agency would provide advisory committees.

MIAMI COUNTY

Six aides are working with 50 Negro and white families, rural and urban. The county has not organized any type of free food distribution but commissioners have discussed the food stamp plan. Program aides are stressing how to use economy foods such as dried milk, corn meal, rice, and rolled wheat in preparing meals. The local county welfare department is helpful in suggesting cooperating families.

SALINE COUNTY

Three aides are now working with 28 Mexican-American and Negro families. The county is not participating in food distribution but is exploring food stamp plan. Since the nutrition program just started, more expansion is anticipated in the near future.

SEDGWICK COUNTY

Eight aides are working with 103 Negro families in the urban ghetto area of Wichita. Aides are working primarily with foods related to commodity distribution program. One county home economist will do master's research thesis on impact of "film loops" in teaching nutrition to limited resources families.

Kansas will use part of its initial project funds to produce a pilot series of 8-minute loop films as a new approach to teaching nutrition. Program aides will use portable projectors for in-the-home educational presentations.

By way of summary, I think that I can summarize this statement by saying that insofar as the Kansas State University Cooperative Extension Service is concerned, this is an educational program, commencing with firm emphasis on nutrition. As we look to the future and think about projecting it, we feel quite sure that this will merely be the launching point for more inputs than extension has conventionally been using.

Certainly to start it is going to be unique because we do have to go to the people rather than the people coming to us.

Secondly, funding is a very important consideration, and it will probably be dependent upon the kind of funding that we obtain as to the magnitude of program that we will be able to sustain.

The CHAIRMAN. How was this program started in your State? Who initiated it?

Dr. BOHANNON. Actually the program has been going for quite some time, but this particular program started because of section 32 funds that were made available from the Secretary of Agriculture through the Federal Extension Service.

The CHAIRMAN. And you have selected how many counties?

Dr. BOHANNON. We started with three and we are now working with nine.

The CHAIRMAN. Nine?

Dr. BOHANNON. Yes.

The CHAIRMAN. How is that financed at the moment?

Dr. BOHANNON. From section 32 funds.

The CHAIRMAN. All the State contributes as I noticed——

Dr. BOHANNON. We have inputs, and may I call on Dr. White to talk about the inputs from home economists, both at State level and county level.

The CHAIRMAN. How many people have you employed to do this work?

Dr. WHITE. We have 24 program aides who have been employed from section 32 funds. I have a staff of about 16 specialists who have been working with it. I have spent a lot of time in implementing it. We have, in each county, a county home economist who has carried a large part of the load. There have been a lot of people involved. But all of the time of professionals has been our regular professionals shifting what they were doing.

The CHAIRMAN. The 16 that you mentioned last, are their services paid for by the State or through the 32 funds?

Dr. WHITE. These are both State and Federal funds.

The CHAIRMAN. And the others are exclusively from the 32 funds?

Dr. WHITE. Yes. The county extension home economists in Kansas are funded about 82 percent from county—community level—funds.

The CHAIRMAN. Would you be able to tell us about the success you have had?

Dr. WHITE. Yes, if you are interested.

The CHAIRMAN. Oh, yes, surely. You may proceed, Dr. White.

Dr. WHITE. Well, I would like to make some informal comments to you, and if you have some special questions, I am not sure exactly where—

The CHAIRMAN. Anybody may interrupt and ask questions as we go along.

Senator CURTIS. May I ask one question?

The CHAIRMAN. Yes.

Senator CURTIS. Are these counties scattered over the State?

Dr. BOHANNON. Yes, indeed.

Senator CURTIS. Or is it one section?

Dr. BOHANNON. They are scattered over the State.

Senator AIKEN. I have a couple of questions.

Senator JORDAN. May I ask another question at this point?

The CHAIRMAN. Senator Aiken—

Senator JORDAN. Would there be some in Wichita?

Dr. BOHANNON. Yes.

Senator JORDAN. In the larger urban sections?

Dr. WHITE. At this point in time we have been working with about 60 percent of what we would classify urban people, but the largest of these projects is in metropolitan Wichita, and there we have at the moment well over 200 families, and I did visit with our county home economists there in terms of future professional inputs.

At the moment we have four program aides and one supervising aide who is a Negro, with a home economics degree. We were fortunate to be able to get her. I would say probably about 80 percent of the people now are urban. We have two what we consider metropolitan Kansans in the two rural counties, so I do not know what you can classify as rural. They are small towns in rural counties.

Senator JORDAN. Sumner County?

Dr. WHITE. Yes.

The CHAIRMAN. Senator Aiken.

Senator AIKEN. I notice you are working in some of these counties with a considerable number of minority groups. Do you find the minority groups more or less receptive to the extension service work than the old Yankee stock? And I notice you have some of them, too.

Dr. WHITE. Yes, we have lots of them. I would say that we have had very little difficulty getting into the homes. I think the key to this is the hiring of the program assistants, because they have already made considerable contacts in the community. I would attribute receptivity to the hiring that we have done.

Now we have had some difficulty, because we have tried to get the people in the community to give us suggestions as to who should be hired. I think hiring is probably the key to the success of the whole program. They do not respond to what we might classify in—

Senator AIKEN. Another thing applicable to Kansas as well as other Western States, the county is your unit of government.

Dr. WHITE. Yes.

Senator AIKEN. And the county distributes the food stamps. Is it difficult because of the distances for some people to get to the county seat? Is that where they get the food stamps, or are there places around the county?

Dr. WHITE. This has been one of the things that we have tried to look into. Actually there has not been as much difficulty in this as we had thought in the beginning. Somehow or other, if they are taking advantage of the commodity food program, or they are on food stamps, they are getting rides with people. A lot of churches are doing some of this kind of service work, taking them to the distribution center.

In terms of the food stamps (this is one of the big problems that we have run into thus far) in that some of them have said "We simply do not have enough money." So we are trying to help them budget and plan their spending, so that they do have enough.

Senator AIKEN. Now, in New England we have the town which you call the township—

Dr. WHITE. Yes.

Senator AIKEN. As the units of government, and no one is more than a few miles from the supply of the stamps. Further than that, you might find it interesting that we find it a great advantage to make stamps available on a weekly basis rather than monthly as most of the States have now.

Dr. WHITE. One of the considerations of the training that we have is to try to think through how this can best be handled at the local level. The aides are trying to work with the families so they do become a part of the program. I would say quite a few families, maybe more than we would like to admit, we're not taking advantage of this, simply because of the mechanics involved. So I think sometimes they do not realize how to go about doing this. This is very definitely a part of the program, in terms of using the community services.

Dr. BOHANNON. There is another part of this that I think Dr. White and some of our administrative staff are working on, and that is work with the State welfare department, in an educational kind of way to work with county commissioners, using the county agents to work with the county commissioners so that they are aware of the avail-

ability of the commodity distribution program and the food stamp program.

Senator AIKEN. That is important.

The CHAIRMAN. From your present experience, is it your view that local cooperation is necessary to put a program of this kind through?

Dr. BOHANNON. I am glad you asked that because as far as I am concerned, I think this is the key to the success of the program. For Senator Dole's benefit, I know how interested he is in the program, we have been a little slow in Kansas. We have been slow because we have taken a lot of time to go cautiously and carefully, so that everyone understands what we are trying to do to help these folk, and we feel it is going to pay dividends.

The CHAIRMAN. I think it is the view of many on this committee that unless and until you can get full cooperation at the local level, and not let the Federal Government go in there and handle it itself—

Dr. BOHANNON. That is right.

The CHAIRMAN (continuing). Why, I do not believe this program will be successful.

Senator CURTIS. May I ask a question along that line?

The CHAIRMAN. Yes, Senator.

Senator CURTIS. To either one of you or both.

Do you not feel that the emphasis that you have put on education, and particularly in the homes of these people, is the one thing that can keep this program a nutritious program, and not have it become merely a supplemental welfare program? I am not arguing against that in view of inflation, but it is possible for this program to drift into a supplemental welfare bill and miss the mark on nutrition.

Dr. WHITE. I would like to say that I think there is very little hazard in terms of the way the program is set up with the link to the university. Certainly we are cooperating with them. But as we have gone into the homes, yes, we must teach nutrition, but in some of the problems we have encountered other factors are involved. In terms of keeping it educational, this is our big concern, and of course this is a concern with the total program.

This is why we are trying to experiment with some teaching methods that are used in a 1-to-1 relationship. We do not know enough about this. I think the observation of our staff and of the aides is that these people are terribly lonely. The first step in this process is a befriending type of relationship. Developing good teaching aides to use on a 1-to-1 basis is one of our major concerns, and this is the background of the form of projection we are experimenting with.

Senator CURTIS. Yes, I agree, but the point I was making is this. That if we merely engage in the distribution of stamps—

Dr. WHITE. Oh, no.

Senator CURTIS (continuing). To people meeting an arbitrary income level, and stop there, we may not reach the real nutrition problem in the country.

Dr. WHITE. Well, I would say this has been a minor part of our program thus far. We have simply handled this in terms of making sure they know what is available, and using it if they wish to be involved in it. Of course they should be taking advantage of this, some of the families. Not all of the families are under this program.

Some of them are not using the money that they do have. This is a bigger problem.

Senator CURTIS. I think that is one thing that is very important. The people you reach with assistance on nutrition go far beyond——

Dr. WHITE. Yes.

Senator CURTIS. The number that would at any time be receiving food stamps.

Dr. WHITE. Well, not all of these people are.

The CHAIRMAN. Dr. White, we are proceeding in maybe a different way than usual. Would you like to go on with your statement?

Dr. WHITE. Yes.

Senator JORDAN. Mr. Chairman——

The CHAIRMAN. You have a prepared statement I presume?

Dr. WHITE. No; I do not.

Senator JORDAN. May I just have a minute. I have got to go to the Public Works Committee. They are waiting on me to get a quorum on an important bill we are trying to get out. I think this statement by Dr. Bohannon is an excellent statement, a very fine statement and there is a lot of good commonsense in it and in the explanation given here by Dr. White. As you heard awhile ago, her mother is from North Carolina, and that is extra good, you see. I am sorry I will not get to stay and hear it all, but I have to go and I will read it later.

Dr. WHITE. Senator, we could prepare a statement for you on this.

The CHAIRMAN. No; that is not necessary.

Dr. WHITE. The fact that these people are not trained in depth is one of the points that was raised in one of the House of Representatives' hearings on appropriations. This is the thinking that this is based on. We try to train them, but you know they are subprofessionals, so we have tried to think through ways to insure good, accurate teaching on a 1-to-1 basis. This is the first time that the 8-millimeter film cartridge idea has been adapted this way. The aide simply can carry this little projector into the home, slip this cartridge in, they do not have to do anything. It is very simple. We are preparing on a pilot basis seven of these films, on basic nutrition. The first one that we are doing is on protein. We have one on iron and vitamin C, the things that are difficult for them to talk about, because of their lack of training, so we are trying to insure that accurate teaching does take place. They can use the film as a takeoff point with the families.

We are using a cartoon approach to this, because we all know that we can respond to this in terms of television. I have some ideas of how this might lead into a television-type-clip film that would supplement the program on a nationwide basis. Kansas is a pilot state, and we are doing a research project to evaluate the effectiveness of using this film concept, single concept films, on a 1-to-to teaching basis.

It is not completely 1 to 1, because in some of the homes we go into of course there may be a dozen kids. This is why we are particularly interested in the cartoon approach, because children will sit and listen. There are many people in the families and you have a small group situation just in one home.

The CHAIRMAN. Is it necessary to have a projector ——

Dr. WHITE. Yes.

The CHAIRMAN (continuing). To operate this?

Dr. WHITE. Yes; it is, and I do have a picture if you would like it. We do not know how this is going to work out, but one of the things that we are trying to experiment with is innovative approaches to teaching, because we do not have the answers, all of them.

The CHAIRMAN. Anything else?

Dr. WHITE. No.

Senator HOLLAND. Mr. Chairman——

The CHAIRMAN. Senator Holland.

Senator HOLLAND. First Mr. Chairman, I congratulate Dr. Bohannon and Dr. White. I think they are proceeding in a very sincere and constructive way. I think that the record needs some more facts to let us see just what the whole picture is in Kansas.

First, Doctor, how many counties are there in Kansas?

Dr. BOHANNON. 105.

Senator HOLLAND. 105?

Dr. BOHANNON. Yes.

Senator HOLLAND. Do all of those counties have home demonstration offices?

Dr. BOHANNON. Yes.

Senator HOLLAND. With an agent and a home demonstration worker?

Dr. BOHANNON. Yes.

Senator HOLLAND. How many of those counties have food stamp programs and how many commodity distribution programs?

Dr. BOHANNON. I will have to say this for the record.

Senator Dole, can you take a look at the map here, and we are one of the States, Texas and Kansas are two of the States that are held up because we have apparently lagged behind in this program.

Let me tell you where we stand at the present time.

Senator HOLLAND. I am not finding fault. I just want the record to show the complete picture.

Dr. BOHANNON. Okay. I came on the scene here, and I did not really know what this was until I received a call from a man in Dallas, Tex. At the present time here is where we stand. As far as the commodity distribution program is concerned, and the food stamp program is concerned, we do not have nearly all of the 105 counties in. About 14 counties are in one or the other of the programs. We are also working with 14 more counties, with Mr. Larson of the State welfare board, to encourage them or at least provide the facts for them to accept the program in their county. If they were to accept it, we would have 85 percent of the population in Kansas covered.

Dr. WHITE. There are 80 counties that are not in the program at this moment out of the 105.

Senator HOLLAND. Eighty counties that are neither in the food stamp or the commodity distribution program?

Dr. WHITE. Yes. And they would not have both.

Senator HOLLAND. Under present law they could not have both. That would mean that 25 counties have one or the other, is that right?

Dr. WHITE. Yes.

Senator HOLLAND. Now the next question. I can tell from the testimony, which is very clear, Dr. Bohannon, what is going on in the various counties that are listed there, but I cannot tell whether or not this is largely an urban effort or largely a rural effort. I note that one of these counties is apparently the county that Wichita is in.

Dr. WHITE. Yes, it is in Metropolitan Wichita.

Senator HOLLAND. And that county is?

Dr. BOHANNON. Sedgwick County.

Senator HOLLAND. Sedgwick County, and I note that there you have eight nutrition aides working with 103 Negro families in the urban ghetto area.

Dr. BOHANNON. This is the one that Dr. White indicated. Our figures are changing so fast now, because we started out hiring aides, and we are contacting more families, and Dr. White just brought me up to date this morning that that figure is now 220, so you might enter that correction in the testimony.

Senator HOLLAND. In other words, 220 Negro families in Wichita are being worked with by your nutrition aides in Sedgwick County?

Dr. BOHANNON. Yes.

Senator HOLLAND. Well now, as to your other larger cities, Kansas City, Kansas and Topeka and maybe there are others.

Dr. BOHANNON. Lawrence, Salina.

Senator HOLLAND. Are there any of them involved in these pilot counties that you are working with?

Dr. BOHANNON. Could I just make a comment on that. In the very beginning we of necessity, because of limited funds, held this down. We tried to selectively go into some counties literally a pilot project commencing. Now, then, Dr. White is being asked to come into more counties, and I suspect that I have been the one who has discouraged that and held her back, because she has been optimistic and enthusiastic about going.

With the prospects of additional funding, I think that there will be no reason but what we will be expanding the program in more counties.

Shirley, would you like to expand on that?

Dr. WHITE. The counties that are in this particular program, Senator, have been selected on a type basis, on size, ranging from metropolitan Wichita to rural Miami and Crawford Counties. Salina County is a medium-sized urban area.

Senator HOLLAND. That is what I would like to get the record to show. You say Sedgwick is wholly a——

Dr. WHITE. Totally metropolitan.

Senator HOLLAND. Wholly urban, metropolitan?

Dr. WHITE. Yes.

Dr. BOHANNON. Right.

Senator HOLLAND. Salina is what?

Dr. BOHANNON. Semi.

Dr. WHITE. Well, it is urban. It is not metropolitan.

Senator HOLLAND. What is the city?

Senator DOLE. Salina.

Dr. WHITE. Salina, Kan., so it is an urban community.

Senator HOLLAND. Miami?

Dr. WHITE. Miami is largely rural and a very small town.

Senator HOLLAND. And Jackson and Brown County?

Dr. BOHANNON. That is another project.

Senator HOLLAND. That is where you have not gotten started yet?

Dr. BOHANNON. Shirley, why don't you elaborate on that Indian program, because I think that this is one that is interesting and rather unique.

Senator HOLLAND. I would like for her to, but may I finish these counties so we can have them classified in the record.

Dr. WHITE. Crawford is rural.

Senator HOLLAND. Finney and Seward Counties?

Dr. WHITE. Rural.

Senator HOLLAND. Both rural?

Dr. WHITE. Those will be with migrant farm labor.

Senator HOLLAND. Good. Now Douglas County.

Dr. WHITE. Douglas County is metropolitan.

Senator HOLLAND. What is that city?

Dr. WHITE. Lawrence.

Senator HOLLAND. Lawrence. And Crawford County?

Dr. WHITE. Crawford County is rural and small town.

Senator HOLLAND. All right, now we would like to hear from you in more detail about the Indian program. I think that would be very useful.

Dr. WHITE. We have in Kansas three Indian reservations, two in Brown County and one in Jackson County. We are planning to hire a professional home economist to work on a multicounty basis. We will be hiring at least six program aides to work with her, in cooperation with the county home economists in those counties.

We had, for 2 years, a project in northeast Kansas that included the Indian reservations, which employed homemaker aides funded under the Office of Economic Opportunity, and we hope to pick up the 600 families shortly in those counties that we were working before, before the funds were cut off on that project.

In the Indian reservation project we have been setting up, I have met with the Indian agency people, people from the regional office. I have an application from an Indian home economist, but she will work with our two home economists who are regularly in the counties.

Senator HOLLAND. One more question.

Are these counties, leaving out the Indian counties where you are simply preparing, are all counties, in which either there is a food stamp program or a—

Dr. WHITE. They are not.

Senator HOLLAND. Or a food distribution program?

Dr. WHITE. The Indian agency has been working on this, and they have come up with a plan. They are having a little community action program among the Indians themselves, and they have decided yes, they want to be in this, but the problem they have now is facilities to handle the distribution of commodity foods, so this is one thing we hope to work on.

Senator HOLLAND. Forgetting the two counties that have the Indian agencies, these other counties where you have the program underway, the program of nutritional aides, do they all have either food stamp—

Dr. WHITE. No.

Senator HOLLAND (continuing). Or commodity programs?

Dr. WHITE. They do not. Sedgwick County, Wichita is on the commodity program. Crawford County is on the food stamps. The other counties do not have the program, and this is being called to their attention.

Senator HOLLAND. Can you give to us at this time the complete number of nutritional aides which you have?

Dr. WHITE. Yes. We have 24 aides, nine of those from minority races.

Senator HOLLAND. And what is the total number of families that you are now advising through those nutrition aides?

Dr. WHITE. I would say at the moment we have 350, but you see, we are just underway. As a matter of fact, the first of April starting in Miami County, so this is a change of the figure.

Senator HOLLAND. I certainly approve of the caution and careful way in which you are starting, but the 350 families that you are reaching contrasts with the number stated by Dr. Bohannon shown to be low-income families which I believe is 57,000 merely in the urban areas, and about 70,000 in the rural areas. So you are just making a cautious beginning.

Dr. WHITE. Yes.

Senator HOLLAND. To see how this program works out?

Dr. WHITE. I would like to say that this figure represents the particular program funded under section 32 funds. We are working with many other poor people through our regular on-going programs, so this is not an overall figure. It is the one, this figure is the families who are actually in the program where we have been able to complete the economic research data.

These people are intensively being worked with under these funds. We are doing a lot of other things in terms of our other professional inputs that are reaching beyond that figure that you have.

Senator HOLLAND. Far from being critical, I completely approve the cautious way in which you are approaching it and I think it is a good way to approach it, but I am trying to get light on what we may expect from a full-sized program.

Dr. WHITE. I can give you this. Would you like this for Sedgwick County? I can give you this on that.

Senator HOLLAND. Yes, if you can give it for Sedgwick County.

Dr. WHITE. We have basically five communities that are concentrations of urban poor in Sedgwick County. We are working only now in one. The projected number of aides that we feel we would have to have to work with our professional staff would be 30 in these five communities. With this large a program, we would need to have one full-time special home economist managing the total program, still with the system of a supervising aide, and seven or eight other aides in these communities to work with.

Senator HOLLAND. And do you feel that this program, one which seems to be very carefully planned by you, would reach all of the families in Wichita who need help?

Dr. WHITE. In metropolitan Wichita. Of course we do have poor people in rural Sedgwick County, but I would confine this to the city limits of metropolitan Wichita, and this is where this project is.

Senator HOLLAND. Thank you very much. We are glad to have your testimony.

The CHAIRMAN. Senator Dole.

Senator DOLE. Let me say that I concur with the statements made. This is a good program, but let me add it is a pilot type program.

I have always held the opinion that we could pile food to the ceiling, but unless someone knows how to prepare it and prepare a nutritiously balanced meal then you really do not accomplish much.

Secondly, through the assistance of Dr. Bohannon and Dr. White, we have organized in Kansas a Voluntary Action Committee chaired by our former colleague, Senator Frank Carlson. We have selected people in Kansas who are concerned about nutrition. We recognize this is a problem all over America, and Kansas as well, so we are in the process now of organizing a committee which we hope through volunteerism will at least be of some assistance.

We have about 18 or 20 outstanding Kansans on this committee and hope to meet soon. The point I want to reemphasize, there has been in the past some who have suggested that perhaps this service should be shifted from USDA to HEW but I have faith and confidence in the Extension Service. They are by and large people of vision, great vision, they are progressive, and can work in urban as well as rural areas.

Senator HOLLAND. The long experience of the demonstration agents in trying to spread information about good nutritional practices is of great value and I think should be expanded. Don't you agree with that?

Senator DOLE. Right. This is my final comment, and based on the brief experience they have had, there has been progress. I have visited some of these areas and have talked with some of the nutrition aides, and those responsible for the program. It is sort of a person-to-person approach. It is going to require more funding, if we are going to solve, or get to the root of the problem. I hope somewhere along the line to offer an appropriate amendment or at least, to make some suggestion along that line.

I am appreciative of their attendance today and their testimony. The CHAIRMAN. Any further questions?

Senator MCGOVERN. Mr. Chairman, I just had a couple of questions.

The CHAIRMAN. Senator McGovern.

Senator MCGOVERN. Dr. Bohannon, you described in answering Senator Holland's question the number of counties who are participating in the various food programs, either the direct commodity program or the food stamp program. Did I understand you to say that only 14 counties—

Senator COOK. Fifteen I thought he said.

Dr. BOHANNON. Yes, let us clarify that.

Dr. WHITE. There are 25.

Dr. BOHANNON. Historically let me go back and lay this thing in proper perspective, because in checking up on this thing with the State welfare director, Mr. Larson in Kansas, several years ago, I think about 2 years ago there was an effort made to bring every county in Kansas under either a commodity distribution or a food stamp program of some sort, and at that time they had to draw back because funding was such that they could not handle all those counties, and so by way of historical perspective, those counties—

Senator MCGOVERN. The Federal funding or the local funding?

Dr. BOHANNON. They indicated that the Federal funding would not allow them to take them all. So they did draw back. Now then, there is a renewed effort to bring all of the counties of Kansas under it, and as I indicated, there is between 14 and 18, and the exact number I do not have, who are presently under either a commodity distribution or a food stamp program. Now Mr. Larson of the State welfare agency,

the State Welfare director, is in the process right now of contacting 14 additional counties, the most populous counties in the State of Kansas, with the hope being that they, the county commissioners, will accept this, and if they do, then we will have at least 85 percent of the people of the population of Kansas under either a commodity distribution or a food stamp program.

Senator McGOVERN. What I am puzzled about is why it has been so slow. I mean this program has been on the statute books, either the commodity distribution program or the food stamp program, for a number of years. I am not complaining about your personal program. I think this is a very commendable effort that you have underway. But I am puzzled as to why just a handful of counties after all this time are involved in either one of these programs.

Dr. WHITE. I think the thing that you need to remember about Kansas is that we have a western section that is sparsely populated, and the number of people who would need this is very minimal.

Another thing, in terms of county options, Kansas has this system, the fact that they are not involved with this does not necessarily mean that this segment of population is not getting some attention.

Senator DOLE. I might add there, Senator McGovern, that I represented the First Congressional District. We have five Congressmen, and we have 58 counties in that district. It indicates that in some of our counties we have 2,000 people.

Dr. BOHANNON. Or less.

Senator DOLE. And we have had an adequate welfare program.

Senator McGOVERN. I know that is a problem but in the figures that Dr. Bohannon cites, you have more low-income families in the rural areas than you do in the cities.

Dr. WHITE. This is another figure that is a little misleading.

Dr. BOHANNON. Yes, it is.

Dr. WHITE. Because of the way the low income is figured, so I think that it is a little hard to look at the statistics and tell the story. It is true that there are places where it certainly is needed and will be implemented. I think this is a question that at least I do not believe that we are in a position to answer.

Senator McGOVERN. What would be your feeling about the possibility of using some of the food stamp participants or the commodity recipients to assist in this education and outreach program. I noticed, Dr. Bohannon, you mentioned in your statement that you are trying to train some nonprofessional program aides. Could that be extended in your judgment if you had sufficient funding, to take for example two or three of the participants in a neighborhood and give them minimum instruction that they could then transmit to others in the program?

Dr. BOHANNON. The way we would approach that I think would be to allow Dr. White and her staff to screen these people and make a judgment decision on this, and I see no reason why that could not be done.

Dr. WHITE. Some of the people, for instance in the Wichita operation are poor people who are on the commodity program, so in our selection of program aides most of them have had experience with the system.

Senator CURTIS. Would the Senator yield there?

Senator McGOVERN. I will be happy to yield.

Senator CURTIS. The Extension Service can tap the entire alumni of the 4-H Club, many of whom have had special training in nutrition as well as probably are graduates of agricultural schools and have had considerable training.

Senator McGOVERN. I take it that our own experience, that is the conclusions that led you to adopt this program, it is kind of an outreach program, is based on your feeling that you do not get very good participation in these programs without some kind of a local outreach effort of this kind.

Dr. WHITE. This program is developed on a nationwide basis, so in terms of the decisions that went into why it was done, I think this was done at the Federal level. Kansas and every other State, the Virgin Islands, Puerto Rico, are involved in this program on a nationwide basis. It is pilot in Kansas, but it is also a pilot in all of the other States, and our funding came under this particular program, of this particular project.

Senator DOLE. I think in response to what he asked you have found in your fieldwork, people are reluctant to participate?

Dr. BOHANNON. This is the reason why if we can develop a contrast here, when we started with farmers in the twenties and thirties, they would come in, but these follow, have not conventionally been attending extension meetings. Many of them do not realize that there are educational inputs of this nature. So we have to start developing a rapport with them in their homes.

Senator McGOVERN. That problem relates even to getting them to participate in the program.

Dr. BOHANNON. Yes.

Senator McGOVERN. That it seems to me is a much more fundamental and elementary problem than the one which Senator Dole was referring to, which is to teach them how to cook. The thing that worries me as we go around the country and look at these various programs is that so many people who are obviously in need either do not seem to know there is such a program, or they do not know how to get into it, or for some reason or other they are not participating.

I think we have more people in need of this program who are not participating than who are participating.

Dr. BOHANNON. Yes.

Dr. WHITE. I do not think there is any question about that, but it goes hand in hand in terms of the effect the program has, it takes a little education to make them aware.

Senator McGOVERN. Yes.

Dr. WHITE. It is very definitely a part of this particular program to make them aware of surplus food and so forth, but in many of the homes we have found that they may have been getting commodity foods. Many of them were throwing away something because they did not know how to use them or the family did not feel they were palatable, so the educational aspects of this perhaps is one of the reasons over the country that this has not gone so far.

Senator McGOVERN. Then you are basically doing two things. You are trying to get them enrolled in the program?

Dr. WHITE. Yes.

Senator McGOVERN. And then second you are trying to help them use the program effectively after they are involved; is that correct?

Dr. WHITE. Yes.

Senator McGOVERN. The two basic purposes?

Dr. WHITE. Yes.

Senator McGOVERN. Thank you very much.

The CHAIRMAN. Are there any further questions?

Senator HOLLAND. I have one additional question. Oh, I yield to Senator Cook.

Senator COOK. Dr. Bohannon, did I understand you to say that counties you are working on are under no types of programs now?

Dr. BOHANNON. Some of them.

Senator COOK. Some of them are not?

Dr. BOHANNON. Some of them do have either a food stamp or commodity distribution program.

Senator COOK. Is part of your program to encourage the local officials, for instance, to get into these programs?

Dr. BOHANNON. Yes, it is, and the way we do that is by first of all being well aware of the kind of program that is being promoted by the State welfare director, and then through our contacts between the county agent, the extension council board chairman and the county commissioner, to help the county commissioners to have a clear understanding of what this should be in the county.

Senator COOK. The reason I ask you this, was this program in the county which you have picked approved by the Department of Agriculture.

Dr. BOHANNON. No.

Senator COOK. It was not?

Dr. BOHANNON. No. These were counties which in Dr. White's judgment, in the judgment of some other people who knew Kansas well, were counties where first of all there would be receptivity on the part of the extension council in the county, receptivity as far as the county commissioners were concerned, and a problem.

Senator COOK. The reason I asked this is because I think it has got to be noted you have to be very careful in encouraging local officials to get into the program under its present standards, because for instance in 1968, although 235 areas of the country were approved by the Secretary of Agriculture to receive stamps, only 36 were really implemented by the Department of Agriculture, which left you a lag of some 199 that were still waiting. There has been some almost 150 applications since, and this is what bothers me is that if because of the budgetary limitations on the execution of stamp programs, I think you will find that if you encourage local officials too strongly, that your program is liable to fall apart, because if we leave it the way it is, and I agree wholeheartedly with Senator Dole that we have got to make this available to more counties, right now we are sitting in a position where we have got a tremendous backlog, and you may find that you encourage these counties, and they are going to have to wait a long time before they are going to get on the program.

Dr. WHITE. I think it should be clarified that the main objective of this program is not necessarily pushing these programs, although this is a part of the information provided. The basic reason for this

program is to upgrade the dietary level of human beings, whether they are involved in food programs or not.

Senator COOK. But Dr. White, don't you also agree that if they do not have the means by which to get the commodities or even to get the food in an effort to reach this dietary level or this dietary plateau, that we really find ourselves in a great deal of trouble?

Dr. WHITE. I do not think I could answer that on that basis, but the thing I wanted to clarify, this is judgmental and I do not really like to say anything like that, but one of the stipulations of the program was not that the counties had to be on the programs. We were to select counties that we felt wanted to get involved and provide some patterns of an educational programs. There would be side benefits which would reflect in participation in food programs. Any urging of county officials to get involved believe me in Kansas is very subtle, because counties are very autonomous. We are hoping that they will be able to and want to participate in our expanded nutrition education program.

Senator COOK. I think county governments throughout the county are pretty autonomous.

Dr. WHITE. Well, I think this is good.

Senator COOK. I am not arguing this point. The point I am trying to make really though is I am wondering as to the success of a program that will encourage sound nutritional concepts, if there is really not the means by which this program can be carried forward.

Dr. BOHANNON. There is only one comment I would like to make on that, and I think part of this perhaps is providing good information for judgment decisions by county commissioners, and then if county commissioners file with the State welfare director for either a food stamp or commodity direction program, at least we have taken care of one of our responsibilities to help them understand that there is a need, and they are on track even though funding may not be available for implementation right off the bat.

The CHAIRMAN. Any further questions? Senator Holland?

Senator HOLLAND. Mr. Chairman, I was especially interested in Dr. White's mention of the fact that the way the statistics are compiled may be somewhat misleading as to the rural families. Does this mean that you think that there are rural families that are not getting \$3,000 income annually that do have a reasonably good standard of living by reason of their eating what they produce?

Dr. WHITE. Well, there are two kinds of things involved. Some of them are rural families living on very small farms. They make a very low income.

Senator HOLLAND. Cash income?

Dr. WHITE. Cash income; but also it is just a low-producing operation, so that we have about two types of families involved. We have those that do have the products, and they do have a living, so to speak, even though their income figures may be below the poverty level as defined.

Other families are very definitely below this line, and they are also not using or they are not planting gardens or they are not producing their home food so they are really in the same predicament that some in the urban areas are.

In our Crawford County project every one of the families in this program is producing; I should not say every one but practically every one has planted a garden. This has been of the the things we've helped them with. They are going to be shown how to preserve the food and so forth. Of course there are same other factors like, you know, how they do this, if they do not have freezers and this sort of thing.

Senator HOLLAND. In other words, part of your program in that rural county is encouraging its production?

Dr. WHITE. Yes.

Senator HOLLAND. In their gardens?

Dr. WHITE. Yes.

Senator HOLLAND. And by their own industry of such things as vegetables and eggs and wholesome food that can be produced by them?

Dr. WHITE. They may not be making much money on that poor little farm, but they are at least using it to live, you see, at a lower standard.

Senator HOLLAND. Your trouble as to these standards is that this total of statistics includes both classes, both those farmers who are living on small farms?

Dr. WHITE. Yes.

Senator HOLLAND. Who have already shown their willingness to produce through the use of gardens and the raising of chickens and having a cow and so forth, to produce a fair kind of nutritional meal for their children and themselves, and then those who have not?

Dr. WHITE. Yes.

Senator HOLLAND. Either because their holding does not permit it, or because they have not been willing to do it.

Dr. WHITE. In terms of the statistics, the ones that we use are the ones that are provided through the census and through the Office of Economic Opportunity, all the census data that is available. We do not make our own, particularly in this type of thing. We do have some that we gather, but usually our sources for statistics such as you see there are other sources. This is one of the things that we are trying to do in this program is to get more data on this state of the life of these families who are defined in this income level, but it goes beyond the best figures that are available.

Senator HOLLAND. Thank you very much.

The CHAIRMAN. Thank you very much.

Senator DOLE. Mr. Chairman, I do not have a question. I would like to include certain biographical data along with the introduction I made with reference to Dr. White and Dr. Bohannon.

The CHAIRMAN. Without objection, that will be placed in the record in connection with your statement.

(The biographical data referred to follows:)

DR. SHIRLEY A. WHITE

Dr. Shirley A. White, state home economics leader, Kansas State University, Manhattan, began her work in Kansas in September, 1965. She supervises the Extension home economics department's broadened program of serving all Kansas families both rural and urban—in such areas as community problems, family adjustments and finance, housing, clothing, nutritional and other health needs, home management, and home furnishings. Providing guidance and assistance to low-income families has added emphasis.

Before coming to Kansas, Mrs. White had been assistant to the dean of the School of Home Economics at the University of Nebraska and served as a county home economics agent and an Extension editor in Nebraska.

A 1953 graduate of the University of Nebraska, Mrs. White has a master of science degree in agricultural journalism from the University of Wisconsin, Madison, and a doctor of philosophy degree in communications from Michigan State University, East Lansing.

Personal data: Name, Shirley A. White; title, Professor; department home economics; date of birth 10/27/31; place of birth, Aurora, Nebr.; date joined KSU Staff, 1965.

Education: Bachelor of Science degree in home economics, University of Nebraska, 1953; Master of Science degree in Agricultural Journalism, University of Wisconsin, 1960; Doctor of Philosophy in Communications, Michigan State University, 1967; Attended Kearney State Teachers College, Kearney, Nebr., 1949; National Association of Educational Broadcasters (NAEB) fellow, University of Iowa (Summer), 1955.

Organizations and honors: Present Memberships: American Association of Agricultural College Editors, American Home Economics Association, Nebraska Home Economics Association.

Past Activity: Phi Upsilon Omicron (Home Economics Honorary): National Association of Educational Broadcasters; YWCA College Advisory Board, University of Nebraska, 5 years; American Women in Radio and Television Past President, Cornhusker Chapter, 3 years, Secretary, Heart of America.

Extension positions: June 1952, Home Extension Agent in Training; August 1952, Buffalo County, Kearney, Nebraska; June 1953, Editorial Intern, Nebraska Agricultural Extension Service; August 1953, Supervisor: George S. Round.

September 1953 to January 1962, Asst. Extension Editor for Home Economics University of Nebraska College of Agriculture, Supervisor: George S. Round; Women's Program Director, KUON-TV, University of Nebraska Television, Supervisor: Jack McBride (Leave of absence was granted from this position September 1, 1959 to September 1, 1960); November 1964 to September 1965, Research Associate, Office of Adult Education Research, University of Nebraska, Supervisor: Dr. Alan B. Knox; September 1965 to Present, State Leader, Extension Home Economics, Kansas State University, Manhattan, Kansas.

Teaching: Elementary grades 1-8, 2 years, all subjects; College Freshmen, 1 year, Basic Communication Skills; College Juniors and Seniors, 2 years, editorial intern program; Staff training of College of Agriculture staff, 8 years; Workshops for Adult Groups, Communications.

Writing: Numerous articles for newspapers and magazines reporting Home Economics activities and research, public meetings, campus activities, 9 years.

Radio: Production of radio programs in Home Economics and Agriculture for commercial stations. Approximately 700 hours of on-the-air work over an 8-year period.

Television: Production of programs in Home Economics and Agriculture for both commercial and educational stations. Approximately 1000 hours of on camera work over an 8-year period.

Counseling: Individual work with college students in a teacher role. House mother for a sorority in Michigan State University, March 1963-June 1964. Supervisor: Mable Peterson, Asst. Dean of Women

Special research: *Q-Methodology: An Advance in Idiodynamics*, Communication Research Center publication, Michigan State University, 1964; *Cultural Attributes of a Rural Nebraska Television Audience* unpublished MS thesis, University of Wisconsin, 1960; *Information Seeking Opinion Leadership Special Research*; and *Powerlessness*, unpublished Ph. D. thesis (in progress), Michigan State University, 1966.

Other experience: 1948-50, Teacher in Hamilton County School System, Nebr.; September 1959-60, Graduate Assistant in Visual Aids and Movie Production, University of Wisconsin. Supervisor: Fritz Albert; September 1962, Editor ACE Magazine (house organ of the American Association of Agricultural College Editors). Supervisor: Earl C. Richardson, Michigan St. U.; September 1962-September 63, Graduate Teaching Assistant, Communication Dept., Supervisor: Dr. Erwin Bettinghaus, Michigan State University; June 1963 to August 1963, Administrative Research Assistant, Department of Information University of Nebraska, Supervisor: Ralston J. Graham; August 1963 to September 1963, Research Interviewer, Northern Indiana; Research Supervisor: Ralph Reeder, Purdue University; September 1963 to January 1964, Graduate Research

Assistant, Michigan State University Communication Research Center, Supervisor: Dr. Malcolm McLean; June 1964 to September 1965, Administrative Research Assistant, School of Home Economics, University of Nebraska, Supervisor: Dr. Virginia Trotter.

DR. ROBERT A. BOHANNON

Personal data: Name, Robert A. Bohannon; title, Director; department, Extension; date of birth, 2/5 1922; place of birth, Holton, Kansas; date joined KSU staff, 1952.

Education: B.S., 1946, Michigan State University; M.S., 1951, Kansas State University, soil fertility; Ph. D., 1957, University of Illinois, soil fertility.

Post-doctoral, Fellow, University of Michigan, University Administration (supported by the Carnegie Foundation).

Organizations and honors: Carnegie Fellowship for the study of Administration at the University of Michigan; Epsilon Sigma Phi, Sigma Xi, Gamma Sigma Delta, Alpha Zeta, and the Soil Science Society of America.

Extension positions: County agent, 1951 to 1952 (Nemaha County); Extension specialist, 1952 to 1955; Extension specialist in crops and soils, 1957 to 1962; Assistant to the Director of Extension, 1962; Director of International Agricultural Programs; Director of Extension, August 1, 1968.

Military service: Air Force and Signal Corps, T/4, 41 months.

Other experience: Acting Head, Agronomy Department; President, Epsilon Sigma Phi.

Special interests: Chairman, Agriculture Committee of Chamber of Commerce; Rotary, toastmaster.

[Excerpt from press release, June 18, 1968, Office of University News, Kansas State University]

* * * * *

Dr. Bohannon has had several administrative positions at the University and was a post-doctoral fellow in college administration at the University of Michigan in 1964. He was assistant to the dean of agriculture and to the director of extension from 1961 to 1965 when he became acting head of the department of agronomy until being named director of K-State's International Agricultural programs two years ago. He will leave that position for his new post.

A native of Jackson County, Bohannon was sent to Michigan State University for training with the U.S. Army during World War II and returned there for his B.S. degree. His M.S. is from KSU; his Ph. D. from the University of Illinois.

The new extension director joined the Kansas extension service in 1951 as a county agent in Nemaha County and was made a specialist in soils testing on the central staff in 1953. He is a recipient of a Soil Conservation Service merit award for developing a system that resulted in widespread understanding and use of data from soil surveys.

His honorary and professional memberships include Alpha Zeta, Sigma Xi, Epsilon Sigma Phi, Gamma Sigma Delta, the American Society of Agronomy, and the Soil Science Society of America.

Mrs. Bohannon is the former Vera Jeanne Waugh of Washington Courthouse, Ohio. They have three daughters: Karen, 18; Kathryn, 16; and Ellen, 10.

Bohannon is the son of the late Mr. and Mrs. J. Everett Bohannon of Holton.

The CHAIRMAN. Thank you very much.

Dr. WHITE. Thank you.

The CHAIRMAN. The next witness is Mr. Mayer.

Mr. Mayer, I notice you have a statement. Do you wish to read it all?

**STATEMENT OF ARNOLD MAYER, LEGISLATIVE REPRESENTATIVE,
AMALGAMATED MEAT CUTTERS & BUTCHER WORKMEN (AFL-CIO)**

Mr. MAYER. If I may, Mr. Chairman.

The CHAIRMAN. You may proceed. Identify yourself for the record.

Mr. MAYER. My name is Arnold Mayer. I am the legislative representative of the Amalgamated Meat Cutters & Butcher Workmen (AFL-CIO).

The Amalgamated is a labor union with 500,000 members organized in about 700 local unions throughout the United States and Canada. The Amalgamated and its local unions have contracts with thousands of employers in the meat, retail food, poultry, egg, canning, leather, fish processing and fur industries.

More than 90 percent of our half million members work in the handling, processing and selling of food. We are the largest organization of food industry workers in the United States and probably in the free world.

SPECIAL CONCERN

Because we are so involved with food manufacturing and distribution, we are especially concerned about the existence of widespread hunger and malnutrition in the United States. Our officers and members feel the same shock and embarrassment as most Americans because some 10 million of our fellow citizens do not get enough nourishing food to eat. But in addition, we know, because of our participation in the industry, that this terrible suffering among men, women and children need not occur at all. We know that the food and the resources are readily available in our land of plenty to wipe out hunger completely.

American producers certainly can grow immensely more than is necessary to feed every single American adequately. In fact, they are subsidized now to prevent this massive production. And our union's members and food industry management can certainly process much, much greater amounts of wholesome and nourishing foods.

Our union is ready and willing to help in the campaign to banish hunger and malnutrition from our country in all ways we can. We believe this effort is of the greatest urgency. It should have top priority among governmental actions, for it is incredible and shameful that men, women and children should suffer the pangs of hunger in our Nation, the richest the world has ever known.

AMALGAMATED POLICY STATEMENT

The executive board of our union discussed the hunger problem again at its most recent meeting—on April 29 in Chicago. It issued a policy statement. I should like to read the action part of that statement:

Union Policy—The Amalgamated (Meat Cutters and Butcher Workmen, AFL-CIO), believes that action to end hunger is needed and it is needed now.

We recognize that the Amalgamated, as the largest and strongest organization of food industry workers in the United States, has a special responsibility in the fight against hunger. It is the policy of our Union to play a leading role in the effort to secure adequate resources and effective administration to banish hunger completely from our Nation.

We shall accelerate our present legislative efforts. We shall work on behalf of bills to liberalize, reform and increase the scope of the food stamp program, such as the measure proposed by Senator George McGovern (D., S.D.), chairman of the Senate Select Committee on Nutrition and Human Needs. We shall support expansion of the school feeding programs and the removal of the ridiculous obstructions which now sharply limit its scope and effectiveness. We

shall support efforts to use the direct food distribution program as a supplement to the other two programs.

In these activities, the Amalgamated is working and shall continue to work not only with other unions and civic welfare groups, but also with the managements of major food companies and food industry trade associations. There is a common enemy—hunger. Together, we shall defeat him quickly and permanently.

MOST BASIC PROBLEM

The problem of hunger is obviously the most basic of human problems. If a human being does not have adequate and proper food, he cannot function effectively. His other problems become secondary as he desperately seeks to ease the gnawing pains in his stomach or as he becomes an easy victim to illness, suffers, and perhaps dies.

You have heard expert testimony on the medical, psychological, and social effect of hunger and malnutrition. We shall not repeat it. But we do want to emphasize it, for it demonstrates the primary importance of this problem.

Fortunately, this most basic national problem is also the easiest of the Nation's poverty problems to solve. Its remedy involves no great and complex political, sociological, or psychological difficulties, as do so many of the other antipoverty efforts. Nor are the American people divided on what to do about hunger. There is tremendous public support for ending it—and ending it quickly.

Hunger can be wiped out in the United States if:

(1) Adequate funds are made available—especially by the Federal Government—to provide sharply expanded food programs, including making free food stamps available to the lowest income families.

(2) The administration of the existing food programs are reformed at the various levels of operation.

FOOD STAMP BILLS

The committee has before it several bills and proposals which seek to achieve these two goals as far as food stamps are concerned. We commend the administration and Senator Herman Talmadge for their concern with the hunger problem and their efforts to meet it. Their actions are vital contributions in the campaign to make this a hunger-free nation. But we fear the Nixon proposal—it has not been introduced as a bill at the time of writing this testimony—and S. 1864 are not adequate to meet the problem.

We strongly support S. 2014, a measure introduced by Senator George McGovern. This measure is not a panacea. It is a modest, but effective proposal. It comes out of the vast amount of expert testimony heard and the important field trips undertaken by the Senate Select Committee on Nutrition and Human Needs.

For example, S. 2014 would provide free food stamps to a family earning less than \$80 a month or \$960 a year. That income is less than one-third of the government's officially established poverty level. But the administration proposal would limit the free food stamps to families with less than \$30 a month or \$360 a year income and S. 1864 to families with \$40 a month or \$480 a year.

S. 2014 also permits more flexibility in the administration of the food stamp program. That flexibility is essential, for the people to be

served are suspicious, ill-educated and skeptical. Many do not believe that anyone wants to help them out of misery. Often, they have good reason for this belief, for too many of the communities in which they live, they are outcasts who are to be pushed and shunted about.

Community attitudes toward these men, women and children obviously will not change overnight. The enactment of this legislation will not change it. But this legislation can provide the means of effectively meeting the problems of hunger and malnutrition among the poor nevertheless. S. 2014 provides numerous administrative approaches both at the Federal and local level and this flexibility is extremely necessary.

For example, a local governmental unit may very much want to undertake a food stamp program, but find a decision for participation or actual administration of a plan to be politically difficult. S. 2014 provided alternate means of local administration, so that the hungry can get food and the local governmental unit can sidestep the dilemma.

In short, Mr. Chairman and members of the committee, we strongly urge the approval of S. 2014 as this committee's vehicle for liberalizing the food stamp program.

ACTION NEEDED

Some argue that the efforts envisaged by S. 2014 and the other bills and proposals are too costly, that they would increase the budget too much, that they would hamper the fight against inflation. An argument is also heard that there is no or little poverty-caused hunger in the United States, that only malnutrition exists and that it is due to the ignorance of diets and lack of desire to eat proper foods.

The executive board of our union labeled these arguments as "sheer nonsense" in its policy statement on hunger and malnutrition. It said:

The Amalgamated (Meat Cutters and Butcher Workmen, AFL-CIO) believes the Nation must afford the several billion dollars a year it will cost to wipe out hunger. What we cannot afford is to permit babies to go hungry in the midst of plenty or the brains and bodies of children to be stunted for lack of food while our national policies cut back agricultural production.

The Amalgamated also believes there is no question about the widespread existence of poverty-caused hunger in our Nation. No one can disregard the hearings of the Senate Select Committee, the surveys of individual legislators, the findings of nationally known and respected medical people and the tentative conclusions of the very detailed U.S. Public Health Service study.

Mr. Chairman and members of the committee, we congratulate you on these early hearings concerning remedies for this very basic national problem. We hope you will report legislation to the Senate soon and we hope that legislation will be S. 2014.

The CHAIRMAN. Are you sufficiently acquainted with both programs, direct food and food stamps, to tell us which would you prefer or whether you should have both?

Mr. MAYER. We would prefer food stamps, Mr. Chairman, because the food stamps operate through the normal distribution channel, and they avoid many of the difficulties which have developed with the commodity programs. Most important, food stamps can provide a much more extensive and balanced diet.

However, we believe it need not be an either/or situation. We would hope that food stamps would be made available throughout the

United States to those who qualify, and that the commodity program would also be available to the local administrative unit, so that the local unit could use surplus commodities in a supplemental activity, if it so chose.

The CHAIRMAN. In other words, you are for local administration, if that can be made possible?

Mr. MAYER. We are for local administration, if that can be made possible; yes, sir. We believe that there should be some flexibility in that. In other words, if the local governmental unit cannot or will not administer a food stamp program for one reason or another, that there should be alternate means.

The CHAIRMAN. Thank you. Any questions?

Senator McGOVERN. Mr. Chairman—

The CHAIRMAN. Senator McGovern.

Senator McGOVERN. Mr. Chairman, I would like to ask a couple of questions. First of all, while it is still fresh in our minds, Mr. Chairman, I think the committee ought to keep very seriously in mind what came across with these last witnesses, that in the State of Kansas, and I have checked the statistics on this now to make sure we were right, out of 105 counties, only 22 had a food program of this kind. I really think that is one of the major dimensions of the problem that we face, not just in Kansas but in most of the States. We have these programs on the books, but for one reason or another, people are not participating.

With reference to Mr. Mayer's testimony, I certainly want to commend the union that he represents for the policy statement of their executive board, and also for his endorsement of the legislation that I have introduced.

I have prepared a series of questions, Mr. Chairman, that I think it might be useful for the various witnesses to respond to in writing, if they would, to the committee. These questions in each case single out the dozen or so major reforms that are envisioned in the various bills before the committee. I have gone through those bills, and singled out about 12 or 13 reforms that are incorporated in one or more of the five measures. With the permission of the Chairman and the committee, I would like to ask that those questions, which relate to these various reforms, be circulated to the witnesses, and that before the hearing record is closed they reply for our record whether they are for or against each one of the specific reforms. Would that be possible?

The CHAIRMAN. Yes, it would, except for the time element. We would like to close these hearings if possible soon after Memorial Day, when we come back.

Senator McGOVERN. Yes.

The CHAIRMAN. It is my hope during June to have an executive session of this committee, and start the ball rolling to get something done, rather than let it go on. Now these questions, I presume it is your desire to have them submitted to all the witnesses who testify?

Senator McGOVERN. I have a list of about 10 witnesses here. It includes those names with the statement and I will give it to the chairman.

The CHAIRMAN. Do those witnesses appear before the committee?

Senator McGOVERN. These are the witnesses:

Mr. Reuben Johnson, John Scott, Mr. Rothman, Mr. Paul, Mr. Beck, Mr. Meyer, Dr. Ward, Mr. Choate, Mr. Mitchell, Dr. Mayer, and Mr. Graham.

Senator AIKEN. Mr. Chairman, it seems to me the questions ought to be submitted to members of the committee, too.

The CHAIRMAN. It will be part of the record.

Senator MILLER. Is it possible, Mr. Chairman, some of those questions were already asked of previous witnesses?

Senator McGOVERN. It is a matter of just getting a succinct statement in writing as to whether the witness favors or is opposed to the specific reforms that are in the Talmadge bill, in my bill, and in other bills before the committee, and then to state briefly if they are opposed to it why and if they are for it, why. I can assure the committee that these questions are all related directly to specific reforms that are proposed in the various bills that are before the committee.

The CHAIRMAN. What is the pleasure of the committee?

Senator MILLER. Mr. Chairman, to some extent perhaps these questions have been answered, but to the extent that they have not been answered, I think they should be answered. Why wouldn't we let the staff—

The CHAIRMAN. It strikes me that the questions could be submitted to the committee at the moment, and let the staff look over them.

Senator McGOVERN. All right.

The CHAIRMAN. And then prepare the questions and send them to the parties that you have indicated, with the right to look them over, so as to prevent duplication.

Senator McGOVERN. Yes, I think that would be a good way to handle it.

The CHAIRMAN. If there is not any objection, it will be handled in that manner. You may submit them for the record, Senator.

(The questions and answers are as follows:)

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C., May 26, 1969.

DEAR Mr. ———: Senator McGovern, a member of the Committee, has requested that you prepare in writing and submit to the Senate Committee on Agriculture and Forestry prior to 12 noon June 3, 1969 answers to the enclosed questions prepared by him.

With kindest regards and best wishes, I am

Sincerely yours,

ALLEN J. ELLENDER,
Chairman.

SENATOR McGOVERN'S WRITTEN QUESTIONS FOR WITNESSES

This Committee has before it at least five separate bills reforming the Food Stamp Program. These bills propose many reforms in the Food Stamp Program.

Set forth below are descriptions of each major reform. With respect to each, please state in writing whether or not you support the reform. If so, please state why you believe there is a need for the reform. If not, please state the reasons for your opposition.

1. *Purpose of the Food Stamp Act.*—The present Food Stamp Act's declaration of policy states that the purpose of the Act is to raise the levels of nutrition among low income families. S. 2014 revises this to state that the purpose of the Act is to provide adequate levels of food consumption and nutrition for low income families.

2. *Purchase of Sanitation Products with Food Stamps.*—The use of food stamps to purchase soaps, detergents and other items necessary for personal cleanliness, hygiene and home sanitation.

3. *Local Option*.—Federal authority to operate a program either directly or through a local public or private non-profit agency other than the State welfare agency where—

- (a) the county refuses to accept a program
- (b) the local welfare agency fails to comply with the law, or
- (c) the Secretary determines it is necessary to effectuate the Act or alleviate severe malnutrition.

4. *Eligibility*.—National eligibility standards with a maximum income eligibility level set by the Secretary and revised from year to year to reflect cost of living standards—but with State option to set higher eligibility standards.

5. *Certification*.—Certification by personal affidavit of the applicant without criminal penalty in the event of error, but with adjustment of stamp purchase schedule category in the event of error.

6. *Determination of Income*.—Determination of income by including funds realized as income from capital, but excluding funds obtained from liquidation of capital.

7. *Delivery of Stamps*.—Issuance of stamps through post offices, retail stores or at other convenient places.

8. *Purchase Price of Coupons*.—Free stamps for families with incomes of less than \$1000 per year or the equivalent for a family of 4, and reduced prices for those who pay on a graduated scale up to a level of 25% of income.

9. *Coupon Value and Bonus*.—Total stamp value of not less than the amount USDA determines as the cost of a low-budget diet (currently \$1440 per year for a family of 4).

10. *Partial Purchase of Stamp Allotment*.—Permitting recipients to purchase less than a full month's supply of stamps either at one time or in installments with a proportionate reduction in stamp value.

11. *Payment of Administrative Costs*.—Federal authority to pay part or all of local administrative costs where determined necessary to enable local agency to conduct a program.

12. *Commodities in Food Stamp Counties*.—Authority to operate community distribution programs in food stamp counties.

- (a) during the changeover from commodities to food stamps,
- (b) where the food stamp program fails to serve or adequately serve eligible families with the Federal government paying all or part of the administrative costs.

13. *Nutrition Education*.—Nutrition counseling and instruction for all participants at places convenient to the participant—such as in schools and community centers.

14. *Outreach*.—Mandatory local and state outreach efforts to insure that all eligible households are informed of the program and given assistance in becoming certified.

15. *Authorization and Financing*. (a) *Open-ended Authorization*.—Please also answer the above question with respect to the following proposals which are not incorporated in the pending legislation.

1. *Section 32 funds*: Required expenditure of Section 32 funds, including the \$300 million carry-over as an insurance fund in the event of insufficient appropriations and in the event that participation increases above levels anticipated.

2. *Automatic Funding*: Automatic year-to-year funding through methods such as that developed for the Commodity Credit Corporation.

3. *Transfer of the Program*: Transfer of Federal program administration to either HEW or OEO.

WASHINGTON, D.C., May 29, 1969.

HON. ALLEN ELLENDER,
Chairman, Committee on Agriculture and Forestry,
New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for letting me appear before your Committee. I fear the coming and going precluded any really beneficial swapping of views. Perhaps we can contribute in another fashion. For the present, here are my answers to Senator McGovern's questions:

1. While I favor S. 2014's declaration of purpose over that of the existing law. I feel the Congress should at the same time declare its intention to eliminate poverty-induced hunger and malnutrition in the same "purpose clause."

2. I heartily support the use of food stamps "to purchase soaps, detergents, and personal and home hygiene necessities."

3. I favor a Federal responsibility to act in cases "a", "b", and "c" after a county has been given a reasonable length of time to establish its own program in accordance with national minimum standards. Similarly, a Federal appeal mechanism for all beneficiaries, and those to whom participation has been denied, should be maintained to preclude arbitrary denial. High percentages of the poor on food program rolls should be encouraged and rewarded. In counties with dubious welfare-client relationships, alternative local agencies should be permitted to administer the certification or appeal process.

4. I favor both minimum and maximum standards of eligibility, with exceptions only to be granted when some cost of living index warrants an exception. These standards should eliminate the myriad hurdles placed in the path of the poor, testimony to which I entered into the record last week. The Secretary should be authorized to set these standards "in conjunction with the Secretary of Health, Education, and Welfare."

5. Certification by affidavit should be encouraged, particularly with those obviously unable to change their income status. Fraud should be penalized, but not error. Estimates of future income should be particularly exempt from criminal penalty actions, unless the prior years show regular Social Security withholding from established employers, providing a regular income during two or more quarters of the previous year.

6. Capital assets under \$20,000 should be exempt, for the sale of same or interest derived from same would only constitute temporary relief of poverty conditions. I also would exempt farmland holdings under 40 acres in the assessment of personal resources if the applicant resides on the tract of land. All IRS reportable income should be included, but families having irregular marketing ability for their products or crops should be judged as to income on the average of the last three years if their capital assets exceed the \$20,000.

7. I favor the distribution points mentioned, as well as distribution by mail.

8. I favor free food stamps for all families (adjusted for four) with incomes under \$1920 per year, with a sliding scale reaching rapidly to 30% of income for those beneath a \$4,000 maximum income level.

9. I favor the \$1200 annual estimate of food needs, with the aforementioned cost-of-living exemption.

10. I favor frequent purchase of food stamps and the freedom for a beneficiary to purchase only a portion of the stamps to which the formula entitles him.

11. The Secretary of Agriculture should have the authority to initiate and finance a local effort where determined necessary, according to need and not solely dependent upon national or natural disasters. Some cost-sharing by the local community is preferable, but should not be mandatory.

12. I favor the dual operation of Direct Distribution and food stamps in counties during a period of change-over from one program to the other and in counties where less than 75% of the estimated poor are not provided with some food assistance. There well could be a sliding scale of required local funding after a period wherein the Federal Government paid all the duplication share.

13. I do not think that nutritional counseling and education should be mandatory; I do think that every possible effort should be made to advise the poor of the existence of social programs established for their supposed benefit. I strongly favor innovative nutrition education programs for adolescents and adults of every literacy level. I think such nutrition efforts should be tied to the products on the grocers' shelves so that the consumers may gain an understanding of the relative nutrient content of popular foods.

14. I think there should be a maximum effort made to notify public officials and potential beneficiaries of the procedures by which one gains admittance to a Federal food program. I think the school lunch program should be linked to the family food programs, at least through a referral process. Non-profit organizations should be utilized in this effort, and might be reimbursed for out-of-pocket expenses for their endeavors.

15. I favor open-ended authorization for all of the major food programs.

(a) I cannot intelligently comment on the \$300 million carry-over fund currently used as an insurance medium for perishable commodities. However, I think a similar fund should be available from Section 32 sources to permit the Secretary of Agriculture to meet unanticipated needs, both as to the number of people participating in the Federal food programs—both commodity and food stamp—and to permit bigger bonuses or cheaper admittance prices in times of economic distress.

(b) The reimbursable capital provisions of the Commodity Credit Corporation mask the immense sums spent to prop up farm prices. If this is a legitimate practice for the social welfare of farmers, it certainly is a worthy practice for the funding of the Federal food programs. I recommend the establishment of a Consumer Credit Corporation to act in somewhat the same manner as the Commodity Credit Corporation, but to act as the broker agent to provide such sums as are needed to meet the *complete* food needs of the poor. Wherever possible, I think the food interests of the hungry poor should be represented in legislative guideline and regulation language by comparable words to existing agricultural legislation.

Any legislation speaking to funding processes should stress the priority attention to be given to the poor in every aspect of the food stamp, Direct Distribution, and Child Nutrition Act programs.

(c) I think the Department of Agriculture should be given until June of 1970 to provide evidence of greatly expanded food service to the poor. At that time, I favor a county-by-county evaluation of the percentage of poor served, and if more than 10% of the counties in the United States are providing totally satisfactory food assistance to less than 90% of their poor population, I think the food programs should be removed from the Department of Agriculture and from the review of the Agriculture Committees to committees which have demonstrated their desire to make the food programs work.

(d) At the same time, I favor the cooperation of USDA with the Emergency Food and Medical Services amendment to the end that that OEO program can seek out the poor and provide them with food whose cost is borne by USDA. I think the majority of OEO funds in the Emergency Food and Medical Services Amendment should be spent for scouting, evaluation of programs, experimental innovations in food delivery systems, and in providing medical services to the malnourished poor. I think the total cost of the foods delivered by the Emergency Food and Medical Services amendment should come out of Section 32 funds.

Any student of government recognizes that the Department of Agriculture serves many masters. The Department of Agriculture has a major responsibility to serve the American farmers. Lest this preoccupation interfere with the efficient administration of food programs for the poor, I strongly advocate that a privately-financed outside organization annually review the effectiveness of the food programs for the poor and report to the Congress on June 30, both to the Agriculture Committees and the Committees on Labor & Public Welfare and Education & Labor, as to the effectiveness of these programs in eliminating poverty-induced hunger and malnutrition.

Respectfully,

R. B. CHOATE.

WASHINGTON, D.C., May 28, 1969.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate, Washington, D.C.

DEAR SENATOR ELLENDER: Thank you for your letter of May 26th, in which you transmitted Senator McGovern's request for answers to a list of questions prepared by him.

I regret that the pressure of work will not permit me to respond to these questions. However, I would like to suggest to Senator McGovern that he will find in the testimony presented to your Committee the answers to many of the questions on his list.

With kindest regards.

Sincerely,

AMERICAN FEDERATION OF LABOR AND CONGRESS
OF INDUSTRIAL ORGANIZATIONS,
JULIUS F. ROTHMAN,
Associate Director, Department of Urban Affairs.

To: The Senate Committee on Agriculture and Forestry.
Response to Senator McGovern's written questions for witnesses.

The National Council on Hunger and Malnutrition in the United States supports in full each and every one of the major reforms of the food stamp legislation

set forth in Questions 1 through 15 for the detailed reasons set forth in part in its testimony of May 27th before the Committee and for the further reasons stated below.

1. Purpose of the Food Stamp Act.

The expanded purpose contained in S. 2014 is essential to assure that the food stamp price and allotment schedule will not merely attempt to improve the nutrition of the poor, but in fact provide a firm floor of adequate nutrition below which no one in the United States could fall. The present statement of purpose is far too tentative and needs strengthening.

2. Purchase of Sanitation Products with Food Stamps.

The hearings of the Senate Select Committee on Nutrition and Human Needs and our own investigations have made abundantly clear the complex interlocking relationship between sanitation and nutrition. The health problems of the poor, particularly the prevalence of disease, cannot be solved by the purchase of food alone. Unsanitarily prepared food can be as detrimental as no food at all.

3. Local Option.

Since the food stamp program properly operated is preferred by the people whom the Federal food assistance programs are intended to serve, every poor person, no matter what his county of residence, should have guaranteed access to the program. It would be unconscionable to permit a local government completely to prevent the poor within its jurisdiction from purchasing stamps without formulating alternate methods for implementing the program. The right of the poor to an adequate diet should not depend upon the nonfeasance or malfeasance of local officials.

4. Eligibility.

State lines bear no relationship to a person's food needs. Just as residence requirements can no longer legally be employed to deny a person welfare, so varying state standards of income eligibility should not be permitted to operate so as to discriminate among people whose needs and incomes are identical. In addition, there is always the danger, so apparent in the commodity distribution program, that local governments will implement other, non-income, irrational standards that are contrary to the purpose of the program.

5. Certification.

Since one of the fundamental goals of the program should be to honor the dignity and self-respect of those who participate, providing for self-declaration of need by affidavit to replace extensive and humiliating investigation and inquiries bred by suspicion and distrust would be a meaningful reform and would make the program much more acceptable to the people being served.

6. Determination of Income.

Money derived from the sale of assets, such as an automobile, is usually transferred to the purchase of a similar asset and thus does not become available to meet everyday subsistence needs.

7. Delivery of Stamps.

Facilitating access to the program is a major means of increasing participation. Inadequate transportation facilities, the excessive cost of whatever transportation is available, and the need to take time off from work or from ill families to travel to inconvenient locations often prevent people from obtaining the stamps they desperately need.

8. Purchase Price of Coupons.

Lowering the price of stamps is crucial if the program is to reach every person who needs help. Persons in families where the per capita income is less than 69¢ a day should not be required to allot any of their funds to the purchase of food stamps, since the 69¢ or less is still too small to satisfy other necessities. The poorest of the poor should be given a guaranteed minimum diet so that at least hard core poverty-induced malnutrition could be eliminated.

9. Coupon Value and Bonus.

The cost of the Low-Cost Plan diet has to be the floor for nutritional adequacy. The Economy Food Plan is totally insufficient for this purpose, as USDA itself recognized in 1968 when preparing sample menus based on the Economy Plan. The poor need to be guaranteed adequate nutrition, not bare subsistence.

10. Partial Purchase of Stamp Allotment.

To enable families who have fluctuating income or who are confronted with financial emergencies to be able to purchase stamps there must be frequent issuance. Even middle-class families would have a hard time putting down \$60 or \$80 in cash on any given day of the month. Weekly coupon issuance, no matter how costly this might be from the point of view of administering the program,

and/or the ability to make installment purchases should be written into the bill.

11. Payment of Administrative Costs.

To make the stamps easier to obtain and thus encourage participation, a locality must be able to pay for an increased staff, staff overtime for working nights and weekends, and a great number of distribution offices located in the immediate vicinity of pockets of poverty. It is unrealistic to assume that the local agencies will undertake such programs without assistance from the Federal government, since they have shown no inclination to do so to date. Federal assistance should be done on a sliding-scale basis, primarily related to the rate of participation by eligible persons (the lower the rate, the greater the cost to be borne on the Federal level).

12. Commodities in Food Stamp Counties.

There is considerable evidence, particularly in Mississippi and other southern states, that because of present barriers to participation in the food stamp program, particularly the high purchase price, county participation rates drop drastically when food stamps are substituted for commodities, even though the food needs of the impoverished are not reduced. To prevent serious malnutrition in those who fall by the wayside during the switch-over, simultaneous operation of the food stamp and commodity distribution programs ought to be permitted for a given period of time during the program transition (three to six months). Dual operation should also apply where less than a given percentage of the eligible persons (e.g. 75%) have been brought into the program. Since it is difficult enough for local governments to support one program, the Federal government ought to supply the necessary funds to administer the second.

13. Nutrition Education.

We believe that nutrition counseling and instruction are excellent ideals, even though we are uncertain that there is sufficient agreement in the nutrition field about what ought to be taught and the most effective way of doing it. At any rate, experimentation along these lines ought to be stimulated. The schools offer the best available vehicle for such an effort.

14. Outreach.

No food stamp program can be meaningful unless all those who ought to participate in the program and are eligible to do so are actively sought out and enrolled. Because of increased administrative costs related to increased participation, state and local governments have all too often neglected this aspect of their responsibility. Federal government cost-sharing coupled with the mandatory nature of this requirement will insure maximum outreach.

15. Authorization and Financing.

Limitations on authorization are an invitation to bureaucratic inaction. The present fiscal year is a prime example, with the administrator refusing to spend \$20 million of appropriated funds because they might build the program up to a level which, if maintained, could exceed the authorization level during the next fiscal year. Since it is impossible to project with any accuracy the degree of participation to be expected or the cost of the program and since other reforms, particularly Numbers 4, 5, 7, 8, 9, 10 and 14, would operate vastly to increase the number of people participating in the program, it would be foolish arbitrarily to impose a ceiling that might prove to be a straitjacket.

In this connection, a requirement that all of Section 32 funds, including the \$300 million reserve, be available for meeting unanticipated increases in demand is highly desirable. The Committee should be aware that there is further a \$500 million available for appropriation under Section 32 pursuant to Section 205 of the Agricultural Act of 1956, so that in reality the Section 32 reserve is \$800 million, not merely \$300 million. The "back-door" financing of the Commodity Credit Corporation is precisely what is needed to make the stamp program work, given the difficulty in estimating costs. Basic program objectives cannot be achieved unless there is flexibility in the expenditure of money.

If all the above program reforms are instituted on an aggressive basis by USDA, there should be no reason for transferring the program's administration either to HEW or to OEO. In the event that nothing is done or there is a continuation of the present lack of urgency, transfer of jurisdiction might prove desirable in the future, preferably to OEO, while HEW prepares to institute fundamental reforms in the welfare mechanism that will forever replace food stamps with cash.

Sincerely yours,

NATIONAL COUNCIL ON HUNGER AND MAL-
NUTRITION IN THE UNITED STATES,
JOHN R. KRAMER, *Executive Director.*

WASHINGTON, D.C., May 29, 1969.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I have your letter of May 26th enclosing the questions submitted by Senator George McGovern. We are happy to comply with your request that we answer these questions. Before we do, we should like to repeat our support of efforts to improve and reform the food stamp program as contained in S. 2014.

The following are our positions on the questions submitted by Senator McGovern:

1. *Purpose of the Food Stamp Act.*—The purpose of the Food Stamp Act should be to provide fully adequate nutrition to every low income family in the United States. We strongly support both the statement of this purpose in S. 2014 and President Nixon's statement that, "It is time to put an end to hunger in America itself for all time."

2.-14. We support each of the reforms listed in questions 2 thru 14 because we believe that these reforms are needed to fulfill the promise of an end to hunger for all time. We feel that it is particularly important that the provisions in S. 2014 regarding the establishment of a \$4,320 (per year per family of 4) national eligibility standard for participation in the Food Stamp Program (question 4), the provision of Federal authority to operate a Food Stamp program where local officials refuse to do so (question 3), the revision of purchase prices and total coupon value to levels which the poor can afford and which will actually provide them with an adequate diet (questions 8, 9), and the provision of free stamps to those most in need, be adopted.

15. *Authorization and financing.*—We firmly believe that an authorization unlimited as to both time and funding level is required. The levels of expenditure required to eliminate malnutrition should be determined on the basis of need. S. 2014 requires that the Secretary of Agriculture submit to the Congress his estimate of the annual cost of operating the food stamp program on this basis. The appropriations committees should be authorized to appropriate such funds as are needed to accomplish the purposes of the Food Stamp Program set forth in question No. 1 above. The National School Lunch Program, whose benefits go largely to middle class children, has an unlimited authorization. The Food Stamp Program, whose benefits go to the poor, should have a similar authorization. As to reforms not contained in S. 2014 our Union believes the following:

(1) *Section 32 funds.*—Until such time as a carefully conducted National Nutrition Survey shows that poverty related malnutrition has been eliminated, the Secretary of Agriculture should be directed to transfer all unexpended Section 32 funds into the account created under Section 7(a) of the Food Stamp Act of 1964.

(2) *Automatic funding.*—As long as appropriations for the Food Stamp Program are insufficient to enable all those eligible and who desire to participate to be served, the program should be able to draw either on the fund established for the Commodity Credit Corporation or on a similar fund established specifically for the Food Stamp Program.

(3) *Transfer of the program.*—If USDA does not demonstrate by end of FY 1970 that it can administer a food stamp program with assurance that all those who need food and are eligible are able to participate with dignity in the program, the Program should be transferred to either OEO or HEW and should be operated directly by the Federal Government wherever participation is at less than 90% of those defined as "hard core poor" by OEO.

Best regards.

Sincerely yours,

ARNOLD MAYER,
Legislative Representative,
Amalgamated Meat Cutters & Butcher Workmen.

NATIONAL FARMERS UNION,
Washington, D.C., May 29, 1969.

HON. ALLEN J. ELLEDER,
Chairman, Senate Committee on Agriculture and Forestry,
Senate Office Building, Washington, D.C.

DEAR SENATOR ELLENDER: Inasmuch as I have already testified, I do not feel that I can contribute any more by answering the questionnaire sent with your letter of May 26.

We are, as our statement indicates, substantially in accord with the legislation introduced by Senator George McGovern.

Sincerely,

REUBEN L. JOHNSON,
Director of Legislative Services.

To: Senate Committee on Agriculture and Forestry.

Subject: Senator McGovern's written questions regarding proposed reforms in the food stamp program.

The following answers are submitted on behalf of:

1. the Union of American Hebrew Congregations—Rabbi Richard Hirsch, Director, Religious Action Center;
2. the Division for Poverty, United States Catholic Conference—Father John McCarthy, Director, Division for Poverty, Social Development Department; and
3. the National Council of Churches—James A. Hamilton, Director, Washington Office.

(1) *Purpose of the Food Stamp Act.*—Our testimony emphasizes the inadequacy of the present Act's declaration of policy. As we stated in our testimony, we believe that "The policy of this government should clearly state that *no person shall be denied an adequate diet for reason of poverty*, that this nation's abundance of food shall be used not only to 'safeguard the health and well-being of the Nation's population' but also to raise to *nutritionally adequate levels* the quantity and quality of food intake of those in low-income households, and that under the food stamp program 'eligible households shall be provided the opportunity to obtain a nutritionally adequate diet.'"

(2) *Purchase of sanitation products with Food Stamps.*—Our oral testimony emphasized our belief that eventually programs of categorical assistance to the poor should be replaced by a monetary income maintenance program, so that the participants could have the freedom of making their own choices in the marketplace. Consequently, we support this proposed extension of the food stamp program to include sanitation products because it extends the recipient's freedom of choice. We support it also because of the very close relationship between health and sanitation. The food stamp program can best foster good health if it supplements the nutritional input it provides with items necessary for personal hygiene and home sanitation.

(3) *Local option.*—To cite our testimony again, "The Secretary of Agriculture should have the authority not now granted him in law to set up and operate a food stamp program in areas that refuse to request one. He ought to have similar authority when it is determined that an operating program is not being properly administered. It tests our credulity to read in the present act that the only course provided to rectify improper administration of a food stamp program is the removal of the program from that area. Certainly this should be changed. To provide further flexibility, it should also be made possible for non-profit voluntary agencies to be the administering agency at the local level. In many areas these organizations could provide far better outreach than government agencies."

(4) *Eligibility.*—The present profusion of standards must be replaced by national standards. In some states present standards are so low that many households with real need are barred from participation. National standards are needed as well to eliminate the geographic discrimination that has resulted from vesting authority to set standards of eligibility completely at the state and local levels. To be specific, and quoting from our testimony, "The Secretary of Agriculture ought to have the authority to set a national income standard beneath which all would be eligible for food stamps. This standard should be set at a level high enough to permit an adequate diet to be purchased and other necessities met as well. The level suggested by the McGovern Bill (S. 2014)—that it be at least three times the cost of the Low-Cost Food Plan—seems to us a workable standard.

Allowances would have to be made for regional variations in the cost-of-living, of course. Resource limitations would have to be established for recipients. In addition, states should have the option to set a higher standard if they so choose. Finally, the standard should be revised annually to reflect changes in the cost-of-living and/or changes in the determination of what is necessary to purchase a nutritionally adequate diet.

(5) *Certification.*—Present certifying procedures are onerous to the administering agency and demeaning to the applicant. Certification by personal affidavit ought to be instituted now, without waiting for the public welfare system

to change its method first. Certification by affidavit is faster and simpler, frees the certifying agency for other work, has the great virtue of trusting the applicant to declare himself truthfully, is no more likely to be abused than Internal Revenue Service forms, and can be as easily safeguarded.

(6) *Determination of income.*—We have no comment on this question.

(7) *Delivery of stamps.*—To quote from our testimony :

“We recommend that the law require that coupons be issued at least twice a month, and that every area have several centers of distribution easily accessible to the recipients open at convenient hours. We recommend also that the law permit persons on welfare to request that charges be deducted in advance from the welfare check and the coupons mailed to them as provided in the Talmadge Bill ; and permit the elderly and incapacitated either to have their coupons mailed to them or picked up for them by other persons.

In short, the procedures used in issuing stamps ought to be as simple and flexible as possible in order to reach and serve those in need.”

(8) *Purchase price of coupons.*—The purchase price schedule ought to be modified so that no participating household pays more than 25% of its income for food stamps. To charge more takes too much from budgets that are already meager. We are agreed also that the poorest of the poor ought to be provided stamps without charge. The difficulty lies in defining the poorest of the poor. Any figure drawn is arbitrary. We would suggest, however, the following : We think that free stamps ought to be provided to families up to that income level where they can afford to purchase all other necessities, excluding food. As long as family income is insufficient to purchase other necessities, a family should not be required to pay for stamps. In short, the proper level beneath which families should receive stamps without charge is that level at which they can provide themselves with other necessities as long as they do not have to pay for food. Above that level a graduated purchase price could be charged.

Supposedly the Federally-defined poverty line defines the level at which families can purchase basic necessities, including food. We would point out, however, that the poverty line is itself an arbitrary figure ; it is simply a multiple of three of USDA's Economy Food Plan—a plan we have elsewhere said is inadequate. At the very least, we think, the Low-Cost Food Plan should be the basis. A multiple of three of this plan results in a poverty line of \$4320 for a family of four. Higher multiples—multiples implying that lesser percentages of income than one-third should be spent for food—would result in higher poverty lines.

Using the \$4320 figure as the poverty line, then, and applying our above suggestion (amount necessary to purchase all necessities—amount necessary to purchase adequate diet—level beneath which families should receive free stamps) the income level beneath which families should receive free stamps is approximately \$2900 (for a family of four). Even this figure is arbitrary, for there is no “objective” way of defining the poorest of the poor. It is nevertheless, a suggestion of the least this nation can do.

(9) *Coupon value and bonus.*—To quote from our testimony :

“This is one of the most serious inadequacies of the present program : even with the bonus coupons, most recipients still cannot afford to purchase a nutritionally adequate diet, as defined by USDA. Only those in the upper income levels of the bonus schedule (\$250–\$365 a month for a family of four) receive a total coupon allotment equal to or greater than the \$98.90 per month the USDA estimates in its Economy Food Plan to be minimally adequate.

“Even this guideline is inadequate, however. Because the plan makes unrealistic demands on the marketing and food preparation skills of the homemaker, USDA itself has admitted that ‘the cost of this plan is not a reasonable measure of money needs for a good diet.’ Yet this was the plan on which the President based his recommendation that all recipients receive allotments of \$100 per month.

“A better guideline would be USDA's Low Cost Food Plan, which estimates that \$1440 a year is necessary for a family of four in the North to purchase a nutritionally adequate diet. All recipients of food stamps should receive a total amount of coupons adequate to the purchase of such a diet, regardless of the purchase price they pay. To provide less would mock the purposes of the program. In addition, USDA's estimate of the money needed to purchase an adequate diet ought to be periodically revised to reflect increases in the cost-of-living as well as changes in estimates of nutritional needs.”

(10) *Partial purchase of stamp allotment.*—As was said above in answer to question #7, the issuing of stamps ought to be simple and flexible, and as respon-

sive as possible to the needs of those served. One of those needs is for flexibility in the payment of the purchase price. The suggested reforms would help meet this need.

(11) *Payment of administrative costs.*—The proposal to give the Federal government authority to pay part or all of local administrative costs where necessary is a good one. The proper framework for constructing any food program is need. This need includes not just the poverty of malnourished people but the inability of the nation's poorer counties to support a vigorous food program. The greater resources of the Federal government could usefully be brought to bear here. They could as well help non-profit voluntary agencies participate in the program at the local level.

(12) *Commodities in food stamp counties.*—The present prohibition against the simultaneous operation of both family feeding programs in a given area ought to be eliminated. Provision should be made for the operation of both programs during a changeover from commodities to food stamps and wherever the food stamp program fails or is unable to serve all those eligible.

(13) *Nutrition education.*—Nutrition education would be a useful component of any overall strategy to improve the nutritional health of the American people. But it must be emphasized that education is not the *primary* nutritional need of the poor. The primary need is for the means to purchase nourishing food. In no case should nutrition education be used to camouflage this primary need, or to defer immediate government action to meet this need. USDA studies have shown that dollar for dollar the poor get more food value from their purchases than the rest of the population. What the poor do not have are the resources with which to purchase enough nourishing food. The government has the means to provide these resources. If it can supplement this with nutrition education, that is all to the good. But the *order* of needs must be kept clear.

(14) *Outreach.*—Vigorous and imaginative administration at all levels is necessary if the benefits of food programs are to reach the target population. It is all too clear that such administration has not characterized the government's food programs. Even the Bureau of the Budget has estimated that there are over twenty-million persons in need of food aid (a conservative estimate), yet the government's family feeding programs reach fewer than seven million people. Aggressive outreach efforts must be made to inform and help those in need not now benefitted by the food programs. But it should be noted that such vigorous efforts imply the availability of program resources to meet the needs of all those reached. Vigorous outreach is pointless unless the program is adequately funded.

(15) *Authorization and financing.*—(a.) *Open-ended authorization:* The primary need of the food stamp program is that it be permitted to expand to the level of need. Of the proposals before the committee, only the McGovern and Mondale bills take seriously this necessity. An open-ended authorization would allow need to be the principle governing the program's expansion, and would free administrators to expend their energies on implementing the program rather than defending it on an annual basis before committees other than the Appropriations Committees.

(1) *Section 32 funds:* To feed the hungry, all available resources, including Section 32 funds, ought to be made available.

(2) *Automatic funding:* We have no comment on this possibility.

(3) *Transfer of the program:* Again, we emphasize that the primary criterion is how well the needs of the malnourished are met. Whatever resources are necessary to meet this end must be found and used. If conflicts of interest in either the legislative or executive branches keep the needs of the malnourished from being adequately met, these conflicts must be resolved in favor of the malnourished. In short, the existence of the need has been made unmistakably clear; the government's response ought to be controlled by those willing to meet it.

RESPONSE BY THE URBAN COALITION ACTION COUNCIL

1. *Purposes of the Food Stamp Act*

The Urban Coalition Action Council agrees with the policy pronounced in S. 2014 that the purpose of the Food Stamp Act should be to provide adequate levels of food consumption and nutrition for low income families. It is clear from the figures used in our testimony before this Committee on May 22, 1969, that current food programs are failing to provide adequate nutrition for low income families. We feel that the first concern of government should be to insure com-

plete and adequate diets for all who are unable to achieve it without government help.

2. Purchase of sanitation products with food stamps

Use of food stamps should be allowed to purchase soap, detergents and other items necessary for personal cleanliness, hygiene and home sanitation. The problem of good health is as much a problem of decent sanitation as it is of food, and for those who are unable to purchase these items, help should be provided. Moreover, poor housewives are not to be expected to act differently from middle-class housewives who regularly include in their food budget money for purchase of items of the kind under discussion. Clearly, people should not eat food out of dirty dishes, or live in dirty houses which encourage disease. We have to begin to deal with the whole problem of health in a sensible way. The cost of the government of providing stamps for hygiene items would, we estimate, be minimal.

3. Local option

The Urban Coalition Action Council advocated in its testimony that the Federal Government should be able to support a food program either directly or through local public or private nonprofit agencies other than the state welfare agency when necessary. Where counties refuse to accept a program, or the local welfare agency refuses to comply with the law, or the Secretary of Agriculture determines it is necessary to alleviate severe malnutrition, the federal government should be authorized to institute food programs directly. The first priority should be to get food to those who need it. Local officials should be encouraged and helped to perform their duties. But when such officials are unable to because of limited finances, or are unwilling to, the poor should not be made to suffer. It is for this reason that the Urban Coalition Action Council feels the measures advocated here are essential and that adequate money should be appropriated to allow the Federal Government to assume the administrative operation of programs when required.

4. Eligibility

The Urban Coalition Action Council favors national eligibility standards with the maximum income eligibility level set by the Secretary and changed from year to year to reflect the cost of living standard. We feel that food programs, public assistance and other federal benefits for the poor should be tied to the cost of living index so that they are not penalized by rises in the costs of living.

5. Certification

The Urban Coalition Action Council supported in its testimony certification by affidavit or declaration of eligibility in order to facilitate participation in food programs by those in need. The current long and detailed eligibility requirements are inefficient and a substantial deterrent to participation. As the Department of HEW has taken steps to provide for determination of eligibility of welfare recipients by affidavit or declaration of income, the Urban Coalition Action Council feels it also should be done in the food area.

6. Determination of income

The Urban Coalition Action Council believes the cost of food stamps should be calculated on the basis of regular income. Many of the poor may own a home or a little piece of land from which they get no income. They should not be given the option of having to sell their few assets or not eat. Moreover, even in the case of sale of capital assets this does not represent fixed or regular income and therefore should be excluded in calculation if below a certain amount.

7. Delivery of stamps

The Urban Coalition Action Council favors issuance of stamps through post offices or other convenient places in order to cut down on the huge transportation burden now imposed on many of the poor seeking to obtain food stamps.

8. Purchase price of coupons

The Urban Coalition Action Council favors free stamps for families with incomes of less than \$1200 per year for a family of four. This is the amount of food that USDA says is minimally required for an adequate diet. We also recommend a maximum expenditure of 17.4% of total income for food stamp participants. We feel that the poor should not pay more of their income for food than other Americans.

9. *Coupon value and bonus*

The Urban Coalition Action Council favors the USDA low income budget of \$1440 per year for a family of four. USDA admits that the \$1200 economy budget diet can be effectively used to obtain nutritious diets only by the most ingenious of the poor.

10. *Partial purchase of stamp allotments*

The Urban Coalition Action Council favors permitting recipients to purchase less than a full month's supply of stamps at one time.

11. *Payment of administrative cost*

The Urban Coalition Action Council favors Federal appropriations sufficient to pay in part, or in total, local administrative costs where the local agency is unable or unwilling to bear such cost.

12. *Commodities in food stamp counties*

The Urban Coalition Action Council favors dual operation of both food programs during a changeover from commodities to food stamps and where the food stamp program fails to adequately serve eligible families out of the Federal budget.

13. *Nutrition education*

Nutrition education is essential. It would encourage expansion of the developing nutrition aide program, as well as a more effective role of community and civic institutions in educating food program participants.

14. *Outreach*

The Urban Coalition Action Council favors mandatory local outreach efforts to insure that all eligible households are aware of, encouraged and helped to participate in food programs.

15. *Authorization and financing*

(a) 1. The Urban Coalition Action Council favors open-ended authorization to allow flexibility for the program to expand as need requires. In addition, the Urban Coalition Action Council favors using Section 32 funds, including the \$300 million carryover, should the amount appropriated prove inadequate to meet increased levels of participation. 2. Any device that will insure sufficient funding without being totally dependent on the year to year appropriations process should be utilized. This is being done in other farm programs and should be done for hungry people.

16. *Transfer of the program*

The Urban Coalition Action Council feels that the food program should be administered by an agency as a top priority in a manner conducive to coordination with other complementary services. HEW, with responsibility for schools and health, is a logical agency for consideration. OEO, with its community action network, can potentially be an effective mechanism for improved delivery operations and for experimentation in the food area. The Urban Coalition Action Council thinks that further exploration should occur on the effect of transfer of the food programs to either of these two agencies.

WASHINGTON, D.C., June 2, 1969.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate, Washington, D.C.

DEAR SENATOR ELLENDER: We appreciate this additional opportunity to present the views of the National Grange regarding the extension and expansion of the Food Stamp Act.

Listed below are our answers to Senator McGovern's questions pertaining to certain specifics of each major reform of the bills now pending before the Senate Agriculture and Forestry Committee regarding the Food Stamp Act.

1. PURPOSE OF THE FOOD STAMP ACT

The Grange is privileged to have this opportunity to once more support, not only the Food Stamp Act, but the expansion of that Act, to put our nation on a

charted course toward the elimination of hunger and malnutrition. Through healthy people will come a healthy nation, in which each individual will feel the added responsibility of making his contribution to his community, state, nation and world in which we all live.

The Grange believes that bills being considered by this distinguished Committee contain the basic objectives of the Grange position concerning the use of food stamps to increase the distribution of foods and upgrade the diets of needy people in the United States. The opportunity for the American people to share fully in the abundance of food from our farms, regardless of their economic position in life, should be, and is, a major objective in any campaign against the effects of poverty.

2. PURCHASE OF SANITATION PRODUCTS WITH FOOD STAMPS

The Grange feels that, at the present time, items covered by the Food Stamp Act should be limited to foods, including milk.

The Food Stamp program is a relatively new program and approach to meeting the needs of poverty and near-poverty levels of our population, with the main purpose being "to provide adequate levels of food consumption and nutrition for low income families". Until these needs are met and the mechanics of working out such an ambitious program are working smoothly, we firmly believe that food stamps should be limited to the purchase of foods, including milk.

When the program is working smoothly and we have fulfilled the purpose of the Act, the Grange will then look at expansion of the Act to include other items, including clothing and items necessary for personal cleanliness.

3. LOCAL OPTION

The biggest drawback to expansion of the present Food Stamp Act is the provision that the plan must be "administered by, and upon request of, State agency".

The Grange, therefore, supports the provisions of S. 2014, which provides for the administration by Secretary, through any non-profit private, Federal, State, or county agency where (1) local agency fails to comply with law, (2) local officials fail to request program after Secretary has offered to pay part of costs, or (3) the Secretary determines that local program is necessary to effectuate Act or alleviate severe malnutrition.

4. ELIGIBILITY

The Grange feels that income need only be insufficient to attain adequate diet, allowing the Secretary to prescribe minimum requirements as to maximum income limitations. Here again more research is needed to be able to define an "adequate diet". Such requirements may vary as to area, precondition of malnutrition and other factors; therefore giving the Secretary some flexibility is highly desirable.

We do agree that States should have an option to set higher or lower eligibility standards. It is quite obvious that Alaska or Hawaii with much higher transportation costs, should have the income level and still be eligible for food stamps at a higher level than states located near the breadbasket of America. However, such State requirements should meet the national guidelines as prescribed by the Secretary in determining maximum income eligibility.

5. CERTIFICATION

The method of certification for eligible households is one of the most difficult, yet one of the most important provisions of the Act. The Grange would recommend that the Secretary work up guidelines to be followed in certifying eligible households. Until better methods are developed, certification solely by affidavit of household should be provided in the Act.

The certification by personal affidavit should not carry any criminal penalty if found in error. However, benefits of the program either should be denied such false affiants or adjustment made in stamp purchase schedule in line with the error in affidavit.

This is one of the areas that must be worked out very carefully if the program is to avoid public criticism and the Act is to be expanded to other necessities of life.

6. DETERMINATION OF INCOME

Here again the Grange does not feel that one set of hard and fast rules can be set. For example, if in any given year a farmer did not have any income, but had capital holdings that could be liquidated to obtain money so as to provide food for his family, should he be included or excluded from the Act?

If we understand Senator McGovern's question, the above-referred-to-farmer would be included under the provisions of the Act because his income was derived by liquidation of capital.

We do not feel that this is the purpose of the Food Stamp Act as outlined. Other laws are available to provide assistance in such situations as outlined above; therefore, we feel that the determination of what constitutes income should be worked out by the Secretary, with the help of the Congressional committees concerned with the Act. In determining income, the main purpose of the Act should be the main guideline, that of "providing adequate levels of food consumption and nutrition for the American poor."

7. DELIVERY OF STAMPS

The Grange, being a community-oriented organization, believes that such local organizations should be utilized as much as possible to assist in carrying out the objectives of the Food Stamp Act. We, therefore, would favor the expanding role of community action agencies and VISTA volunteers in delivering stamps whenever and wherever possible. In lieu of this we would recommend State agencies issuing stamps through post office, mail, food stores, or otherwise in an attempt to increase the ease of eligible households to obtain stamps. We feel that there is, within the Department of Agriculture, the expertise to devise an adequate system of food stamp delivery, where it will not be necessary for the recipient to take taxis or expensive means of travel to obtain food stamps.

8. PURCHASE PRICE OF COUPONS

We have seen poverty, but it is hard for us to envision a large number of families in the United States that cannot afford to pay even a very small amount for food stamps that are worth many times what they pay. We are inclined to favor a plan where food stamps recipients pay something for the stamps they receive, even if it is just a dollar or two per allotment period, with the value of allotment diminishing as household income increases.

We do feel that requiring the poverty-stricken to pay 30 percent or 25 percent of their income for food stamps may be high when compared to 17.2 percent we spend of our disposable income on food purchases. Therefore, we would be in favor of the provisions in S. 2014.

We would like to point out again that this is another area where the program can come under public criticism if not handled properly. The Grange is a firm believer that if a member of the family is able to work and work is offered but refused by the recipient of free food stamps, the program should be adjusted to encourage recipients to work if work is available.

9. COUPON VALUE AND BONUS

Until more accurate information is available as to what constitutes an adequate diet and the cost of such a diet, (we now have conflicting amounts in S. 2014 and the President's Message), we would favor letting the present provisions of the law prevail.

10. PARTIAL PURCHASE OF STAMP ALLOTMENT

We would be in agreement with permitting recipients to purchase less than a full months' supply of stamps either at one time or in installments with a proportionate reduction in stamp value because:

1. Pay periods of recipients.
2. Recipients' facilities for storing food.
3. To save and utilize the food to its best usage and to provide maximum amount of nutritional value.
4. Stop waste from preparing more food than is needed.

11. PAYMENT OF ADMINISTRATIVE COSTS

We would approve of Federal authority to pay part or all of local administrative costs when it is determined by the Secretary that it is necessary to enable local agency to conduct a program.

Local governments are already hard pressed for funds to carry out their present responsibilities to their residents. Therefore, if we are to truly meet the challenge of wiping hunger and malnutrition from our land, Federal assistance to meet administrative costs should be authorized.

However, every means of enlisting local private groups to undertake such administrative programs should be encouraged. Grants to such organizations to provide the administration of programs should be investigated.

12. COMMODITIES IN FOOD STAMP COUNTIES

The Grange believes that concurrent food distribution should be permitted; however, as soon as feasible, food distribution should be discontinued in favor of food stamp plans. This will eliminate some of the problems and high cost of providing free food through distribution plans by taking full advantage of the private food marketing system.

13-14. NUTRITION EDUCATION AND OUTREACH

The Department of Agriculture has had over 100 years of experience in assisting in the production of an abundance of nutritional food and the experience of teaching the unknowing of the importance of balanced diets through the Home Economics Workers of the Agricultural Extension Service. All the doctors and experts in other Departments of the Federal Government cannot match the record of the Department of Agriculture in teaching people better ways to live—farmers and non-farmers alike.

The Department of Agriculture has been severely criticized because it has not done enough in feeding the hungry and underfed people of our urban-rural poverty areas. Who has done more? Other government agencies became interested in hunger and malnutrition after the Department of Agriculture made the first move.

The hearings being held by the U.S. Senate Select Committee on Nutrition and Related Human Needs point up the importance of *education* in meeting the nutritional needs of American young. Malnutrition in the U.S. is not restricted to "poverty pockets", but much is caused by lack of knowledge. Most poor eating habits are due to the failure of mothers—who weren't taught by their mothers *or* at school—to teach young people how to eat properly. And this occurs at all economic strata and is inexcusable in the middle-to-higher income brackets because they have means to purchase nutritious food and access to an education to show them how it should be prepared. And it remains, of course, that those others who don't get enough to eat have another problem altogether—except they also don't get the nutrition education.

It's high time that greater emphasis was placed on "nutrition education" in public schools and local communities' projects. The consequences of "negative nutrition" should be burned into the minds of mothers as well as growing children.

But we are not nutrition experts and do not pretend to know all the answers to solving the problems of hunger and malnutrition; however, we have studied the problem long enough to know that surplus food and increased appropriations alone will not cure the ills of a nation that has hunger and malnutrition so prevalent in a "land of milk and honey".

Therefore, we must approach the problem from two avenues: one, from increased use of farm abundance; and two, increased education of mothers and children in proper eating habits, both of which can be best administered by the Department of Agriculture because only they have the expertise to travel both avenues to answer the problems of hunger and malnutrition.

Within the Department of Agriculture, as I am sure you are well aware, is the Federal Extension Service, comprised of many experts in the areas of "nutrition" and "humanization" (art of talking, working with and understanding people). Both are of utmost importance if we are to truly eliminate hunger and malnutrition. *Appropriations are important, but nutritional education is indispensable.*

In recent months much has been done by the Secretary of Agriculture who has become increasingly aware that feeding the underfed and winning the war against hunger in the U.S. is the number one responsibility of the Department

of Agriculture. The programs started by his very capable and dedicated predecessor, molded into viable legislation by this Committee and passed by previous Congresses, now must be pushed farther and faster if they are to remain a part of the over-all responsibility of the Department of Agriculture and the Agriculture Committees.

We submitted a statement in support of H.R. 7919, the "Human Nutrition Act of 1969", an act which, in our opinion, will be of tremendous assistance in obtaining the national goal of elimination of malnutrition and hunger from America. This bill would create an Assistant Secretary in the Department of Agriculture who would administer all food assistance programs and be directly responsible to the Secretary of Agriculture. We, therefore, would be in favor of the additional or concurrent provisions of S. 1864, to create a "Federal Food Administration", and set up a "National Nutrition Committee" to act in an advisory capacity to the Secretary of Agriculture.

15. AUTHORIZATION AND FINANCING

(a) *Funds.*—We do not feel that the Food Stamp Act should contain unlimited authorization for appropriations.

We have at our disposal, or soon will have, a very accurate appraisal of the level of hunger and malnutrition that exists in the United States. With this data in the hands of the experts at U.S.D.A. and H.E.W., they should be able to ascertain the necessary monies needed each year to sufficiently fund the programs. Therefore, we feel that the appropriations requested in the Presidential Message are sufficient to meet the needs in the foreseeable future. If experience proves that increased appropriations are necessary because of the high number of families below the level set by the provisions of the Act to receive free food stamps, additional funds can be appropriated.

(1) *Section 32 funds.*—The Grange does not feel that Sec. 32 funds should be designated for use as supplemental financing for the Food Stamp Act. The specified use of the funds under Sec. 32 are very definitely assigned in the Act (P.L. 320, 74th Congress) . . . in part—"by increasing their utilization through benefits, indemnities, donations or by other means, among persons in low income as determined by the Secretary of Agriculture."

Sec. 32 funds can already be used if the *Secretary of Agriculture deems it necessary in carrying out the purposes of the Act*; therefore, additional authority is not required or needed.

(2) *Automatic funding.*—We would agree to automatic year-to-year funding in the amount of one billion dollars, not to exceed four years, with evaluation made at the end of each year to determine if annual appropriation should be increased. At the end of the four-year period, a new study should be ready to help Congress determine the fiscal needs for the next four-year period.

We feel that four years is a sufficient length of time to work out the most efficient methods of implementing the Food Stamp Act. Annual appropriations during this four-year period would not allow for proper and efficient planning by the Secretary and his assistants and hinder him from carrying out the purposes of the Act.

One billion dollars may not be sufficient, but until we determine if this is the best method of meeting the needs of hunger and malnutrition, we do feel that it is sufficient to start a charted course.

(3) *Transfer of the program.*—The President stated to the Department of Agriculture employees:

"When we consider America's problems today, one at the top of the list is our agricultural surpluses. We are constantly worrying about that and the budget, and we are worrying about it in terms of our agricultural programs.

"But I know that all of you are aware, as I am, that those surpluses are a great bounty for the United States of America. It means that we can effectively deal with the problems of hunger in this country and help with the problems of hunger in the world because we are able to produce so much.

"So that presents the challenge to the men and women in this room, the leaders of this Department, those upon whom the Secretary is going to rely to obtain the advice so that we can effectively use this tremendous productive capacity which this Department has helped to build through the years; so that we can effectively use it in a scientific way to attack the problems of hunger, of malnutrition and all of its assets in this Nation, and thereby, also, to set perhaps an example to other nations in the world . . .

"I want you to know that this is one of the missions that I trust this Department will undertake with all the success that it has been able to apply to its primary mission of increasing production of agricultural products in the United States."

The Secretary, in accepting the challenge of the 70's, has said both in public and in private that the American farmer can produce all the food that is necessary to feed the hungry and underfed—but it must be done at a fair profit for the farmer. To this we add our "amen". We feel that the problem of curing the nation's ills of malnutrition and hunger can and *must be met without reducing by one cent the farmer's income or government appropriations for farm programs*, because it is through these programs that we have our abundant food supply that is necessary in carrying out our many programs of welfare feeding and school lunch and related activities.

We cannot emphasize too strongly the expertise that exists in the Department of Agriculture for conducting studies in nutrition, diets of men, women and children, and the trained personnel to do the necessary job of education. In addition, through the various agencies of the Department of Agriculture, a delivery system can be devised to get the food and the education to where it is most needed.

Please refer to our answers to questions 13 and 14 for further reasons why we strongly feel that this program should remain in the U.S. Department of Agriculture.

We firmly believe that moving the feeding programs and the Stamp Program to H.E.W. or O.E.O. would substantially increase the over-all cost of the programs because instead of having one Department of the Federal Government involved, we would have two: the Department to which the programs were transferred and the Department of Agriculture, which provides the food. In addition, as we have pointed out, the Department of Agriculture has the expertise already on the job and they are making steady progress.

Please accept our thanks for permitting the National Grange to express our views on this major legislation. We are pleased to answer the questions of Senator McGovern. If we can be of further assistance in explaining Grange policy, please do not hesitate to contact our office.

Sincerely,

ROBERT M. FREDERICK,
Legislative Representative, National Grange.

RESPONSE OF THE HEALTH AND WELFARE COUNCIL OF THE NATIONAL CAPITAL AREA

The Health and Welfare Council of the National Capital Area has considered the major reforms outlined in Senator McGovern's "Written Questions for Witnesses" dated May 26, 1969. With the possible exception of the suggested transfer of program administration (on which we take no position), we believe that each of the reforms should be adopted, for the following reasons:

1. The purpose of the Act should be redefined to clarify the Congressional objective to provide *adequate* levels of food consumption and nutrition, not merely to "raise" the levels to some undefined but possibly less than adequate standard.

2. Our organization has found that a major deterrent in the District of Columbia to the use of food stamps is that the current program prohibits using stamps to purchase household goods necessary for personal cleanliness and home sanitation. Since such items are commonly regarded as being a basic "food" purchase in grocery stores, the Act should be amended to allow stamps to be used for such expenditures.

3. Hunger and malnutrition is, in the last analysis, a national problem. Lack of adequate action by a state, local or county authority should not prevent or impede its citizens from receiving an adequate nutritional diet.

4. For the same reasons, it is a Federal responsibility to ensure that minimum eligibility standards, based on needs, are available to all the citizens of the country, leaving an option for the states to set more liberal standards where possible.

5. To be effective, the current program must be revised to remove some of the obliquity associated with present programs. We regard certification by personal affidavit to be a permissible step in this direction, and we believe that any inaccuracies which might result will be no more, and possibly less, than those which occur under the present policy—which is cumbersome, costly and embarrassing to the recipient.

6. This reform conforms with the common understanding of what is income, and appears appropriate.

7. The present policy of using banks and credit unions as the main centers of stamp distribution does not serve the needs of the poor, who often cannot appear during the limited hours which these institutions are open. The reform suggested would help alleviate the problem.

8. Our organization has testified in favor of this reform. We believe that no individual should spend more than 25% of income for food, and that in the lower levels of poverty, free stamps must be made available to ensure an effective program.

9. The USDA low budget diet, if kept current, would provide an acceptable minimal measurement for total stamp value issued to any family.

10. Our organization has found that the present policy of requiring purchase of the full month allotment of stamps discourages many eligible persons from participating. We believe that this amendment is necessary to ensure an effective program.

11. Again, in the last analysis, the Federal Government must have the flexibility to ensure that food stamp programs will be available where needed. If a determination is made that a local agency cannot bear the administrative costs, the Federal Government must have the power to provide the money to run the program.

12. Although we believe that the food stamp program, rather than the commodity distribution program, is the more effective tool to combat hunger, we certainly agree that the Federal Government should have the authority to use the commodity distribution program whenever and wherever a food stamp program is, for any reason, less than totally effective.

13. Nutritional counseling and instruction can play an important part in educating eligible families to use food stamps more effectively.

14. A necessary requirement of any food stamp program is an informational service which ensures that as many eligible persons participate as possible.

15. The program is of such vital importance that it should not be subject to the vagaries of the annual appropriation process. Moreover, we believe that there is no reason why unused Section 32 funds should not be expended where necessary. Automatic funding would further ensure that this vital program would be maintained without competing with other national priorities. We do not feel qualified to take a position on a possible transfer of program administration. We do believe, however, that the agency or division administering the program should have as its main objective the goal of "providing adequate levels of food consumption and nutrition" for all citizens in need.

Senator MILLER. Could I ask a question of Mr. Mayer, please?

The CHAIRMAN. Are you through?

Senator McGOVERN. I just had one other request I would like to make of the committee. I referred here earlier to the article by Mr. Spencer Rich in this morning's Washington Post. I thought it was a very significant article, because it contains some information that at least was new to me and perhaps to other members of the committee, about a study that the Department of Agriculture apparently has completed, where they tried to identify practices at the State and county levels that were interfering with participation in the program. What comes across in that study, it seems to me, are a number of rather bizarre rules that have been laid down by various State and local governments that are preventing people from participating in the programs as Congress intended. He cites, for example, one county in Indiana that has adopted what might be called a dog-in-the-house rule. We have heard about the man-in-the-house rule, but this is a new version that, if a family has a dog, they are not eligible for food assistance.

The CHAIRMAN. Has such a statement been made to your own knowledge, I mean studied?

Senator McGOVERN. I am saying that this purports to be from a USDA study.

The CHAIRMAN. The USDA will be here tomorrow and you can find out whether or not that has been made. My understanding is that it has not.

Senator McGOVERN. Could we ask the Secretary to bring a copy of that report if such a study has been made?

The CHAIRMAN. I am sure we will be glad to ask him that and if it has I am sure he will present it to us.

Senator McGOVERN. I think it would be important.

The CHAIRMAN. We will find out tomorrow because Mr. Hardin will be here as a witness and we can ask him if such a study has been made, and if it has, I am sure that he will cheerfully present it.

Senator AIKEN. By whom?

The CHAIRMAN. By the Department.

Senator McGOVERN. What I was getting at, Mr. Chairman, he could be asked in advance to bring that with him if he has it.

Senator AIKEN. Tell him to bring the dog.

The CHAIRMAN. Bring the manger, too.

Very well, we will submit that to him, to save time. We will ask him tomorrow and if he has it let him bring it over.

(For the information above, see p. 403.)

The CHAIRMAN. Now with respect to the questionnaire that you have just sent out, I hope that the committee will back me in this. That we ought to have answers by letter say 12 o'clock June 3, so that this record can be made up and printed.

Senator AIKEN. Bring it up about the 10th for action.

The CHAIRMAN. If there is no objection to that, the hearing will be open until June 3 not only for these, to put in the record these questions, but also some statements that may be received in the meantime by the committee, because we are desirous of having all of the information possible on this very important subject.

Thank you very much.

Are there any further questions?

Senator MILLER?

Senator MILLER. May I ask a question, Mr. Chairman?

I take it that if the majority of the county commissioners of a county decide that there is no hunger and malnutrition in the county, that you would still give the Secretary of Agriculture the power to put a program into that county.

Mr. MAYER. Yes, sir.

Senator MILLER. Upon his finding that there is malnutrition and hunger in the county?

Mr. MAYER. Yes, sir.

Senator MILLER. Now what standards would he use in making that determination? I can see where the average Secretary of Agriculture may not have the scientific background to know whether there is malnutrition or whether the malnutrition is due to inadequate diet or due to poverty, or whether there is in fact hunger. Would he look to the Public Health Service for these standards?

I am trying to find out something that will be a test for him to meet, so that nobody can say that he is being arbitrary.

Do you have any thoughts on what should be his standards?

Mr. MAYER. Senator, first of all, there is the Public Health survey which is being undertaken now. I think that survey ought to be made

use of by the Secretary or by any other governmental unit. Obviously this is a rather painstaking, objective study being made.

Also the Secretary has in the Department people who are trained in this field, people who do know this area.

There is also State statistics and State information in the possession of State health departments. I think all of these sources of information should be used by the Secretary.

Senator MILLER. I can see where your State health departments might have different standards among the 50 States as to what is malnutrition and what is hunger. So that there is some uniformity in this thing, would it be your thought that perhaps the standards in making such a determination should be uniformly set forth by the Public Health Service?

Mr. MAYER. Together with——

Senator MILLER. I am sure you will not want to have the Department of Agriculture set one of standards on this? And some other department set other standards?

Mr. MAYER. No. Hopefully, Senator, the U.S. Public Health Service and the Department would be working together. Certainly, that is the situation which I believe the administration is currently attempting to achieve through its Urban Affairs Council and the various committees that it has established as part of the Urban Affairs Council. We hope that there will be cooperation, that there will be consultation, and that the agencies will work together.

Senator MILLER. But who is going to make the decision? Here you have HEW on the one hand and you have Agriculture on the other, and you have the Public Health Service, and they are working back and forth, but who is going to be the one that is really going to set the standards for all of the agencies to follow?

Mr. MAYER. Senator, I would have to answer that this way: I am hardly an expert on the administration of these programs, but I would think that if the Secretary of Agriculture is responsible for administering them, the final decision resides with him and his Department.

Senator MILLER. Then you are laying a foundation when you answer that for HEW to set its own standards?

Mr. MAYER. No, Senator.

Senator MILLER. Which can be different?

Mr. MAYER. No, Senator; I said that there would be cooperation between the two.

Senator MILLER. That is right.

Mr. MAYER. And then you asked me who would make the final decision. My answer to that is if the Secretary of Agriculture has the responsibility for administering these programs, the final decision would have to be made by him.

Senator MILLER. Maybe we are not talking about the same decision. I am talking about the decision on the standards themselves.

Mr. MAYER. Yes.

Senator MILLER. Now certainly the Secretary of Agriculture should have the power to make the decision as to whether or not a condition meets those standards, but I am trying to find out from several witnesses where we should go to have these standards promulgated, so that they will be uniform standards, and then hopefully uniformly applied by the agencies.

Mr. MAYER. Senator, again, I would have to say I would hope that the U.S. Public Health Service and the Department of Agriculture would work on that together. I would say that the Secretary is responsible for the program and would have that responsibility of making the final decision. Or if Congress should decide that this program should go to HEW, then the Secretary of HEW would have the final responsibility; he would have the final decisionmaking power.

The CHAIRMAN. Any further questions?

Senator Cook?

Senator COOK. Mr. Mayer, you said that wherever possible you felt that the administration should be at the local level. Do you also mean in this relation that the standards should all be determined at the State levels and the standards should all be determined at the local levels?

Mr. MAYER. No, Senator.

Senator COOK. Or that there should be a national policy?

Mr. MAYER. Senator, I believe there should be a national policy.

Senator COOK. For instance, do you think that the present administration of the food stamp program, let us take for instance my State, a family of four, you are not entitled to food stamps if you earn more than \$200. Yet if you go across the Ohio River to the State of Indiana, you can earn up to \$275, or if you go across the Mississippi River to Missouri you can earn up to \$270, or in West Virginia you can earn up to \$250. Do you think that there is anything standard about this?

Mr. MAYER. No, Senator, I do not. I think that situation is harmful to the people to be served, the States and the administering agencies. I do not think we necessarily have to establish a top limit. If a State wants to go over a basic national minimum, then that should be its decision. However, I would certainly think there ought to be a basic national minimum which all States would have to follow and all counties would have to follow.

Senator MILLER. Would the Senator yield at that point?

Senator COOK. Yes.

Senator MILLER. Should that national standard, however, permit some variations depending upon the cost of living in some of those areas? What I am thinking about is I can see a great amount of difference between the cost of living in Mississippi and the cost of living in New York State and the cost of living in Alaska, which is notoriously high. Should there not be some deviation from the national minimum up or down, depending upon the area?

Mr. MAYER. That would be feasible, although increasingly the differences in the cost of living between various areas, except in the field of housing, is equalizing across the country.

Senator MILLER. But you recognize there is a substantial difference?

Mr. MAYER. I recognize there is a difference.

Senator MILLER. In some areas.

Mr. MAYER. In some areas in some types of purchases, yes, sir.

The CHAIRMAN. Any further questions?

Thank you very much, Mr. Mayer.

Mr. MAYER. Thank you.

The CHAIRMAN. All right, the next witnesses are Dr. Dudley Ward, National Council of the Churches of Christ in the United States of America; Rabbi Richard Hirsch, director of the Religious Action Center of the Union of American Hebrew Congregations and the

Synagogue Council of America; and Father John McCarthy, director of the Division for Poverty, U.S. Catholic Conference.

Will you three gentlemen step forward, please?

Before proceeding, will you gentlemen identify yourselves for the record?

STATEMENTS OF DR. DUDLEY WARD, NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE UNITED STATES OF AMERICA; RABBI RICHARD HIRSCH, DIRECTOR, RELIGIOUS ACTION CENTER, THE SYNAGOGUE COUNCIL OF AMERICA; AND FATHER JOHN MCCARTHY, DIRECTOR, DIVISION FOR POVERTY, U.S. CATHOLIC CONFERENCE

Dr. WARD. My name is Dudley Ward.

This is Rabbi Hirsch, and Father John McCarthy.

Mr. Chairman, we have asked Father John McCarthy, director of the Division for Poverty of the Social Development Department of the Roman Catholic Church to give the initial statement of our testimony, if that is agreeable to you.

The CHAIRMAN. Proceed, Father.

Father MCCARTHY. Mr. Chairman and members of the committee, in the interests of moving quickly here, I believe you have a copy of our statement.

I would like to just run briefly through it without reading it, hopefully just summarizing the main points, and then discuss it with you.

The CHAIRMAN. All right, you may proceed in that manner.

Father MCCARTHY. First of all we represent the National Council of Churches, the United States Catholic Conference, and the Synagogue Council of America. We are testifying in support of the reform and improvement of the food stamp program.

On the bottom of page 1 and the top of page 2 we refer to the many studies that have taken place in the last year or year and a half, some of them controversial, but as far as the opinion of this panel is concerned, we represent a very basic truth that this Nation must address itself to; namely, the very real presence of some hunger and a great deal of malnutrition in the United States of America.

One of our main points is embodied in the middle of page 2 there. We consider these facts which have been uncovered to be morally outrageous, and believe that hunger and malnutrition exist in this country needlessly. This is an affluent land. Our economy is moving toward a gross national product of over \$1 trillion; in our production of food, our problem has been one of surpluses rather than one of scarcity. We are, in short, in the enviable position of having the capacity to provide all of our people with the opportunity for a well-balanced diet.

As representatives of religious organizations we see the issue of hunger existing in this land of plenty as primarily a moral issue and the three of us are testifying jointly because our religious traditions are united on this issue and because the moral imperatives ought to be clearly projected.

Over on page 3 the bottom of the first paragraph is an important point we would like to stress in our discussion later; namely, that social order can be achieved only through social justice.

In addressing ourselves to the concrete matter that is before the committee at the present time, the expansion and hopefully the very real improvement of the food stamp program, we point out that it is one of many programs over which the committee has jurisdiction. To date, however, it has proven inadequate to the need.

Nevertheless it seems to us to be basically a good mechanism and we would like to comment on the following eight areas in which to us it seems to fall short and make recommendations.

Our recommendations are stated in the next eight pages. They refer to the questions of policy declaration, eligibility standards, methods of certification of eligibility, the value of the coupons issued, the purchase price and the availability of free stamps, consequences of lax State and local administration, and of State and local failure to request program, the question of simultaneous operation of food stamp and commodity distribution programs, and finally the level of authorization.

I will not go into detail. I will leave this for you and your staffs to read.

The CHAIRMAN. You discuss those eight points in your statement?

Father McCARTHY. We do, Mr. Chairman.

The CHAIRMAN. And give your recommendations?

Father McCARTHY. Right. On the question of policy declaration—toward the bottom of page 4—our main point is that we feel very strongly that the policy of this Government should clearly state that no person shall be denied an adequate diet for reasons of poverty.

On the question of eligibility we feel strongly on the need for national eligibility. I myself saw the article referred to by Senator McGovern in this morning's Post, and I am a Southerner and from the State of Texas, and I know the very real problems there of varying rules of eligibility.

The CHAIRMAN. Have you defined poverty for us?

Father McCARTHY. Pardon me?

The CHAIRMAN. Have you defined poverty as you understand it in your statement?

Father McCARTHY. Yes; we use the Department of Agriculture's figures as far as the suggestions that we are making. Our suggestions use those figures as a point of departure. We make a very strong point I believe, or I hope we do, that we consider this type of program and this approach to the problem of hunger and poverty merely a step toward stabilizing social problems, to improving social problems in this country. We do not consider what we are talking about here as the ideal solution by any stretch of the imagination.

Concerning methods of certification, we think the key line is on the top of page 6, that they ought to be as simple as possible.

On page 7 we reiterate, because we feel this is very important in the administration of the program to date, that the procedure used in certification—this is in the second paragraph—and issuance ought to be as simple and flexible as possible in order to reach and to serve those in need.

The changes we have suggested would, we think, make these processes more humane.

Then we go into a detailed discussion of the value of coupons. We get into specific amounts here. On page 8, there is the sentence in the

middle of page 8 that no purchase price ought to be charged to the poorest of the poor. We feel that the question of free stamps being made available only to families who have income below \$30 a month to be absolutely inadequate.

On page 9, in the middle of the page, we state that the Secretary of Agriculture should have the authority not now granted him in law to set up and operate food stamp programs in areas that refuse to request them.

Finally, and we feel this is important, because we feel as members of private organizations and religious groups that we also have a very real responsibility, and that the redressing of serious social ills in our Nation is not only a Government responsibility but that the churches and other nonprofit voluntary groups ought also to be involved, so we encourage there that it should be possible or we suggest that it should be possible for nonprofit voluntary agencies to be the administering agency at the local level.

In many areas these organizations could provide far better outreach than Government agencies and their use would be in accord with President Nixon's desire to make greater use of such organizations.

We refer to the need to have simultaneous operation of food stamp and commodity distribution programs, a situation at the present time which is not allowed due to the legal barrier in section 4(b).

Under the level of authorization, we get into the heart of the matter as far as this committee and the Congress and really the national will of this country is concerned, the question of whether or not we are going to allocate enough of our resources to solve this problem, the problem of hunger and malnutrition.

Finally, in conclusion we say that we will continue to offer our vigorous support to efforts to make the food stamp program adequate to the task of providing balanced diets to needy households. Elimination of poverty will require massive programs in both the public and private sectors. An improved food stamp program offers no panacea to be sure, but it would be a step in the right direction.

I would then hope that Rabbi Hirsch and Dr. Ward would supplement this with their comments.

(The prepared joint statement is as follows:)

Mr. Chairman and Members of the Committee, we are appearing today on behalf of—

1. The Union of American Hebrew Congregations—Rabbi Richard Hirsch, Director, Religious Action Center;
2. The Division for Poverty, United States Catholic Conference—Father John McCarthy, Director, Division for Poverty, Social Development Department; and
3. The National Council of Churches—Dr. Dudley Ward, General Secretary, General Board of Christian Social Concerns, United Methodist Church.

We are testifying in support of the reform and improvement of the food stamp program.

It can no longer be thought that hunger and malnutrition stalk only foreign lands. Nutritional experts may debate the definitions, but the existence of hunger and malnutrition in the U.S. has been irrefutably established. Two years ago in 1967, a group of doctors investigating conditions of hunger among children in the Mississippi Delta first removed from our country its veil of blissful ignorance when they reported to a Senate Subcommittee on Poverty in these words:

"In sum, we saw children who are hungry and who are sick—children for whom hunger is a daily fact of life and sickness, in many forms, an inevitability . . . 'Malnutrition' is not quite what we found . . . They are suffering

from hunger and disease and directly or indirectly they are dying from them—which is exactly what ‘starvation’ means.”

Since then, numerous other studies—*Hunger, USA, Their Daily Bread*, the CBS Report on Hunger in America, the investigations of the Senate Select Committee on Nutrition and Human Needs, the National Nutrition Survey, reports by independent investigators—all have reached the same general conclusions: Hunger and malnutrition do exist in the U.S. They afflict surprisingly large numbers of people. They affect both physical and mental development. Their incidence and severity are closely related to income level.

What makes these conclusions morally outrageous is that hunger and malnutrition exist in this country *needlessly*. This is an affluent land. Our economy is moving towards a gross national product of over one trillion dollars. In our production of food, our problem has been one of surpluses rather than scarcity. We are, in short, in the enviable position of having the capacity to provide all our people with the opportunity for a well-balanced diet.

Mr. Chairman, for the religious person the issue of hunger and malnutrition existing in a land of plenty is primarily a moral issue. The three of us are here as one, testifying jointly because our religious traditions are united on this issue, and because the moral imperatives ought to be clearly projected.

Our religious traditions speak in common of the responsibility of the just man to care for the needs of his less fortunate neighbor. Wealth is seen not as a private preserve; rather it is to be shared for the betterment of all. Our traditions hold no moral solace for societies that fail to seek justice. The Book of Proverbs says: “He that giveth unto the poor shall not lack, but he that hideth his eyes shall have many a curse.” The crisis our nation is experiencing is the curse brought by continuing neglect of the problems of the disinherited, deprived, and disadvantaged. Social order can be achieved only through social justice.

Mr. Chairman, the moral responsibility to feed the hungry, clothe the naked, shelter the homeless, is both an individual and social one. In a modern mass society such as ours, the primary need is for highly developed and well-coordinated programs on a national scale. Private agencies alone do not have the resources to do the job. We must realize that the claim of the poor to the right to a full humanity is as just as the claim of those of us in better economic circumstances, and we must act on that realization. This nation now has the opportunity to assure that all of its people have access to adequate diets. To have this opportunity, and to fail to act on it, would be, from our perspective, morally irresponsible.

THE FOOD STAMP PROGRAM

The food stamp program is one of the means this government has devised to enable people with inadequate incomes to improve their diets. Like all the other food programs—commodity distribution, school lunch, emergency food and medical services, etc.—it has proven inadequate to the need. Nevertheless, it seems to us to be a basically good mechanism. We would like to comment on the following eight areas in which it seems to us to fall short, and make recommendations for its improvement (not listed in order of importance):

- (1) Policy declaration;
- (2) Eligibility standards;
- (3) Methods of certification of eligibility and issuance of coupons;
- (4) Value of coupons issued;
- (5) Purchase price/free stamps;
- (6) Consequences of lax state and local administration, and of state and local failure to request program;
- (7) Simultaneous operation of food stamp and commodity distribution programs;
- (8) Level of authorization.

(1) Policy declaration

In the present law the purpose of the food stamp program is stated as follows:

“... the Nation’s abundance of food should be utilized ... to safeguard the health and well-being of the Nation’s population and raise levels of nutrition among low-income households...” (Sec. 2)

and

provide eligible households “with an opportunity more nearly to obtain a nutritionally adequate diet...” (Sec. 4(a))

These statements of purpose do not go far enough. They fail to speak to the need of all of our people for *fully nourishing* diets. Simply to “raise levels of

nutrition" is insufficient when present levels are appallingly low, and to provide households "with an opportunity more nearly to obtain a nutritionally adequate diet" is to raise expectations and default on them in the same sentence. The policy of this government should clearly state that *no person shall be denied an adequate diet for reason of poverty*, that this nation's abundance of food shall be used not only to "safeguard the health and well-being of the Nation's population" but especially to raise to *nutritionally adequate levels* the quantity and quality of food intake of those in low-income households, and that under the food stamp program "eligible households shall be provided the opportunity to obtain a nutritionally adequate diet."

(2) *Eligibility standards*

At present standards of eligibility for the food stamp program are set individually by the fifty states and the District of Columbia at levels consistent with those used in Federally-assisted public assistance programs. Not only are these standards in some states so low that many households with real need are barred from participation, but this plethora of standards also sets up a geographic discrimination: a household eligible in one state may not be eligible in another.

The Food Stamp program ought to have national eligibility standards. The Secretary of Agriculture ought to have the authority to set a national income standard beneath which all would be eligible for food stamps. This standard should be set at a level high enough to permit an adequate diet to be purchased and other necessities met as well. The level suggested by the McGovern Bill (S. 2014)—that it be at least three times the cost of the Low-Cost Food Plan—seems to us a workable standard.

Allowances would have to be made for regional variations in the cost-of-living, of course. Resource limitations would have to be established for recipients. In addition, states should have the option to set a higher standard if they so choose. Finally, the standard should be revised annually to reflect changes in the cost-of-living and/or changes in the determination of what is necessary to purchase a nutritionally adequate diet.

(3) *Methods of certification of eligibility and issuance of coupons*

Certification of eligibility ought to be as simple as possible. It ought to respect the dignity of the applicant, create no delay, and not weigh down the certifying agency in paperwork or investigation. The present system uses and duplicates the certifying procedures of public welfare agencies. These have long been criticized as onerous to the agency and demeaning to the applicant. Designed to save money, they have ended by creating an unwieldy bureaucracy, a resentful clientele, and a policeman in place of a social worker. We suggest that certification by affidavit is superior in all respects: it is faster and simpler, frees the certifying agency for other work, trusts the applicant to declare himself truthfully, is no more likely to be abused than Internal Revenue Service forms, and can be as easily safeguarded. There is no need to wait for the public welfare system to convert to the affidavit method of certifying eligibility. It can be instituted in the food stamp program now. Such a simplified system should provide also for the special needs of migratory laborers, whose eligibility should apply across county and state lines.

Much criticism as well has been directed at the methods of issuing coupons. In many places they are issued only once a month, and all too often they are issued from inconveniently located centers. Many households are unable to put together the necessary cash at the right time of the month and/or are unable to get to the issuing center. To meet these difficulties, we recommend that the law require that coupons be issued at least twice a month, and that every area have several centers of distribution easily accessible to the recipients open at convenient hours. We recommend also that the law permit persons on welfare to request that charges be deducted in advance from the welfare check and the coupons mailed to them as provided in the Talmadge Bill; and permit the elderly and incapacitated either to have their coupons mailed to them or picked up for them by other persons.

In short, Mr. Chairman, the procedures used in certification and issuance ought to be as simple and flexible as possible in order to reach and serve those in need. The changes we have suggested would, we think, make these processes more humane.

(4) *Value of coupons issued*

This is one of the most serious inadequacies of the present program: even with the bonus coupons, most recipients still cannot afford to purchase a nutritionally

adequate diet, as defined by USDA. Only those in the upper income levels of the bonus schedule (\$250-\$365 a month for a family of four) receive a total coupon allotment equal to or greater than the \$98.90 per month the USDA estimates in its Economy Food Plan to be minimally adequate.

Even this guideline is inadequate, however. Because the plan makes unrealistic demands on the marketing and food preparation skills of the homemaker, USDA itself has admitted that "the cost of this plan is not a reasonable measure of basic money needs for a good diet." Yet this was the plan on which the President based his recommendation that all recipients receive allotments of \$100 per month.

A better guideline would be USDA's Low Cost Food Plan, which estimates that \$1440 a year is necessary for a family of four in the North to purchase a nutritionally adequate diet. All recipients of food stamps should receive a total amount of coupons adequate to the purchase of such a diet, regardless of the purchase price they pay. To provide less would mock the purposes of the program. In addition, USDA's estimate of the money needed to purchase an adequate diet ought to be periodically revised to reflect increases in the cost-of-living as well as changes in estimates of nutritional needs.

(5) Purchase price/free stamps

The present food stamp program specifies that eligible households will be charged an amount "as is determined to be equivalent to their normal expenditures for food." (Sec. 7(c)). Families are ordinarily charged a lump sum amount for their monthly allotment of stamps. The purchase price they are required to pay is usually between 30% and 50% of their income. Even families without any ascertainable income whatever have been required to pay something. The effect of the required purchase price has too often been to keep people from participating.

The purchase price schedule ought to be modified so that no participating household pays more than 25% of its income for the stamps. To charge more takes too much from budgets that are already meager. In addition, no purchase price ought to be charged the poorest of the poor. Proposals before the committee suggest varying income levels as defining the poorest of the poor, ranging from \$30 mo./\$360 yr. in the President's proposal to \$278 mo./\$3335 yr. in the Mondale Bill (S. 6) for a family of four. Some would think the Mondale level to be too high, but we would point out how low the others are. This nation has yet to learn the grinding nature of real poverty. Can we help without cost only those families with monthly incomes under \$30, or \$40, or \$80? Can we demand that those over these arbitrary levels pay for the stamps, and believe at the same time that they have enough left for other necessities? To provide free stamps is but a small step to meeting the basic needs of the poor. Surely we can at least approach a level that will provide a family an adequate diet and leave them enough for other basic necessities.

(6) Consequences of lax state and local administration, and of state failure to request programs

The government has learned from evaluations of its poverty programs that aggressive and imaginative administration is needed if the benefits are to reach the target population. The present food stamp law does not search out such aggressive administration.

Estimates of the number of persons with incomes beneath the poverty line range from 22 to 30 million. Yet the food stamp and commodity distribution programs benefit together fewer than seven million. Several factors in the food programs have contributed to this. Tolerance of lax administration is one of them. Directly attributable to this tolerance, for instance, is the fact that there are still 432 counties and independent cities that have no family feeding program at all. This nation should not permit the poor to suffer simply because of laxity and/or malfeasance in state or local administration. The Secretary of Agriculture should have the authority not now granted him in law to set up and operate a food stamp program in areas that refuse to request one. He ought to have similar authority when it is determined that an operating program is not being properly administered. It tests our credulity to read in the present act that the only course provided to rectify improper administration of a food stamp program is the removal of the program from that area. Certainly this should be changed. To provide further flexibility, it should also be made possible for non-profit voluntary agencies to be the administering agency at the local level. In many areas these organizations could provide far better outreach than government agencies, and

their use would be in accord with the President's desire to make greater use of such organizations.

(7) *Simultaneous operation of food stamp and commodity distribution programs*

Statistics show that levels of participation drop when areas convert from the commodities program to the food stamp program. To make sure that as many of the hungry and malnourished are reached as possible, the present legal barrier (Sec. 4(b)) against the simultaneous operation of both family feeding programs in a given area ought to be eliminated.

(8) *Level of authorization*

The real test of any nation's commitments lies not in its rhetoric but in its budget. A reformed food stamp program *must* be adequately funded.

In the present law the authorization level for fiscal 1970 and the first half of fiscal 1971 is \$340 million. This is enough only to annualize existing food stamp programs and to expand it to include only 100 new areas (there are approximately 1600 areas that has no food stamp program now). Revision of the bonus schedules, an increase in the coupon allotment to meet minimum nutritional needs, modification of the purchase price, more inclusive eligibility standards, replacement of the commodity distribution program, expansion into areas with no family feeding program at all—none of these are possible without substantially increased funding.

The first step, of course, is to increase the authorization level. The President has suggested an increase of \$270 million to a FY 1970 level of \$610 million. This seems to us to be far too modest. Vigorous administration, coupled with the program modifications we have suggested, would require an amount substantially in excess of this figure.

We realize this is an economizing year, but we should not save money by keeping food from the poor. We urge this committee to lead the Congress in meeting this responsibility.

CONCLUSION

In sum, we will continue to offer our vigorous support to efforts to make the food stamp program adequate to the task of providing balanced diets to needy households. The elimination of poverty will require massive programs in both the public and private sectors. An improved food stamp program offers no panacea, to be sure, but it would be a step in the right direction.

Dr. WARD. Mr. Chairman, we appreciate the opportunity to testify before you in a united voice. I represent the National Council of Churches, and I am glad to be associated for that council with Father John McCarthy and with Rabbi Hirsch.

We would stand solidly behind this testimony, and point out that not only do we believe that this is a very very important moral issue, but, as organizations representing a great constituency across this country that are related to these three faiths, that we think there is a fundamental responsibility of Congress, through a committee such as this, to make very clear that we are not considering the proposals which we are making here in support of better and improved legislation to be an adequate answer to crucial social problems that we face.

This is simply a base, an interim step, and that ultimately we think that the nature of our system, political and economic, requires that all persons, all families in this country, have an adequate income, an adequate floor. We are saying that we believe ultimately in the guaranteed annual income, which would make it possible to eliminate the kind of program that is here envisioned, and which we as an interim measure would support.

Secondly, I would like to say that I think we must move toward recognizing that the cost of living is such that the kind of benefits provided even in the best of the legislation being proposed are really inadequate, and that ultimately, if we are going to have this kind of

program, that our responsibility is to provide freely to people who have need for adequate nutrition and for a standard of living that is adequate.

A third point that seems to me to be very much a part of our background is that in this economy, we easily accept subsidies for virtually every aspect, and this is appropriate for the kind of mixed economy we have, but it is very clear it seems to us that in our society we have not adequately considered the necessity and the right to subsidize those who most desperately need the kind of subsidies which are well distributed through every sector, from the very wealthy to the other ranges of our activity; and we say this recognizing that the church itself, in one way or another, gets all kinds of subsidies basically which we are against, and the organizations which we represent have already made substantial representations to those who are revising the tax laws of this country, that the churches should face the same kind of responsibility as other private sectors.

So we speak with conviction that it is quite consistent with our democratic capitalistic mixed economy to think freely about subsidies for those who are the greatest asset that this country has, namely our people, and I want to make it very clear that we, while supporting the best legislation that can come out of this committee and out of the Congress, we want to make sure that we understand as a Nation that we do not think this is an adequate way for a big Nation to handle its basic policy, and that we have got to move beyond it.

But in the meantime, we are very happy to support the kinds of modifications and enhancements of the program as we have detailed in our testimony.

Rabbi HIRSCH. I will make comment later, Mr. Chairman.

The CHAIRMAN. Now, one of our chief problems—of course, in fact we have four or five major points. One is eligibility, as to whether it should apply similarly all over the country, and then the administration of these programs.

You mentioned, as I understand you, that you favor local administration. Does that mean through the county, through the city, or through the organizations such as you are now representing, or both?

Father McCARTHY. Are you referring to the administration of the commodity program?

The CHAIRMAN. No, no; of the commodity or the food stamp program. There has been a lot of testimony offered. Some say that it should be administered by the Federal Government, others by the local State government or the municipality wherein the programs are in effect, or the county.

Father McCARTHY. We envision this as principally a Federal program, Mr. Chairman, with the eligibility standards being set at the national level, with certain possible variations taken into consideration, but not left up to the choice of this or that individual county official, who may or may not have this high on his list of priorities.

The CHAIRMAN. The point is if you administer a program of this kind in one way in a certain section, and another way in another, in other words, Federal as against State or local county, you get into some conflict. It is the belief of many of the members of this committee that without local cooperation, this program would not operate as well as we think or as we would like.

Rabbi HIRSCH. May I add, too, that we are really not experts in the process of the administration of government programs, whether they are local or Federal. What we do know is that past experience has indicated that in many areas where there were Federal programs left to local administration, because of the laxity or in some instances even the unwillingness of the local officials to implement or administer the programs, the programs just did not get to the people who needed them the most.

I think that we would take our stand on the essential principle that the programs which are in existence should be available to all persons, and that if at all possible, if it would be preferable, to have them administered by the local authorities. If that is not possible though, as it has been indicated in some instances with the poverty program, for example, that the local officials were not willing to administer the programs, then the Federal Government ought to have the means and the authority to step in and see to it that the food was received.

The CHAIRMAN. That is if the local people do not desire to participate in the program. Now as to the dissemination of knowledge about these programs, that is where you folks would come in.

Father McCARTHY. That is correct.

The CHAIRMAN. And what have you done in this connection in the past 2 or 3 years? We have heard a lot of witnesses on the McGovern committee that a lot of people did not know anything about it, and yet they had churches all around there. I was surprised to learn that very little effort was made by the churches to disseminate information about this program.

Father McCARTHY. We do not want to excuse the churches and their share of responsibility in the problems of this Nation. At the same time I think our presence here indicates our increased concern for this. I think that the average social service office of the various churches or charities office as it may be called, is far more concerned about this issue than it was several years ago.

I know that they are stepping up their efforts to handle it. It would not come as an absolute shock to the committee to know that the churches do not reach everybody in the United States.

The CHAIRMAN. Are there any further questions? Senator Holland?

Senator HOLLAND. Yes; I would like to ask a question or two.

I note under the treatment of point 5 beginning on page 8 of your statement, Father McCarthy, you deal with the free stamp situation.

Father McCARTHY. Yes, sir.

Senator HOLLAND. I do not find any specific suggestion. You say that the proposals run all the way from the Mondale bill down to \$30 a month, and then you ask a question, "Can we help without cost only those families with monthly incomes under \$30 or \$40 or \$80?"

I do not find any specific suggestion as to what you think should be the level. Do you gentlemen have a specific suggestion in that field, which would be a very difficult one?

Father McCARTHY. I would think that if you have an opportunity, Senator, to read the whole testimony, even on other points you will find the same thing. Although we do have mechanics referred to in here, essentially this is a statement as far as we are concerned of principles, on which the three religious bodies can agree. We would

certainly agree that we would consider the administration's proposal of \$30 inadequate, but we do not attempt to come in here as a group of churchmen and say that we feel qualified to write the bill or provide you with technical information. As Rabbi Hirsch has pointed out we do not consider ourselves technical experts on this.

Senator HOLLAND. I think that is a very frank answer. I do not find anything in here that is specific except your disapproval of the \$30 standard, and I was hoping that you had some specific suggestions as to what was the level of eligibility for free stamps which you could recommend. Do I understand now that you have no specifics on that point?

Father McCARTHY. Not as this interreligious group. We may respond to it individually.

Senator HOLLAND. I would be glad to have the other gentleman respond.

Rabbi HIRSCH. I think it is true, we have not discussed setting a specific level, but I think all of us would agree that the \$30 is not an adequate level.

Senator HOLLAND. Your statement states that. That is the only specific thing it does state.

Rabbi HIRSCH. And I think we also would agree that the higher the level, the greater the recognition of the increasing cost of living, the better, the more just the program would be. I think our essential principle, just to reiterate it, is that we think people ought to be treated with dignity, and that there has to be this balance between seeing to it that human beings are provided with their basic necessities, in this instance food, and also giving them those basic necessities, seeing to it that they have those basic necessities in a manner which gives them dignity.

This is why I personally, for example, and I have not discussed this with the other men, I personally would be opposed to any program which would say just give free food to anybody, because I think if you gave free food to anybody, without setting any kind of a floor, you would be depriving a man of the essential dignity which he needs in order to know that he is contributing to his own support and welfare.

Senator HOLLAND. You do not favor free food stamps, then?

Rabbi HIRSCH. No, I said I favor free food stamps at a level higher than this present level. I do not favor free food stamps, say, to every man earning under \$6,000 a year, because I think that would be depriving those people who can contribute partially to their income a sense of having earned it themselves.

Senator HOLLAND. In other words, you favor retaining a sense of dignity in the individual, and requiring if he can that he does contribute something to his own food?

Rabbi HIRSCH. Right, I think that is an essential principle.

Senator HOLLAND. I think we would all agree on that. What I am trying to get at is, since you all favor free food stamps, some basis. Is there any basis on which you can agree as to what is the level of income which would entitle one to free food stamps?

Rabbi HIRSCH. I personally, and this is a personal judgment, we have not talked about it but I think it should be much closer to that which is incorporated in the McGovern and Mondale legislation.

Senator HOLLAND. What amount do you favor?

Rabbi HIRSCH. What is that? I think that is \$3,335 a year in the Mondale bill, and the McGovern bill is \$1,440 a year. I think somewhere in between that on the basis of the present cost of living.

Senator HOLLAND. Now my question would be what is the standard of eligibility to participate in the food stamp program which you recommend?

Rabbi HIRSCH. I am sorry, I did not hear the question.

Senator HOLLAND. What is the standard of eligibility to participate in the food stamp program which you recommend?

Rabbi HIRSCH. Don't we talk about that in our statement?

Senator HOLLAND. You do not say it specifically. That is why I would hope that you can make a specific suggestion.

Rabbi HIRSCH. Maybe one of the other gentlemen will comment on that.

Father McCARTHY. We state a principle there, Senator, that we assume that it should be as simple as possible. That is a principle. It is not for us to write that into specifics. The Department of Agriculture says that if a woman is a real financial wizard, it is going to still take \$1,200 for her to provide for a family of four in her kitchen effectively. Now we think that that is very, very conservative.

Senator Mondale considers that very, very conservative. Anybody familiar with food prices in this country knows that is conservative.

Now for us to say at this time of presentation the exact mechanics that will be set up to identify this family making less than \$1,440 a year I do not believe that we are in a position to do that, but I have a great deal of confidence in the Department of Agriculture's ability to do that, and so I would defer that.

Senator HOLLAND. The Department of Agriculture is not the one that has to do it. It has to be done in the legislation, and that is why this committee seeks any specific recommendation that you gentlemen representing the three great religious groups in this Nation might make.

Father McCARTHY. We would certainly agree that no family of four should live on, as far as its food income is concerned, on less than \$1,440 worth of food per year, and if a family has a total income of only \$500 or \$600 a year and they have other expenses, then a program should be put together that would guarantee every family in this country that low-cost food plan worked out by the Department of Agriculture.

Senator HOLLAND. Well, now, the third question that I have is this, addressed to all three of you.

What is the level of authorization for this program that you recommend, the amount to be authorized, let us say for this next year, 1970? What is the level of authorization which you recommend?

Again you have nothing specific in your statement.

Father McCARTHY. That is right. We state that the President has requested that the present level be increased \$270 million to \$610 million. We would think that this would be inadequate to meet the needs of the millions of people who are currently not aided by any of the food programs as they currently are operating.

Senator HOLLAND. I know that you disapprove of the \$270 million, and also your feeling that the President was too modest in his request,

but I did not find any statement as to what you thought should be authorized.

Rabbi HIRSCH. May I just comment on that?

Senator HOLLAND. Yes, Rabbi.

Rabbi HIRSCH. Again we do not feel that we are qualified. I know that the McGovern bill, if I am not mistaken, is about \$1.5 billion.

Senator McGOVERN. 1.8.

Father McCARTHY. \$1.8 billion. I would say that if the Congress were to adhere to the essential principle that we are trying to establish here, then they would first see to it that there would be no hunger and no malnutrition. If that costs \$1.8 billion, then that is the bill we favor. If it costs \$2.8 billion, then that would be the figure that we favor.

It seems to me that when one considers all of the programs which our Government is spending, what are you talking about, one atomic submarine, one nuclear plane? We are talking about pennies here compared to the overall budget of our country. If one adheres to the principle we are trying to establish, then whatever the amount required should be the amount that would be spent by Congress.

Senator HOLLAND. Thank you. And the third thing is this. I noted with interest that Dr. Ward said that what he favored and those he represents favored is a guaranteed annual income.

Dr. WARD. That is right.

Senator HOLLAND. What is the guaranteed annual income that you recommend?

Dr. WARD. Here again, Mr. Chairman, in answering this question I think we adopt the stance that Rabbi Hirsch has indicated, that this can be established with some objectivity by competent persons, and we would be prepared to accept the figures of the Bureau of Labor, that would provide a basic floor for the income of families in this Nation.

To comment, for example, on your question, which I think is illustrative of this point, regarding the level at which we consider this program, it seems to me that what Rabbi Hirsch has said is what we generally agree on. It is a midway mark. We should increase both the existing level and even that provided by Senator McGovern, and it would be something in the neighborhood of \$2,500, but what we are saying is that consistent with a democratic capitalistic system, people ought to have money to spend and ought not to be—eventually ought not to be subject to either distribution of food or even such a program as the stamp program, which at the present time is an interim step we would support.

The economy can stand, as Rabbi Hirsch has pointed out, some radical readjustments, and I think the things that are happening in this Nation today illustrate the necessity for this kind of readjustment, and that is why we are here to support what we think is a move in that direction.

Again on the matter of the total cost, we are saying that the fundamental principle is that there should be an adequate objectively determined diet of nutritional standards for each person in this Nation, and that in order to provide this the total Nation is involved, because these are our people. These are the great assets. And it is necessary to reorder other priorities. We think this is a higher priority than producing

armaments. It is just this kind of basic assumption that we bring to this testimony. The other thing I would like to say is——

Senator HOLLAND. Just on that may I make one comment, and ask one additional question. Is your point that if there is a guaranteed annual income, then that will make unnecessary the food stamp program.

Dr. WARD. Right.

Senator HOLLAND. And the food distribution program.

Dr. WARD. Right.

Senator HOLLAND. And these other programs.

Dr. WARD. Right.

Senator HOLLAND. In which Government has a part.

Dr. WARD. Right. The assumption of the church I represent and the National Council of Churches is that if we are able to put an objectively established floor under the family's income level, we can eliminate not only some but a great majority of the welfare programs and the kind of program we are talking about here, which is purely a stopgap in the kind of society we are.

The other thing I did want to say is I know you had a discussion about whether those of us presenting testimony would be prepared to answer questions by a deadline. I want to assure you, Mr. Chairman, that we would be very happy to receive these questions, whatever questions you would like to ask us that are specific, and we would agree to provide you with the answers by your deadline, whether it is now or midnight or the date that you establish.

Senator HOLLAND. You are very cooperative and I just want to point out that the very fact that you gentlemen have no specific suggestions on these points that are the acid substance of what this committee has got to decide in drafting a bill indicates something of the difficulty that confronts us. It is a tremendous responsibility and a tremendous difficulty, and I am sure that you recognize that fact.

Dr. WARD. Of course, there is no easy way.

Mr. Chairman, the assumption that I was making in this last statement on the matter of answering questions is that I assume, and not having seen the questions, that some of these very specific things are being asked, and since this is what you want to hear, Senator McGovern, would these kinds of things be in your questions?

Senator McGOVERN. Yes. What I wanted to get at were your positions on the specific reform. Now a great deal of those are included in your statement with reference to the eligibility standards. I think, if I can just make a point here, Mr. Chairman, in the form of a question to draw out Dr. Ward, as I understand it, the position that you are taking is that once that committee makes a decision, and once the Congress and the Government makes the decision to end hunger and malnutrition in this country, that these other matters then follow in train, that the experts can then make a judgment and can help this committee make a judgment on what the funding levels ought to be accomplish that objective, but you are saying there is no debate at all on this essential point that you want to see hunger and malnutrition ended in the United States, and you want to see the program adequately funded to accomplish that purpose; is that correct?

Dr. WARD. Yes. What we are saying is just precisely this. We are prepared to answer specific questions if they come to us on an attempt

to establish levels, but we are reaffirming that the levels ought to be adequate, they ought to be objectively determined, and that the administration should be national and local, but no municipality could preclude a program. It would have the opportunity to increase it, but so far as the ultimate cost to this Nation, what we are saying is, as Senator McGovern has pointed out, that it would be whatever dollars are necessary in order to adequately eliminate from this Nation malnutrition and hunger, and we believe that as citizens we ought to pay.

One reason why the National Council of Churches and the National Catholic Conference have united in joint testimony to those revising the Internal Revenue Code is that all unrelated business activities of the church ought to be taxed the same as any other corporation. We believe, for example, that real estate—for example, in Nashville, Tenn., that city has already said to the United Methodist Publishing House, to our Board of Evangelism, and to the Southern Baptist Convention offices that “you are going to pay realty taxes next year.”

Well, as far as we are concerned we say yes, and whatever is necessary to raise the income that is required to adequately underwrite a program objectively determined for eliminating hunger and malnutrition in this Nation is what this Nation ought to pay, and as a citizen I am prepared to pay my tax and my organization has come to the point where it is ready to pay more taxes, or pay taxes where we never paid them before, and I think when we start to answer some of the specific questions, maybe we can point more light.

The CHAIRMAN. You can readily understand, Dr. Ward, that what we are trying to do is get the views and advice——

Dr. WARD. Exactly.

The CHAIRMAN (continuing.) From different people from all over the country. Now another question that we are going to have to probably decide upon, you have people living in the city of Washington, where the cost of living is much greater than the city of Mobile or maybe New Orleans or some of those areas.

Dr. WARD. Mr. Chairman, I say that in our testimony we have referred to this. We think that the standards of objectivity ought to include recognition of regional differences of cost.

The CHAIRMAN. You speak of minimum salaries.

Dr. WARD. Right.

The CHAIRMAN. Would they apply the same in New York as they would in Colorado?

Dr. WARD. No, we would hold to certainly some basic national standards, but we say as we have said in this testimony that there are regional differences which must be taken into account. Any of us who live in the District of Columbia know we are living in one of the high cost areas of the country, and yet there are other parts where the differences, I mean where there are sufficient differences that there would have to be some kind of adjustment.

The CHAIRMAN. Any further questions?

Senator Curtis?

Senator CURTIS. Will someone inform me what is the present amount, under existing law, of income below which you can get free stamps?

The CHAIRMAN. There is none. Only two on an experimental basis in South Carolina.

Senator CURTIS. I notice the witnesses were opposed to the suggestion of the President, and that may be too low, I do not know, but you are aware that at the present time there is not any arrangement for free stamps in the law.

Father McCARTHY. That is correct.

Dr. WARD. That is right.

Senator CURTIS. Dr. Ward, I do not want to digress to go into the guaranteed annual income, but is that a position—

Dr. WARD. I love it.

Senator CURTIS. Before this committee?

Dr. WARD. I know it is not appropriate.

Senator CURTIS. I do not want to take the time in this hearing. But is that an official position of the National Council of Churches?

Dr. WARD. Yes. that is an official position not only of the National Council but of the major constituent denominations part of the council, and we take it as a clear, long-range direction for this society, and the reason why, again, that we support the radical changes in the present food distribution program and the food stamp program is that we think it is in the direction of not only enhancing but of adequately providing for the greatest single asset this Nation has, and that is its people.

Senator CURTIS. I do not want this committee to digress from the business they have got before it.

Dr. WARD. No.

Senator CURTIS. But would you place in the record the religious bodies and the number of members involved that have made an expression binding their members on this?

Dr. WARD. Mr. Chairman, let me point out—

Senator CURTIS. You can put it in the record. You do not need to do it now.

Dr. WARD. You do not want me to answer now?

Senator CURTIS. I do not want to take the time because I imagine it is rather substantial, if you want to—

Dr. WARD. It is not substantial. The National Council of Churches represents denominations which have an aggregate of 30 million members, but we must make it clear here that when the National Council speaks through its general board or its assembly, and I have been on that board for many years, we speak for ourselves and the denominations we represent. We cannot bind 33 million members of these constituent denominations. You are speaking as the Congress speaks with its best knowledge and with its best conviction.

But it does mean that their aggregation of religious opinion and affiliation in America is saying that we are for a guaranteed annual income, we are for an adequate food and food stamp program.

When you come to denominations—for example, mine, which is the United Methodist Church; that is the largest Protestant denomination we think; we are running neck and neck with the Southern Baptists, but we know we are doing all right since we are merging with other people to make sure we keep ahead of them—but the fact is that our denomination, its highest legislative body, again a representative body of 1,000 delegates, lay and clergy from all over the world have said we are for a fundamental floor under the families and the citizens.

Senator HOLLAND. Under what, sir?

Dr. WARD. A floor under the income of the families and persons in this Nation.

Senator CURTIS. I do not want to be argumentative, I just want the record to show, there are actions taken by board members and delegates?

Dr. WARD. That is right.

Senator CURTIS. And perhaps with some denominations they have been ratified at the local or regional level?

Dr. WARD. That is right.

Senator CURTIS. But in most not?

Dr. WARD. No; you see we have been very frank about this, that no national agency can speak for all the people. The most recent surveys indicate that about 52 percent of all of the persons affiliated with the major church bodies in America support the idea that we should be heavily involved in political, economic, and social matters. This is not a big majority to have. This applies to the chairman's comment. You know you do not get below the congregation, but it does mean that we at least have a majority and I have said this is as big a majority as our President got and the one before him, and we are going to use it, we are going to use it to witness to the fact that the majority of the churches, the majority of their membership agree that we have responsibilities.

We have said in this testimony we have responsibility to bring an element of social justice which is adequate to the strength of the Nation, to the character of the Nation and to the system we support.

Senator CURTIS. But it does not go to the method of how to bring it about.

Dr. WARD. In some cases, yes; and that is why, for example, we would be very happy to answer any specific questions that you could put to us in writing dealing with levels and this sort of thing. Although we do not claim to be experts we do have people to help us.

Senator CURTIS. But there again the answers would come from the boards and the delegates?

Dr. WARD. Yes; interpreting the official policies adopted by the only people who are adequate to adopt. For example, in my church the general conference is the only legislative body of an international character that can speak for the entire church and they speak, but again we do not say that that general conference expresses the inner convictions of every last Methodist in every last church. We have 12 million. But it does say that the highest legislative body has made its judgment and given its conviction on the matter.

Senator CURTIS. I do not mean to be argumentative about it at all.

Dr. WARD. No; I think it is very good.

Senator CURTIS. I merely wanted some little clarification as to the reference to the 30 million people you have turned to.

Dr. WARD. Right.

Senator CURTIS. And my guess is that most of them do not know much about it.

Dr. WARD. Well, they are becoming——

Senator CURTIS. They are busy with other things. They are pretty smart and intelligent, but they may or may not have resolved it into specifics.

Dr. WARD. As my colleague said, Father McCarthy, that increasingly this is true, and if you judge by the kind of mail that goes across my desk every day, they are more aware of the things they do not like than they are maybe of the things they like, but when they get wind of the fact that we are supporting something, we are getting mail, there is no doubt about it. It is a great volume of mail, and so that in the church you are getting much more adequate discussion of these crucial issues facing our Nation.

The CHAIRMAN. Senator Curtis, I presume whatever we do here, we will get criticism from some source.

Dr. WARD. That is right.

Senator CURTIS. I doubt that. You are a pessimist. I doubt that.

The CHAIRMAN. I am not. I have been sitting here——

Senator CURTIS. I have confidence in my chairman.

Senator COOK. Mr. Chairman——

The CHAIRMAN. Senator Cook.

Senator COOK. Contrary to the remark that no specific recommendations have been made, Father McCarthy, on page 5 you say: "At present standards of eligibility for the food stamp program are set individually by the 50 States and the District of Columbia at levels consistent with those used in federally assisted public assistance programs."

Father McCARTHY. Correct.

Senator COOK. In that regard, I would like to get in the record, Father McCarthy, really at your expense the fact that this is not only, that we not only have 50 different standards of eligibility, but when we get to every State, than we have county-by-county difference in eligibility.

For instance, in the State of Texas, I notice that the eligibility, for instance, for the amount of time you live in the county and the amount of time you live in the State runs 3 months and 3 months, 6 months and 12 months, 12 and 12, 1 and 1, 2 and 12, 3 and 12.

Now, you do not believe that this constitutes a consistent program, do you?

Father McCARTHY. Not at all.

Dr. WARD. No.

Senator COOK. For instance, in the State of Texas there are 25 counties that deny people the opportunity to secure surplus commodities because they are not citizens of the United States, and yet the Congress last year voted \$1.4 billion to feed people throughout the world and not in this country. You do not feel that this constitutes a national standard, do you?

Father McCARTHY. Not at all, Senator.

Senator COOK. For instance, in one county there is a restriction that any family group which has an employed member shall not be eligible to receive commodities. Now, this can be a son of a family who is employed, and yet because there is one in that family that is employed, the entire family is not entitled to receive commodities, and by the way, under their rules, employed as used herein "shall mean any person who receives pay for service 3 days of work per week."

Let me give you another county. As a matter of fact, there are a number of counties in the State of Texas, and there may be in other States, where they do not distribute commodity foods at all, either

during the months from July to December or from July to September, because it is harvest time and they contend that from July to December in some of these counties that adequate employment is considered available for all those wishing to work. Now do you believe this to be a fact?

Father McCARTHY. I know that that is a fact as far as administration is concerned, and I would like to add there that the act of cutting people off is by an administrative decision in which they are given no recourse whatever. They are just notified that for the next 5 months or 4 months as the case may be you are not eligible. It is considered, and this goes on in many other States—there was a famous case in Oregon a year ago, where at harvest time programs of one sort or another in the welfare field are cut back. It is assumed that family X can somehow get itself into the rural areas and find employment, even though these people may be urban dwellers.

Senator, may I take this opportunity, and I am a Texan, and I think that Texas is very important historically and geographically. I live in a part of the State of Texas, Harris County, which is at the edge of the South and beginning of the Southwest, and one reason that I feel very strongly about the reason that I feel very strongly about the responsibility of the Federal Government to do something about food, about feeding the people, about providing adequate nutrition to all Americans, is because poverty is essentially, although there are many factors, but the greatest single historical cause of poverty is the movement out of the South and out of the Southwest of those people who were systematically kept poor throughout the entire 19th century, and when the boundaries of the United States rolled over the Southwest, nothing was done by the Federal Government to assist people of Spanish-speaking heritage, of Mexican background, to become fluent in Spanish, to become fluent in how to defend themselves and their rights. When the slaves were freed in 1865, virtually nothing was done to assist them in the forms of assistance that we see in many other areas right now, and they had to fit themselves into ranching and farming situations that by the very nature of the system kept them poor.

That system is breaking down dramatically now all over the South and Southwest, and these people are being forced into urban centers of this country. One of the causes of their poverty was the failure of the Federal Government of the United States of America to do anything about it in the middle of the 19th century, and now I think we are reaping the effects of that, and it is time that the Federal Government did do something about it.

Senator Cook. Father McCarthy, let me ask you what do you consider to be the condition of Harrison County? Does it have a high percentage of people who would be eligible for food programs?

Father McCARTHY. I have not lived there for 4 years, but the black population of Harris County is approximately 300,000, the Spanish-speaking population is approximately 110,000. I would think in my experience when I worked in the poorer sections of the city of Houston, I have personal experience of trying to assist people to get food. I have personal experience of dealing with people who were hungry. I do not have a mathematical figure on it, but I can tell you that there are hungry people in Harris County, and that there are people

by the tens of thousands who would be benefited by the programs that the committee has suggested before it on the table today.

Senator COOK. Would it surprise you to know that Harrison County has neither a food stamp program nor a commodity food program?

Father McCARTHY. No, it would not. If they have dropped the commodity program then they have done it within the last 3 years. It existed 3 years ago.

Senator COOK. We are talking about Harrison now.

Father McCARTHY. Harris.

Senator COOK. I was talking about Harrison County.

Father McCARTHY. I will say one thing about the commodity program as it existed 3 years ago. I hope it has been improved since my departure, but there was one place where commodities were made available once a month, and poor people, lacking automobiles, lacking transportation, were expected to get themselves 15 or 20 miles across a major area 1 day a month, wait in line and pick up enough of what was dispensed there to last them for the next 30 days, and just the logistics of it became an extremely difficult thing for poor people to provide themselves with.

Senator COOK. The reason I asked these questions is because there is a summary, Mr. Chairman, of the counties of the United States in the Department of Agriculture, what they approve and do not approve of. They put a note stating: "The State of Texas is reported to have some type of residence or citizenship requirement in practically all requirements. Many require that they meet public standards. Some counties exclude public assistance. A county report was submitted as a State manual, and is in the process of revision."

There were so many different standards in the State of Texas that they had to put out this much of a report [indicating] on the State of Texas to show the difference in the standards from county to county.

The CHAIRMAN. Some of these standards, though, have been annulled by the Supreme Court decision.

Senator COOK. They may have been annulled by the Supreme Court decision, Mr. Chairman, but I do not believe they have gotten down to those counties yet, and I just want to show you that I approve wholeheartedly your eligibility standard position on this, because I feel that as a matter of fact it is a matter of even whether your county can get on the list, now that we have exceeded the sums.

The Secretary of Agriculture today when an application is made by a county, must determine on his next year's income whether he can truly make a county eligible or not, and I have a feeling that if this program progresses that we talked about with the two individuals from the University of Kansas, that they may be getting counties enthusiastic about applying for food stamp programs, but I have got a notion that many of them may wait in line 1, 2, and as much as 3 years before they can get on the program.

Thank you.

The CHAIRMAN. Any further questions?

Senator CURTIS. Just briefly.

Dr. Ward, a bit ago, when I was inquiring as to how these opinions were arrived at in reference to the 30 million people, I made a

statement that perhaps a number of them did not have knowledge and information about it. What I meant was that they had plenty of knowledge on the subject, I am not downgrading that at all. The point is they might not have knowledge of the proceedings that take place within their own denomination or the national council.

Dr. WARD. We try to make these very clear. We are not saying that they do the best job.

Senator CURTIS. But I mean as a practical matter they may not be.

Mr. WARD. Rabbi Hirsch wants to say a little bit on that.

Rabbi HIRSCH. I just want to say something to you, Senator, in connection with the questioning that just came to light in the course of your dialog with Dr. Ward, and that is that we may not know as religious groups—incidentally I would subscribe in terms of the Jewish community to what Dr. Ward said was applicable in the Christian community—we may not know how many people we actually speak for in terms of any specific issue.

We do not take a policy or a referendum of our constituents, but we do know that we speak for a tradition, and that tradition in our case is 4,000 years old, and in their case only two, they are a little bit younger than we are, but we speak for a tradition, and I think that is a tradition which our country has subscribed to. It is no coincidence, for example, that on the Liberty Bell in Philadelphia there is the statement "Proclaim Liberty to All the Land and Unto All the Inhabitants Thereof," and that the Founding Fathers of our society selected that statement out of all the statements proposed to be put on the Liberty Bell, which was a statement included in the Bible in the section where it talks about the jubilee year, that the land belongs to no man alone. The land is the possession of God, and men are given the land to use, and therefore the fruits of the land belong to all men.

It is no coincidence that in the Bible there are regulations that, when a man harvests his field he has to leave the corners of the field for the poor. When he takes off the corn from the stalks, he cannot take it all off because it does not all belong to him. The earth is the Lord's, said the psalmist, and the fullness thereof for those who dwell therein, so this food we are talking about—and I find myself getting impassioned here—the reason I feel so impassioned about this is that we are not talking about something that belongs to those who can afford it. The food which we are talking about distributing in a very real sense belongs to all the people because it is the creation of God, and if there is one thing that it may seem to some of you we are talking about generalities I do not think those are generalities. I think we in effect have brought what is the most specific testimony that I know of, and that specific testimony says that since food is the creation of God, because it is God who gave the land and it is God who gave the sun and the rain, therefore our society has to be concerned to see to it that the products of God are distributed fairly and equitably.

I think that if this Congress is able to do that, then we would not only subscribe to our religious traditions but we would also manifest the essence of our own democratic heritage here in this country.

The CHAIRMAN. Any further questions?

Senator MCGOVERN. Mr. Chairman, if I can just make one point, I think we would all have to agree that anybody, whether we are talking about this committee or the Congress, we do not know whether

we speak for every constituent. All you can do is try to reach a judgment that seems to be in the interests of the greatest number.

Senator COOK. Our mail proves that.

Senator MCGOVERN. I do want to call the committee's attention to a recent Gallup Poll which showed 68 percent of the American people favoring free food stamps for the poor. That is even better than the Methodist policy.

Dr. WARD. The country as a whole is——

Senator CURTIS. Would you yield? I think your point is well taken. When a farm organization comes here and testifies, I am not particularly impressed by the number of members they recite they have, because I am more impressed by the competence of the individual who has probably been working in that field for a long time and has a place of leadership in the organization, and the weight of his testimony is based upon his competence and the essence of what he says, rather than to be armed with a statement that he speaks for *x* number of farmers in my State, which is a pretty hard thing to do. Nobody speaks for all of them.

Father MCCARTHY. There may be divisiveness within Protestantism or Judaism but I certainly hope everyone realizes that the Roman Catholic Church is in complete unanimity on everything. [Laughter.]

Dr. WARD. Mr. Chairman, we have deeply appreciated the opportunity of bringing this testimony to you. We do it as a very friendly group. We have conviction, and Rabbi Hirsch has given you an illustration of how deep those convictions are and how explosive they can become. We appreciate the kinds of questions we have had regarding the representative quality.

I especially have appreciated these more specific questions addressed to us through Father McCarthy, and assure you once again that if there are questions of a very specific nature, we do have experts related to us on our staffs and we would be prepared to try to interpret anything that you think is fuzzy or inadequate or too general in the kind of questions which have been asked of us this morning, and we do want to thank you for giving us this time for our testimony.

The CHAIRMAN. All right, you have until June the 3d at noon.

Father MCCARTHY. Thank you very much.

The CHAIRMAN. Next, Mr. Choate. Will you identify yourself for the record at this point, Mr. Choate?

You may proceed, sir.

STATEMENT OF ROBERT B. CHOATE

Mr. CHOATE. Senator Ellender, Senator Holland, Senator Curtis, Senator Dole, Senator McGovern, my name is Robert Choate.

For the past 21¼ years I have been concentrating on the issue of hunger and malnutrition in the United States, and have had a particular opportunity to watch the Congress in action as it became aware of the existence of a social condition that demanded an immediate response.

This was a very privileged position, Mr. Ellender, because I was involved with some Senate hearings, with some House hearings, and as you know with some Senate field trips, and I have had an opportunity to find out how much the various committees of Congress know

about the issue of hunger and malnutrition in the United States. I have listened to many of the suggestions offered by many of the figures as to what ought to be done with this national situation.

If I can be honest, Mr. Chairman, on occasion some of these committees have been floundering.

The CHAIRMAN. Name them if you will.

Mr. CHOATE. The House Education and Labor Committee, when it first came into a discussion of section 32, was having considerable difficulty trying to figure out what it meant, where the funds came from, what was the size of the appropriation, why it did not appear as an appropriation, and things of that nature. But in the last 2 years, since the spring of 1967, this Congress has now, through over 30 congressional hearings, compiled over 3,000 pages of testimony on this issue.

This is a relatively new issue in the latter part of the 1900's, and I think the 3,000 pages of testimony that have been taken before the various committees constitute the best evidence that exists in the Nation today of the character and possible remedial actions that can be taken to eliminate poverty-induced hunger and malnutrition.

Mr. Chairman, at times I am tied up in bureaucratic language. If I may I would like to speak frankly this morning, and get to the meat of the matter as quickly as possible. I will edit from my remarks which I will submit from the record.

The CHAIRMAN. The whole statement will be put in the record at this point, and you may highlight it, and all of the exhibits that you have attached will also be printed.

(The prepared statement of Mr. Choate follows:)

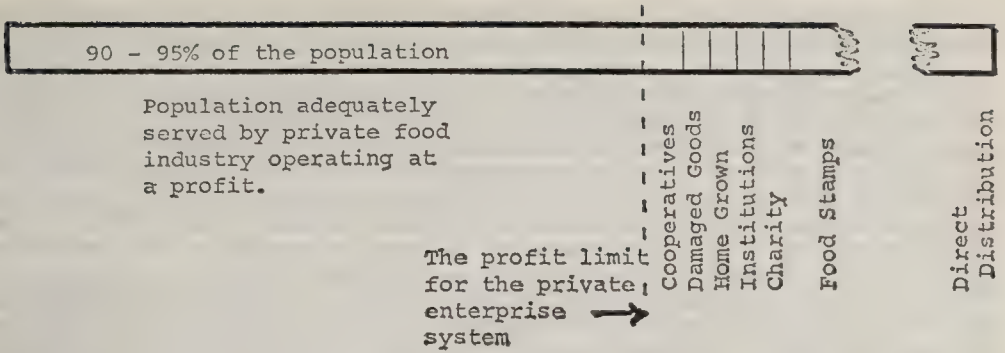
Mr. Chairman, my name is Robert Choate. I am a private citizen, largely self-financed, who happens to have taken a strong interest in the issue of hunger and malnutrition in March of 1967 and thereafter devoted considerable man-hours to this subject since those days when I first discovered, from U.S. Department of Agriculture figures and Office of Economic Opportunity figures, that the Federal food programs were being operated in a highly peculiar manner.

Mr. Chairman, I would ask your indulgence so that I can speak frankly. I think I know what I am talking about on this subject, and it would seem to me saving of your Committee's time if I could speak bluntly to the issues that I think are before you and not mask my words in bureaucratic language. I am not a bureaucrat; I am a private citizen who would like to see this Committee build the image of this country overseas by strengthening the private enterprise system in an area where it is severely troubled.

When I first discovered how ineffective were the Federal food programs for the poor, and particularly for those with incomes under \$2200 per year, I took my findings to various Republican and Democratic Senators. I asked them how this country could improve upon an apparently unsatisfactory performance.

As of this morning, I cannot tell you whether I am proud that a private citizen can have had effect upon his government, or whether I am dejected that it would take so much work to correct programs whose maladministration bordered on the scandalous.

I think the free enterprise system is at stake here, for it matters not how many ABMs we build if we cannot prove to the poor and hungry of other countries that we have an economic system which can take care of its own. It seems to me that this country has a right to expect that its Congressional representatives, using their legislative oversight powers, maintain a constant monitoring of those areas where the private enterprise system starts to fail. It seems to me this nation has a right to expect its elected representatives to advise the population when adjustments must be made and when Federal programs need be designed or redesigned to meet obvious needs. I speak now of the inability of the private food industry to properly serve those beyond the profit line.



The private food industry only reaches 90 or 95% of the public. The remaining 5 or 10% must still be fed, and industry cannot reach far beyond the profit line and still survive. So we have developed certain alternatives to care for those who cannot contribute to the industry's profits. There are soup kitchens and charity feeding houses; we have stressed "Grow your own gardens"; we have told people to form cooperatives; and stores occasionally sell damaged goods at a loss.

And then we have that strange device known as food stamps. This really is nothing but counterfeit money that must be spent on food, and, as you will see, spent on food under very, very peculiar conditions.

Even so, these measures only take care of a portion of the unprofitable segment of the population, and so for many years we have maintained a Direct Distribution system whereby those items found to be in ample market supply become available to some of the poor through commodity warehouses.

As the gap in this chart portrays, there are Americans who do not receive any food benefits, either through the public sector or the private enterprise system. They, of course, are the most severely hungry, the most severely malnourished. They are people whose lives are so abysmally low that they are an American embarrassment. They are the Achilles heel of America. *To the two-thirds of the world's population who have known hunger, they must represent proof that America has not perfected a system of government that will care for all of its people.*

Mr. Chairman, this is why this Committee is challenged to uphold the ability of the private enterprise system to adapt to economic conditions wherein the profit motive no longer can hold. You have the responsibility for devising a means by which the marvelous mechanism of the private food industry can reach America's abject poor.

It is my belief that the gap in this chart represents at least five million people, and that there are an additional ten million people who might be considered either hungry or malnourished.

The Food Stamp Program is inadequate. Even the Assistant Secretary of Agriculture for Consumer and Marketing Affairs, Mr. Richard Lyng, admits that most food stamp beneficiaries are still among America's hungry poor. *If one looks at the benefits provided by the Food Stamp Program to a typical family, he can see clearly why a food stamp beneficiary can be said to have "Government-approved hunger."*

One can be equally critical of the Direct Distribution Program. Until just recently, the majority of the counties in the United States did not accept even two-thirds of the items supposedly offered by the Department of Agriculture for inclusion in the commodity package. As a result, while Secretary of Agriculture Orville Freeman may have been correct in stating that there was a balance to the nutrients in the commodity package, he did not admit that most of those nutrients did not get out to the poor. *The Direct Distribution Program, as it was previously operated, was for many years Government-mandated malnutrition.*

Through the failures of these two public programs and the unfed poor represented by this gap, I think it's safe to say that there are at least five million hungry people in America and another ten million who are chronically malnourished, both from poverty causes.

I have used this explanation with many corporate executives with whom I have spoken, and I think they are starting to understand why this issue should be arriving on the national scene in the late sixties, five years after the major war on poverty was announced.

The food industry is the nation's largest industry, with annual sales of \$106 billion dollars. It is an industry fragmented, jealous, and generally devoid of statesmen who will work in the interface between government and the private food industry. The largest food company in the United States, measured by sales, is Swift & Co., but it has less than 2% of the total food market. The private food industry has a very effective means of getting foods to the American public, and it has an equally effective system for extracting from that public dollars that are often out of proportion to the nutrients contained in the package. In fact, after innumerable meetings with members of the food industry, I have come to the conclusion that in all too many instances the nutrient content of an item on the grocer's shelf is in inverse proportion to its advertising budget.

The private food industry is a marvelous example of the success of the private enterprise system. The private food industry has been a superbly efficient mechanism for getting food out to most of the public in adequate amounts at adequate prices. It is a testimonial to the American way of life that the average middle-class family only spends 17% of its monthly income on the food budget.

But what about the poor? We have evidence that in many families, forty, fifty, and even sixty percent of the monthly income will go for food—until an emergency arises. And then such a family, seeking desperately for funds, will cut back on the one area where they have any flexibility: the food budget.

The three million families with incomes under \$2200 a year average approximately \$1470 per year, by my best guesstimate. Such a family is advised by the USDA to spend \$1200 a year on food, or \$300 per person. That means that such a family has only \$270 a year for rent, furniture, clothing, utilities, transportation, schooling, medical care, and any emergencies that may arise. And when those emergencies arise, it is the food budget that suffers.

The \$1200 recommended food budget amounts to 83¢ per person per day, and a family which must invade its food budget must often cut that 83¢ figure down to as little as 50¢ or 60¢ per person per day or less. By comparison, according to a recent news story, the United States Army spends \$1.32 per person per day to feed its domestic personnel, and this figure is for raw food costs alone, bought at wholesale prices.

Unfortunately, the family of four in millionaire circumstances has exactly the same food needs as the family of four in abject poverty. The latter family is asked by nutritionists to buy the same milk, the same eggs, the same bread, and many of the same fruits and vegetables. In other facets of modern life, there is a certain flexibility to take care of the various sizes of pocketbooks. Let me use the transportation field as an example.

If one is rich, one might have a private jet, or fly first class on a commercial liner. And then one might fly coach, or ride in a chauffeur-driven limousine, or drive one's own car. One might have to ride a bus, or a bicycle, or walk to work. These are variations in the field of transportation to fit the various pocketbooks of the American population. There is no such flexibility among our basic foods; the milk, eggs and bread recommended to the rich man cost the same to the poor.

When a family cannot afford the foods it needs, it has two alternatives: Reduce the volume of food consumed and remain hungry, or reduce the quality and balance of foods consumed and soon become malnourished.

These two alternatives are really one, for none of us choose to bear the pain of hunger long. Hence we go to the inadequate foods, the cheap foods. That, gentlemen, is why it is hard to find many hungry people. Hunger is a desperate thing—and the path to malnourishment is a preferable alternative.

The cheap foods are often the starches, the carbohydrates. The meat substitutes are almost pure fat. Thus you will find many who are fat and flabby among those with poverty-induced malnutrition.

When this level of diet is maintained for long, one can note two major categories of behavior among school-age children. The hungry are irritable, distracted, and prone to sleep. The malnourished are dull and listless, and prone to sleep. If they are injured, the convalescence is abnormally long.

Gentlemen, if you ever sat in on an education committee hearing and heard the testimony of those who teach the abject poor, you would recognize the familiarity of these symbols of hunger and malnutrition. You would recognize that these conditions are far more prevalent than we had once suspected.

In 1968, the Department of Agriculture published studies of the dietary levels of households in the United States in 1965. Booklet ARS 62-17 contained a Table No. 20 showing how nutrient levels varied by income. (Exhibit A)

This report, slow to emerge from the bowels of USDA, should have rung their alarm.

While we recognize that their National Research Council allowances are too high, the relative numbers in Table 20 spotlight the awful plight of the abject poor.

The percentages of diets short one, two, or three nutrients did not vary dramatically by economic level. But when one looks at Column 6, one notes that the percentage of households short of four or more of the seven basic nutrients looks like this:

Families short 4 or more nutrients, in relation to full NRC standards

	Percent
Under \$3,000.....	21
\$3,000 to \$4,999.....	15
\$5,000 to \$6,999.....	16
\$7,000 to \$9,999.....	12
\$10,000+.....	11

Thus we have evidence of the wholesale reduction of food when one drops below the poverty level—a wholesale reduction in many classes of nutrients. These mass shortages are 62% more common below the poverty line than above.

When the poor go to a store, they are influenced in their purchasing habits by the same motivations that prod our wives to buy certain items. Few of today's food advertisements stress the nutrient content of the product. Most emphasize the size and shape, the smell and the looks of it.

The poor react accordingly. They buy what they have been sold on and then extend the volume of the food with starches and carbohydrates. This can produce the appalling situation in which a milkless mother will wean her child on Kool-Ade and not realize why it starts to fail.

This is not an error solely attributable to the poor. I feel we are a nation of nutritional illiterates. We are a generation removed from World War II, and nutrition education was only worthy of that name during World Wars I and II when it behooved us to get the most from our farms as we fed the world.

Nutrition education today is dull and boring. It has little relationship to the packages of convenience foods on the grocers' shelves. The modern supermarket with 6,000 items is a maze of nutrition challenges, and we barely know how to read the signs.

Meanwhile, modern-day advertising has distracted us from nutrient analysis. Their siren song further depletes our knowledge of good food practices.

But I think it is safe to say that the private food industry feeds at least 90% of America fairly adequately. The accessibility of the foods is constant; the price does not seem to be exorbitant; the quality of the merchandise is relatively good. We who are well off achieve our nutrient balance by overeating.

However, the private food industry, responding as does every other aspect of the private enterprise system, becomes less effective when profits are not to be made in a neighborhood. Fruit is left longer on the stand; milk may sit a day or two longer in the refrigerator; bread may be sold advertised as "two days old." Meat may be particularly fat-ridden and of lower quality.

People will feed themselves by hook or by crook, and in some of the most depressed areas in the United States merchants recognize that shoplifting occurs and cannot be eradicated. To compensate for this inevitable pilferage, the spoilage of fruit, the spoilage of milk, and the non-sales of more expensive items, the store quite often will raise its prices when money is available in order to offset its generally low profit margin. This is not in conflict with the pure theories of private enterprise.

WELFARE

I doubt that it really needs stressing, but I am sure that you are aware that of the 25 million poor in America, only 9 million are covered by welfare programs and many who are on welfare are covered in a totally inadequate manner. They are poor even after receiving welfare benefits. I think it is probably unnecessary to state that two-thirds of the 25 million poor are under sixteen, over sixty, or are mentally or physically debilitated. This is not to say that we cannot work with them, but there are some desperate needs to be met tomorrow which must be alleviated prior to any long-term job retraining projects. For the vast majority, employment as we usually conceive it offers little hope.

It goes without saying that we feed a plowhorse if we expect it to plow; we feed a cow if we expect to gain milk. Punishment would gain us nothing.

We cannot use the removal of food to stimulate hard labor. When we have to admit that the attractions of the private enterprise reward system are that weak, we have sounded the death knell of our incentive system.

For years, we have been hearing that the welfare system of this country was in need of drastic reform. Yet you have had evidence on Friday last that many of the certification procedures of the Federal food programs are dependent upon welfare policies—policies proven to be inadequate to today's needs.

There were many things that you were not told on Friday. You should know more before you revamp the Federal food programs. I strongly recommend that you do not approach them separately, but consider the broadest spectrum of food program reforms before you report out any single bill.

There was conversation Friday of the Direct Distribution Program. You seem to want to phase it out in favor of a food stamp program. Both programs are heavily dependent upon local welfare policies. Let us look at some of those policies as they affect the Direct Distribution Program. Many of these clauses will also apply to the food stamp certification process.

The commodity program is not really a program at all. It started, as you know, as a conferee suggestion back in 1935 when the Committees were thrashing out the compromises for the Agriculture Act.* It had no legislative history; it had no form, no mandate. It became law and grew. It grew; and grew. Today it is a shambles.

Supposed to be operating in over 1400 counties, I suspect that there may be 3-400 variations within those 1400 counties. Many of these counties have attached some of their worst welfare restrictions into the distribution of the Nation's surplus foods. USDA has a list of the glaring variations in restrictions, but it has never established any semblance of order among these programs in order that the poor of a given county might know under what rules they could participate.

In USDA files there is evidence that some counties won't allow a poor family to have a dog, and that in other families one can only have one hog, and one cow.

But it is also true that in the State of Texas, only 59 counties (of the 148 cities and counties now having a Commodity Distribution Program) have any semblance of a coordinated food distribution effort. The 89 counties not following a State standard have the following peculiarities:

Twenty-five of them, as of September 1968, required U.S. citizenship of the beneficiaries—this in a State with great international characteristics to its population.

Seventy-one of the 89 counties have residency requirements varying from one month to one year.

Three counties had different maximum allowable resources.

Twenty-six counties had different allowable income standards.

Twenty-one counties required public assistance households to meet the income and resource standards set for non-public assistance households.

Eight counties required unemployed persons to furnish proof of mental or physical debility.

Three counties have restrictions on the eligibility of unemployed persons at times when seasonal work was available (probably farm work).

One county has a restriction on the eligibility of employed persons.

Mr. Chairman, these are typical variances to be found within one State. I could go on. These variances are the result of unguided local control. These influences control food stamps as well as commodities.

Three of those Texas counties have a requirement that non-public assistance applicants must show that they are unemployed due to a mental or physical handicap of a permanent or temporary nature. These are Jones, Camp, and Lubbock Counties.

There are four counties which have gone even further to hinder the participation of the poor. In Morris County, unemployed males under 65 and women under 65 without children to support are required to show a medical statement from a doctor verifying mental or physical disability to be eligible. Those over 65 are not required to have such a medical statement.

In Jim Wells County, during the months from July to September, families are not eligible if they have members who are presently employable, other than a woman in the home to care for children or incapacitated persons.

*Conferees included then Congressmen Dirksen, Richard Russell, John McCormack, and Speaker Joe Cannon.

In Haskell County, Texas, heads of households having a doctor's statement that they are unemployable are eligible under the State income standards for the length of their inability to work due to medical reasons. All other individuals are eligible only during the non-harvesting season, which is between January 1 and June 30. From July to December, adequate employment is considered available for all those wishing to work.

In Tom Green County, Texas, applicants are required to show that they are unemployed due to mental or physical handicap of a permanent or temporary nature.

In Jim Wells and Haskell Counties there are restrictions on participation in the food programs largely determined by anticipated seasonal employment demands.

Until very recently, San Patricio County had (and may still have) a restriction stating that unemployed heads of households and their families are not served during the months of March through December because of the availability of seasonal employment. These families are served during the months of December, January, and February.

While this might sound all right to you, there is an extra provision that any family group which has an employed member will not be eligible to receive commodities, and "employed" as used therein is taken to mean any person who is paid for as much as three days of work per week. I do not need to stress to this agriculture-minded committee that three days of work in season interrupted by a period of rainfall is hardly adequate to provide sufficient income to tide one over during the months when there is no work.

In county after county in Texas, we have evidence of tremendous variation in county residence requirements, State residence requirements, income standards and maximum income levels if one is to participate. We see wholesale discrimination between the income levels permitted those on public assistance and the income levels permitted those not on public assistance.

In Anderson County, Texas, for instance, the following figures apply for those on public assistance and not on public assistance: One person, \$75 vs. \$40; two people, \$140 vs. \$80; three people, \$170 vs. \$120; four people, \$180 vs. \$145; five people, \$190 vs. \$152; six people, \$200 vs. \$170.

I ask you how a person not fitting into the exact regulations for public assistance in Anderson County, Texas, can expect to feed his family if he is cut off from a Federal food program when his income goes over \$145 per month.

Mr. Chairman, local certification has produced a jungle of barriers to keep people from the Federal food effort. In Arizona, one is permitted to have a house worth \$12,000—but in Arkansas one is only permitted to have a \$6,500 house if it is owned free and clear, or \$5,500 equity if one is holding a mortgage. In Arkansas, as with Texas, the county judge has the power of life and death over a poor family applying for help. These are elected officials, and one can guess what this does to the election process.

Arkansas has individual allowable resources of \$500 per person and \$1000 for a family. If the personal resources—not including household goods—exceed that limitation, then the excess is divided by 12 and added to the income.

I submit this USDA chart (Exhibit B) for the record, as to the wild variations in allowable income among the various States.

One of the most problem-ridden areas of certification is estimating and projecting income earned as the result of day labor. Here there is need for wholesale reform.

Let me also point out that the State of California, which considers itself to be so progressive, has some of the most widely varying county rules governing the distribution of commodities.

North Carolina and a number of other states have clauses relating to seasonal work. Arizona, where I lived for a decade before coming to Washington, has the following clause:

"Non-Public Assistance households who depend upon agricultural employment for a livelihood, and in which there are two or more male workers aged 16 and over, will be eligible for surplus commodities only when it has been determined that agricultural work within the State of Arizona or contiguous states is not available."

I have lived in Arizona for ten years and have seen the farm labor population in Pinal County drop from 9500 in the peak month of 1955 to 550 in the peak month of 1964. I wonder what such regulations as this do to the families who once were in agricultural employment. Is not such a clause as this an eviction clause? Is this not in effect telling the poor to go elsewhere? It is less applicable in some Arizona counties now, but is still enforced elsewhere.

Some counties serve the Public Assistance cases only. Some counties only serve those not getting Public Assistance. Some counties serve both of them. Richmond County, North Carolina, is an example of a situation where families on welfare, on Public Assistance, cannot get any commodity, even though the welfare allocations of that State are abnormally low.

There are two other points that one should make when describing this so-called Direct Distribution Program. Secretary Freeman said repeatedly that the Government was offering more and more items to the poor, and that 22 items were now available in counties having a Direct Distribution Program. What Secretary Freeman neglected to state, and only has recently been admitted by this Administration, is that the vast majority of counties do not offer all 22 items to their poor. The majority of counties do not offer 12 items to their poor, if I recollect correctly.

You heard on Friday that only 318 of the 1400-odd participating counties offered even 20 of the 22 items. Is it any wonder that people have come to judge the Direct Distribution as being Government-endorsed malnutrition? For when you eliminate many of those items from the commodity package, malnutrition for those who depend wholly on the package is inevitable.

A second major bone of contention about the Direct Distribution package is the fact that the food runs out two-thirds of the way through the month. There are many families who exist largely on that which the Government supplies them, and such families find that the menus get leaner and leaner toward the end of the month.

The nature of the food and containers seems to invite rejection. The powdered milk is usually described as undrinkable. The labeling does not penetrate to the illiterate. The containers invite rodent infestation. Modern fortification techniques are under-used.

My most recent estimate of the conduct of the Federal food programs in counties having a Direct Distribution Program included an analysis of the percentage of the poor who were participating. This list is now over a year out of date, and is becoming progressively more inaccurate as we get away from the 1960 census. However, I can recall that last year less than twenty percent of the participating countries had even half of the poor of those countries in the program. There are many, many counties today in the Direct Distribution Program with less than 10% of the poor participating. For the record, I submit an analysis of percentage of the *abject* poor served, state by state (Exhibit C).

The reliance upon local control and local design of local regulation has produced a program which has deluded the public into believing that the poor of this country have been fed. Local control of the Direct Distribution Program has produce a shambles. The Secretaries of Agriculture have initiated no mandatory regulations for uniform distribution of Government foods to the poor.

If this Committee is to act on food programs, I would suggest that it attend to more than the Food Stamp Program, for the Direct Distribution Program is in terrible trouble too.

FOOD STAMPS

Many of your witnesses before the Senate Select Committee and before this Committee have spoken about the Food Stamp Program. They have spoken of the excessive cost of buying into the program, of the restrictive qualifications by which one can be certified for eligibility, of the small size of the bonus, which guarantees hunger at the end of the month. Many of your witnesses have spoken about the non-availability of food stamp distribution points. I would like to add a few more suggestions.

This country has a marvelously efficient system for distributing Social Security checks every month. If, after participating in the Social Security program, a family is still in poverty, it seems to me that such checks could be augmented with food stamps sent through the mails. Presidential Candidate Nixon spoke to this point on October 16th last, and I would hope that his food package to be presented to you tomorrow includes a recommendation that this be carried out.

Food Stamps can be distributed through post offices. Food Stamps can be made available through the mails. Self-certification can take place for 90% of the families of the abject poor, for their access to steady employment at a decent wage is negligible.

As one talks to the poor of the United States about the maladministration of the present Food Stamp Program, one frequently hears the complaint that the Food Stamp Program prohibits cleanliness. In a sense, this is true. While demanding between 37 and 50% of the monthly income of the poor, the Food Stamp Program does not invite the purchase of soaps, detergents, and personal hygiene necessities. As I look back over past testimony taken before the various

committees on Capitol Hill, it seems the Congress has a desire to have the poor maintain themselves in cleaner conditions. Yet here we have a regulation that impedes the use of soap, kitchen scourers, toothpaste and sanitary napkins. Surely the American standard of living can have a level beneath which we will not permit people to suffer, and surely this level of living can allow soaps, detergents, and personal hygiene necessities.

I recommend that the Food Stamp Program be operated in conjunction with the Direct Distribution Program when the Secretary determines that a nutritionally adequate diet requires such distribution and when a Direct Distribution Program is being replaced by a Food Stamp Program. Perhaps it would be possible to maintain both programs until the new Food Stamp Program served 75% of the county's poverty population.

While some measure of local control can benefit the Food Stamp Program, it would seem that the Secretary should be able to establish a minimum monthly income beneath which one would be automatically eligible, and establish a top ceiling beyond which a family could not be eligible. This would apply to income and to capital resources.

It would seem that the Secretary of Agriculture should have certain powers for dealing directly with the problems of migratory and transient workers.

The Secretary should also have control over an appeal mechanism whereby families denied Food Stamp participation or commodity program participation could appeal to an outside authority. Certainly the same privileges of appeal should be provided to the poor as are today provided to participating grocers.

Much of the cheapest meat in this country is imported. If the poor are to eat hamburger, cannot you drop the Food Stamp Act prohibition against foreign meats, so their dollars will go further?

Certainly, the Food Stamp Program must be brought up to the point where it provides for a full month's supply of food to the families participating. As it now operates, I think it comes perilously close to extortion, for it demands a very high percentage of income for the "privilege" of participating, and I put that word in quotes, and then provides one with only two-thirds to three-fourths of the food needed for the month.

If we are going to eliminate hunger and malnutrition in this country, let us start by eliminating it within the Food Stamp Program as now constituted.

I would like to say one additional thing about the Food Stamp Program, and here I am admittedly bringing something to your attention which up to this time the Nation has not comprehended.

The Food Stamp law contains a passage stating that "the Secretary shall limit the value of those coupons issued which is in excess of the value of coupons for which households are charged, to an amount which is not in excess of the portion of the appropriation for such fiscal year which is transferred to the separate account under the provisions of Subsection (a) of this Section 16. If in any fiscal year the Secretary finds that the requirements of participating States will exceed the limitation set forth herein, the Secretary shall direct State agencies to reduce the amount of such coupons to be issued to participating households to the extent necessary to comply with the provisions of this Subsection."

The committees responsible for the conduct of the Government's agricultural programs have made certain that the Secretary of Agriculture understands what this paragraph means. But I think the public deserves an explanation of why the Secretary of Agriculture is presently constrained from carrying out the words so often uttered on Capitol Hill about the preferability of the Food Stamp Program over the Direct Distribution Program.

I do not remember such a clause in many pieces of legislation dealing with matters of commerce. One merely expects a Federal executive to remain within his budget. But the implication in this clause is that the Secretary shall be very farsighted, and shall look at the following year's anticipatable budget before he increases the benefits of the existing Federal Food Stamp Program or brings more beneficiaries onto it, even if the food needs are desperate. As a result of this, there are probably 150 counties today who think they are in line for a Food Stamp Program, who think they are high on a priority list. They do not realize that the small projected increase in the Food Stamp budget by the Nixon Administration dooms them to a near-hopeless wait, for the inequities in the present Food Stamp Program for present beneficiaries, if improved according to President Nixon's own statement of May 6 before next year will expend more dollars than the President is asking for in his expansion of the food budget.

Counties with large populations applying for food stamps pose a particular threat to the Department of Agriculture. Of these, New York City is the most

threatening. The threat of a New York, or of an Orange County in California, impedes the Secretary from acting. He must reduce participation rates. He must slow admittance. He must stall applicants. He cannot act in a dynamic and empathetic manner. If he did, and next year's projections outran the dollars appropriated, he might have to cut the already paltry bonus.

It does not take much interpretation to see what this absolute lid on future spending does to the food stamp effort. Entrance of a large-population county, particularly one with powerful representation in Washington, could postpone the admission of half a dozen smaller counties in other states, particularly if their political clout was deemed weaker by USDA. Instead of planning for the hunger needs of the poor, USDA today plans for the budgetary whims of the Agriculture Committees of this Congress. It is fear of penetrating this ceiling that today puts USDA in the position of having \$20 million dollars excess which they will not spend on food stamps in fiscal 1969—because they do not want to threaten next year's ceiling.

We have been made aware of the role of the legislative liaison in the Department of Agriculture in "adjusting" the order of priorities in the national list.

It would seem to me, Mr. Chairman, that one could clear up any suggestion that political power determines whose poor are to be given food stamps first by the monthly publication of the applicant list of counties desiring to enter into the Food Stamp Program, together with USDA's own projected volume of participation for each of these counties. In this way, every county in the United States which had followed the recommendations of the leaders of Congress in adopting the Food Stamp Program in preference to the Direct Distribution Program, would then know where they stood as they sought to implement one of the two food programs for the benefit of their hungry poor.

Were this list to be available to the public and known to the Congress, then there would be no danger that the Secretary of Agriculture would invite more people into the Food Stamp Program than the appropriation could cover. There would be no threat to the presently participating counties that the bonus schedule which is so inadequate today would be cut, as other counties with perhaps greater political clout, were brought into the program. The Congress would then know, and the Executive Branch would then know, what was the food budget need of the Department of Agriculture to meet the needs of the counties seeking to serve their poor.

Of course, the publication of such a list would show the preposterous insufficiency of any food program improvement budgeted at \$270 million dollars for the first year. I do not think we can delude the public that we are going to eliminate poverty-induced hunger and malnutrition in this country until this Committee and the Appropriations Subcommittees responsible hereto speak in terms of two and a half billion dollars to feed the poor.

I have not yet spoken of the ill-health side of malnutrition. While health is not within the usual oversight responsibilities of this Committee, the health conditions of that segment of the American public who find themselves hungry or malnourished demand the attentions of every leader. Perhaps one statistic will drive home the seriousness of the subject.

We are far down in the list of the nations with the lowest infant mortality rates. The health conditions of our abject poor help bring us to a level of 25.1*, while Sweden has a rate of about 12 per 1000 live births. Ten percent of our counties achieve a rate of 17.8. Were the other nine-tenths of our counties to achieve this rate, 30,000 more infants would live each year.

The high infant death rates are to be found in our poorest counties, in the counties often called "medically indigent". Many of these counties have small percentages of their poor on welfare, or on the nation's Federal food programs.

I've been able to coax a few conservative doctors into admitting that malnutrition and infant deaths may be related. Not many with whom I have spoken will disagree that perhaps 10% of those 30,000 infant deaths were from malnutrition-related causes, particularly in the poorest counties.

Many Congressmen have dismissed malnutrition in America with the phrase "but they are not dying of it here, they are just underfed." Gentlemen, this is not the case. I believe this Committee has the power of life and death over at least 3000 infants per year, and thus far the power has not met the need.

And deaths, inaccurately reported as they are, represent only the tip of the iceberg. We have those that suffer in optical and dental directions. We have those who are mentally late and/or mentally retarded in their development. And we have the lethargic and dull.

*H.E.W. 1965.

The tremendous cost of nutritional ill health to this nation needs addressing here and now. It must be done with the full commitment of the White House and the Congress. It must be accompanied by a budgetary commitment which will document to the world that the free enterprise system is determined to produce the adjustment and the mechanisms by which rich and poor alike, healthy or crippled, employed or unemployed, urban or rural, shall be guaranteed access to life's most basic necessity.

This, then, is the challenge before this Committee. Will you seek the Government-industry relationship which will permit the private enterprise systems to serve the poor as it has served the well-to-do? Will you devise the mechanism by which Government can eliminate the huge cost of poverty-induced hunger and malnutrition?

Hunger has become not just a crusade by a few members of Congress. It has become, as all members of Congress have come to know if they read their home town newspapers, a national issue.

The press of America, running innumerable home town hunger surveys, has probably compiled the second or third best assessment of the Nation's nutritional ill health. The American public is aroused over the maladministration and pretenses of the Federal food programs.

This Committee's legislative oversight over food programs gives each of you gentlemen a unique power to make inroads into the debilitating syndrome of abject poverty in this Nation. Your Committee holds the power to feed the poor, and with this power goes the responsibility to understand what it means to be poor—and to be hungry. I hope that this Committee, as long as it holds this power, will accept its responsibility and act to correct the scandal of hunger in America.

Thank you, Mr. Chairman.

TABLE 20.—HOUSEHOLD DIETS PROVIDING LESS THAN NATIONAL RESEARCH COUNCIL ALLOWANCE IN SPECIFIED NUMBER OF NUTRIENTS

Region, urbanization, 1964 money income after taxes (1)	Percent of diets short in—				
	1 or more (2)	1 only (3)	2 (4)	3 (5)	4 to 7 (6)
United States:					
All urbanizations.....	100	44	26	14	16
Under \$3,000.....	100	37	28	15	21
\$3,000 to \$4,999.....	100	43	27	16	15
\$5,000 to \$6,999.....	100	45	26	13	16
\$7,000 to \$9,999.....	100	52	25	11	12
\$10,000 and over.....	100	53	20	16	11
Urban.....	100	44	25	14	17
Under \$3,000.....	100	34	29	14	23
\$3,000 to \$4,999.....	100	43	25	15	16
\$5,000 to \$6,999.....	100	45	25	13	16
\$7,000 to \$9,999.....	100	51	25	12	12
\$10,000 and over.....	100	53	21	15	11
Rural nonfarm.....	100	44	27	15	15
Under \$3,000.....	100	41	24	16	18
\$3,000 to \$4,999.....	100	41	31	16	12
\$5,000 to \$6,999.....	100	43	29	12	16
\$7,000 to \$9,999.....	100	56	25	9	10
\$10,000 and over.....	100	50	20	20	10
Rural farm.....	100	43	29	15	13
Under \$3,000.....	100	34	30	17	18
\$3,000 to \$4,999.....	100	43	30	17	9
\$5,000 to \$6,999.....	100	50	26	13	11
\$7,000 to \$9,999.....	100	52	30	12	7
\$10,000 and over.....	100	68	15	13	8
Northeast:					
All urbanizations.....	100	46	24	14	16
Urban.....	100	47	23	13	17
Rural nonfarm.....	100	42	28	16	14
Rural farm.....	100	57	17	14	12
North Central:					
All urbanizations.....	100	43	26	15	16
Urban.....	100	41	25	16	18
Rural nonfarm.....	100	46	27	14	13
Rural farm.....	100	51	27	15	7
South:					
All urbanizations.....	100	42	27	14	17
Urban.....	100	43	28	12	17
Rural nonfarm.....	100	42	25	16	17
Rural farm.....	100	34	32	16	18
West:					
All urbanizations.....	100	46	26	12	15
Urban.....	100	46	26	12	16
Rural nonfarm.....	100	48	30	11	11
Rural farm.....	100	54	24	11	11

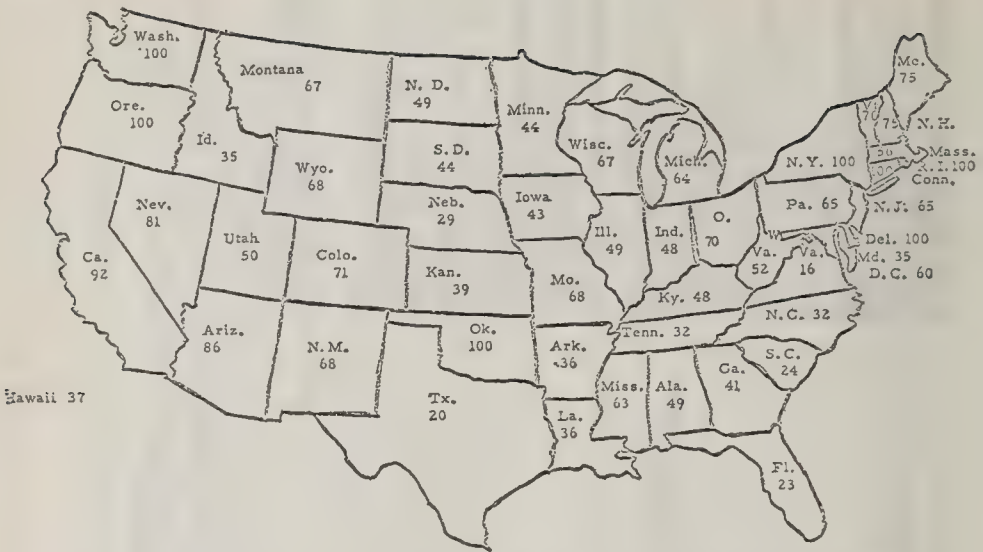
STATE MONETARY STANDARDS OF ELIGIBILITY USED FOR CERTIFYING AN INDIVIDUAL OR A FAMILY AS BEING IN NEED OF FOOD ASSISTANCE

State	Monthly allowable income by family size										Additional per person over 10	Allowable liquid assets
	1	2	3	4	5	6	7	8	9	10		
Alabama.....	\$100	\$120	\$145	\$175	\$205	\$235	\$265	\$295	\$325	\$350	\$30	4 times allowable monthly income.
Arizona.....	107	155	202	232	261	287	338	338	338	338		\$800 single; \$1,200 for 2 or more.
Alaska.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)		\$200 for 1; \$400 for 2 or more.
Arkansas.....	85	170	180	190	200	210	220	235	250	265	\$15, with maximum of \$325	\$1,000 for 1; \$1,500 for 2 or more.
California.....	169	205	237	292	348	404	451	497	538	579	\$40	\$1,000 for 1; \$1,500 for 2 or more.
Colorado.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)		\$1,000 for 1, and \$1,500 for 2 or more.
Connecticut.....	140	185	235	280	335	365	395	420	445	470		\$420 for 1 to \$1,190 for 10, plus \$70 each additional over 10.
Delaware.....	100	140	180	215	250	285	310	330	350	370	\$20	
District of Columbia.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)		\$600 for single; \$1,200 for 2 or more.
Florida.....	115	160	220	250	280	305	330	360	395	420	\$30	\$800 for household of 1; \$1,600 for household of 2 or more.
Georgia.....	90	140	195	215	245	270	290	305	320	335	\$335 for 11 or more	
Hawaii.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)		\$500 single; \$1,000 for 2 or more.
Idaho.....	132	170	212	238	266	297	330	351	381	411	\$30 in excess of 10	\$400 single; \$600 for 2, plus \$100 for each person through 10.
Illinois.....	150	200	230	280	325	365	410	430	460	495	\$30	\$600 single; \$800, 2; \$900, 3; \$1,000, 4 or more.
Indiana.....	130	185	230	275	315	355	395	435	470	500	\$30	\$750 single; \$900, husband and wife, \$100 each dependent through 9; maximum allowable liquid assets for household of 9 or more, \$1,550.
Iowa.....	130	200	250	295	330	370	405	455	490	540	\$35	Public assistance standards (\$750 for 1; \$1,250 for 2 or more).
Kansas.....	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)		\$500 for 1; \$1,000 for 2 or more.
Kentucky.....	110	140	170	200	230	255	280	305	330	350	\$15	\$750 for 1; \$1,000 for 2 or more.
Guam.....	125	155	210	251	270	289	322	340	359	378	\$387, 30 in excess of 11	\$500 for single; \$1,000 per family.
Louisiana.....	110	130	150	165	185	220	240	275	295	315	\$22	\$300 per family.
Maryland.....	100	140	165	185	220	240	265	290	315	340	\$25	\$1,000 for 1; \$1,200 for 2 or more.
Massachusetts.....	132	190	230	271	320	363	404	445	485	527	\$41	3 times monthly scale.
Maine.....	148	190	240	266	330	380	430	480	520	560	\$40	\$750 for 1; \$1,000, 2 through 5; \$100 per person for 5 or more.
Michigan urban.....	125	185	225	265	295	330	365	400	435	470	\$35	
Michigan rural.....	100	160	200	240	270	305	340	375	410	445	\$35	\$750 for 1; \$1,000 for 2 or more, plus \$250 for each person over 2.
Minnesota.....	135	205	250	290	335	370	390	425	460	495	\$30	\$500 for 1; \$1,000 for 2 or more.
Mississippi.....	90	130	155	180	210	230	250	270	290	310	\$15	\$750 for 1; \$1,500 for 2 and above.
Missouri.....	140	190	230	270	310	350	390	430	470	510	\$40	\$1,000 for single; \$1,500 for 2 or more.
Montana.....	125	183	212	253	290	318	353	388	413	438	\$25	\$750 for single; \$1,500 for 2 or more.
Nebraska.....	120	180	230	270	305	335	360	385	410	435	\$25	\$750 for 1; \$1,500 for 2 or more.
Nevada.....	138	175	215	260	305	335	375	420	445	475	\$30	

New Hampshire.....	154	180	215	244	272	301	315	342	370	397	\$24.....	\$1,000 single; \$1,500 for married couple if not separated.
New Jersey ³	90	150	185	220	265	290	325	360	425	565	\$40 each over 8.....	\$1,000 for 1; \$1,500 for 2.
New York.....	150	210	290	325	365	405	445	485	525	565	\$30.....	3 times monthly scale.
New Mexico.....	110	150	180	215	245	275	305	345	375	415	\$250 for 1; \$500 for 2 or more.	\$250 for 1; \$500 for 2 or more.
North Carolina ⁴	110	140	170	195	215	230	240	255	270	280	\$15.....	\$500 single; \$700 for 2; \$750 for 3; \$800 for 4 or more.
North Dakota.....	140	185	260	295	330	365	385	415	440	460	\$25.....	\$1,000 per household.
Ohio.....	130	200	225	260	295	330	365	400	435	470	\$35.....	\$1,000 for 1; \$1,500 for 2 or more.
Oklahoma ⁵	93	160	185	212	238	259	279	294	315	315	.....	\$350 single; \$500, man and wife; \$50 each additional; \$600 maximum.
Oregon.....	128	193	221	258	288	328	357	386	411	426	\$25.....	\$500 single; \$1,000 per family.
Pennsylvania.....	130	195	235	275	315	345	385	425	465	505	\$30.....	\$1,000 for 1 person; \$1,500 for 2 or more.
Puerto Rico.....	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	.....	Public assistance standards.
Rhode Island.....	130	175	205	245	285	325	365	400	435	470	Add \$35 to income scale for each person over 10.	\$1,000 for 1; \$1,500 for 2 through 4; \$1,750 for 5; \$2,000 for 6; \$2,250 for 7; \$2,500 for 8; add \$250 per person over 8.
South Carolina.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.....	\$1,000 for 1; \$2,000 for 2; \$300 for each additional.
South Dakota.....	125	175	215	250	285	320	355	390	425	455	\$50.....	\$500 single; \$1,000 for 2 and 3; \$1,250 for 4 or more.
Tennessee.....	95	130	165	200	240	275	315	350	385	420	\$35.....	\$300 single; \$450 for 2; \$50 for each additional person to \$600.
Texas.....	110	150	170	190	210	230	250	270	290	310	\$15.....	\$1,000 single; \$1,500 married and not separated.
Utah.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.....	\$500 for 1; \$600 for 2; plus \$50 for each additional person to maximum of \$1,000.
Vermont.....	145	205	250	285	325	355	400	435	470	505	\$35.....	Public assistance standards.
Virginia (minimum).....	125	160	195	225	250	275	300	325	350	375	\$25.....	\$500 single; \$750, man and wife; \$100 each additional; \$1,000 for 2 persons who are eligible for old-age assistance.
Virginia (basic).....	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	.....	\$1,000 for 1; \$1,500 for 2 or more.
Virgin Islands.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.....	
Washington.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.....	
West Virginia.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.....	
Wisconsin.....	135	185	215	260	295	350	385	420	445	460	\$30.....	
Wyoming ⁷	145	200	235	300	330	360	390	435	480	520	\$40.....	

¹ No program.² Eligibility computed on public assistance budget.³ New Jersey—To the income scale is added an allowance for actual amount of rent paid and any other extraordinary expenses such as medical expenses.⁴ North Carolina—The counties also have the option of using State public assistance standards instead of the income scales listed.⁵ Oklahoma—If applicant has shelter expense in excess of \$8 per month, additional allowance can be made up to \$22.⁶ Only public assistance and public health outpatients eligible.⁷ Wyoming—Indian reservation only.

Alaska 67



Percent of Hard Core Poor on 1969 Food Program Rolls

Mr. CHOATE. Thank you, sir.

The CHAIRMAN. Proceed.

Mr. CHOATE. When I first got into the issue of hunger and malnutrition—

The CHAIRMAN. What is your background? Will you give us a little of that? How did you become interested in this?

Mr. CHOATE. I am a Republican. I am a businessman. I am self-financed. I am a civil engineer by training. I have spent 10 years in the field of poverty, primarily in the Southwest.

I have worked on low-income problems in Arizona, Texas, New Mexico, Colorado. Infrequently I have visited States in the Southeast.

I originally came out of Massachusetts.

I do not come to you as an expert with academic training in hunger or malnutrition. I come as a man who has been listening to innumerable pages of testimony given before this Congress, with an opportunity to judge the verity of those words with scenes that I have seen myself as I worked on the problems of poverty in the Southwest.

One of the most interesting aspects of this 2-year stint on hunger and malnutrition has been my work with the private food industry, and my talks to leading individuals and researchers within the private food industry as to what can be done to eliminate hunger and malnutrition in this country.

If I can use this chart a minute, I would like to point out that in the private food world, as in any other successful part of the private enterprise system, when one starts to run out of profits, the system starts to become less effective.

I believe that the private food industry is feeding 90 to 95 percent of the population in a satisfactory manner. The foods are fresh, the taste is good, the nutrient balance can be found.

But there are individuals within our society who cannot provide the private food industry with a profit. Their pocketbook is not big enough.

Their evenness of earning does not afford to the private enterprise system the customary rewards gained through advertising, promotion, good salesmanship, and then good marketing practices.

When one gets beyond the profit line of the private enterprise system, we start to see either alterations in the private enterprise system, or we start to see failure, and it is in that regard that I think today we must speak, because we have over here between 10 and 20 million people who are in trouble, and with whom, frankly, the private enterprise food system is in trouble when they try to figure out how to be of good service.

Beyond the profit line we have figured out a few minor ways to cope with the food needs of the poor. We have developed food co-operatives for the joint buying of food. We have stores that serve or sell damaged goods. We advocate consistently to the poor that they provide themselves with homegrown goods. We have some who are living in institutions. We have charities that give away food. We have the Salvation Army and other groups like that that run soup kitchens in our major cities.

Then we come to this peculiar extension of the private enterprise system called food stamps. It, in effect, is an extension of the private enterprise system, so that those who do not have the purchasing power within their own wallets, due to their own low earning capacity, can at least buy at the usual market prices.

Ever since 1935, as you well know, Mr. Chairman and Senators, we have had an alternate mechanism for providing food to the poor. This is the direct-distribution program. It really has nothing to do with the private enterprise system. It is almost a Federal warehouse system, and sometimes it seems it is becoming a Federal supermarket system.

It is my contention, Mr. Chairman, that there are 15 million people—5 million people that fall through this crack absolutely unserved by the food stamp or direct-distribution system, and another 10 million people who may or may not be on those systems who still are hungry and malnourished due to their poverty.

As one sits down and explains this to corporation officers who are trying to merchandise their food around the world, you find that they have never contemplated the fact that perhaps 10 percent of the population is out of reach of their usual sales techniques. I think that the real issue before this committee is how to figure out to extend the private enterprise system into an area of nebulous profits. I do not think any of us wants to see a Federal supermarket system, a Federal PX system set up in every county around the United States.

What we have got to do is figure out how to move this line over so that even this woman in this picture can get an adequate food supply. She will never fit into the private enterprise system as we usually conceive it. She will never earn another dollar. She is always going to be a tax consumer. We have got to figure out a means by which she can get food from the local retail store.

We have got to figure out a means by which most of the people either in this gap or today being failed by the Federal programs can be served.

In a sense, gentlemen, the challenge before you is not whether you want to be do-gooders and take care of hungry people. The challenge before you is whether you can work with the private enterprise system

and figure out what one has to do in this very, very complicated situation to make them effective where there are no profits.

They are a little touchy about working with Government. They are not very eager to climb in bed with the Federal Government and figure out how to adjust their selling mechanism so that they can sell to this group of the public, but I think it is up to us to figure out how to make them feel safe in this area. For that reason I have been working with the Grocery Manufacturers of America; I have been working with the National Association of Food Chains; I have been working with a number of private food corporations, trying to figure out the mechanism by which we can extend this line.

To two-thirds of the world's population who have known hunger, the people who fall through this gap must represent that America has not yet perfected a system of government that will care for all of its people. I think it is quite interesting to note that Assistant Secretary of Agriculture for Consumer and Marketing Affairs, Mr. Richard Lyng, admits that most food stamp beneficiaries today are still among America's hungry poor.

If one looks at the benefits of the food stamp program to a typical family, he can clearly see why a food stamp beneficiary can be said to have Government-approved hunger.

If you look at the direct-distribution program, if you look at the number of commodities that actually get out to the poor, if you look at the volume of food that is given to the poor, you can also see why the direct-distribution program as it was previously operated was for many years Government-mandated malnutrition.

The private food industry is not going to be easy to work with. It is highly fragmented. It is jealous. It is not inclined to be in favor of Government social programs. It is a \$106-billion-a-year industry, and the biggest company of them all by sales is Swift & Co., with only 2 percent of the market. There is no General Motors of food. There is no IBM of food. There is no company in the United States that is really in a position to experiment, to innovate, to risk the loss of some of its profits.

As you have heard from many other witnesses, we have 3 million families with incomes under \$2,200 per year. What most people do not stress is that that is the maximum income in that description. The average income of these families whose maximum income can be up to \$2,200 a year is \$1,470 per year by my best guesstimate.

USDA asks these people to spend \$1,200 a year on food. That leaves \$270 a year for rent, for utilities, for transportation, clothing, schooling, medical care, and any emergencies. It is quite obvious what happens when an emergency arises. The only place in that person's budget where there is any flexibility is in the food, and so what do they do? They start to cut down on their food.

The present \$1,200 recommended budget for a family of four amounts to 83 cents per person per day. Many people who are poor are spending less than 50 cents.

The CHAIRMAN. That is for food only?

Mr. CHOATE. Food only. Many people who are poor are spending less than 50 cents per person per day. This is interesting when we compare it with a figure recently put out by the U.S. Army that they spend \$1.32 per person per day, buying wholesale, for raw food costs.

The CHAIRMAN. That includes the preparation?

Mr. CHOATE. No.

Senator COOK. Mr. Chairman, may I ask Mr. Choate one or two questions? I have a committee meeting at 1 o'clock for a vote.

The CHAIRMAN. Yes, all right.

Senator COOK. Mr. Choate, you referred to the fact that the food stamp beneficiaries can be said to have Government-approved hunger. Do you know how many counties, for instance, in the United States or how many cities in the United States are presently waiting to be approved for the food stamp program in the Department of Agriculture?

Mr. CHOATE. When we asked this of the Department of Agriculture about 10 days ago, the figure was that there were actually about 150 that were waiting, 50 perhaps having been really promised action and expecting it to occur very quickly.

Senator COOK. How did the 50 get promised? What are the guidelines? Are there any guidelines by which the Department of Agriculture—how does this go about?

Mr. CHOATE. This is a very mushy area, Senator. As you know, many figures on the Hill and in the previous administration have been advising counties that they ought to seek the food stamp program and not the commodity program. If one is finally able to persuade one's county supervisors to adopt the food stamp program, then they apparently put in their application to the State welfare department.

The State welfare department then puts those counties in an order of priority which is, shall we say, subject to the State's decision-making process as to what order of priority they want to put them in.

That list from the State is then referred to the Federal Government. The Federal Government then takes this list. It is never published. A county does not know if it is high on the list in California whether it is low on the list compared to New York State. We do not know whether a county in North Carolina that has desperate need is going to be made secondary to a county in Iowa that has less need. There is no publication of the list of counties seeking to get onto the food stamp program.

I think that the accusation of politics is inevitably going to come in the administration of this program. In the selection of counties to come under the food stamp program, as long as we have very limited sums of money, I think it would be in the national interest if we could make those lists public, and have counties listed as to their order of priority, so we would know which county was the next one to go into the program.

Senator COOK. In other words, you feel from your investigation that there is no guideline or there is no priority other than what the Department of Agriculture wishes to say?

Mr. CHOATE. There is no guideline, there is no national standard, there is no selection process other than that which USDA, checking with its congressional liaison personnel, deems to be the priority for these counties.

Senator COOK. Would you repeat that again? You said USDA does what?

Mr. CHOATE. It checks with its congressional liaison personnel to see what should be the real priority of these counties.

Senator COOK. Mr. Choate, we have discussed this morning national standards. Do you believe from your investigation that there should be national standards or do you feel that every State should set its own standards and every county should set its own standards?

Mr. CHOATE. I think the current scandal, and that is the only word I think we can use for the maladministration of the Federal food programs, is a complete indictment of the theory of local control. The Secretary of Agriculture, although he has the power to set almost any rule and regulation in the governing of the direct-distribution program, seems to have allowed so many variations on the selection or certification process in the various counties around the United States that I do not think there is a commodity program.

Senator CURTIS. By the Secretary of Agriculture you mean over the years?

Mr. CHOATE. Over the years.

Senator COOK. In essence you are saying that there really is no program as such at the Federal level?

Mr. CHOATE. No. As most of you know I am sure, the direct-distribution program came out of some conferee debates in 1935, when the Agriculture Act of 1935 was under discussion. Then Congressman Dirksen, then Congressman Richard Russell, then Congressman John McCormack, and the late Joe Cannon were four of the conferees who, in the conferee situation, developed the idea of giving foods to the poor as part of a bigger package, and as a result there is no legislative history for the direct-distribution program.

There has been no formal legislation by this Congress applying to how the program ought to be run. This thing has grown like Topsy. We have all admitted in the past 2 days of hearings that the Secretaries of Agriculture have more control of the direct-distribution program than they do of the food stamp program. The Secretaries have never exerted this control to set minimum standards around the country, and that is why, Senator, you find that astonishing situation in Texas, where it seems that these counties can keep people off the food programs by season or by some local whim.

The CHAIRMAN. This original program, though, you must admit was devised in order to rid ourselves of surplus commodities only.

Mr. CHOATE. Right.

Mr. COOK. That is all that was involved.

Mr. CHOATE. Right. I do think that some of the liberal disenchantment with Federal food programs has come from a misconception that they were developed for the poor. As you have just stated, the direct-distribution program was not developed for the poor. The special milk program, as you well pointed out, was not developed for children. It was developed for the milk producers. I do not think we should have let the public get the impression that these programs were developed primarily for the poor.

In all too many instances they were developed as farm surplus or farm-oriented programs.

Senator CURTIS. Isn't that true of our entire body of social legislation? It gives the biggest benefit to the persons best able to provide for their own, and the least benefit to the individual who may, by reason of circumstances, have a just claim upon society for some assistance?

Mr. CHOATE. I would agree.

Senator CURTIS. It is rather an indictment of our social planning that our bill for social benefits to people runs around \$5 billion a year. Yet the statements with reference to the number of hungry people and the number of ill-housed remain the same, and perhaps the percentages may be the same, from the time these programs were instigated.

Mr. CHOATE. I think we have a magnificent example of that in the school lunch program, which is a very, very popular program. In 1968, nine out of 10 of its beneficiaries were in effect middle-class children who were getting a slight discount on their lunch. It seems to me the Republican Party, since we now have a Republican administration, believes in priorities. It believes in focusing attention, and I do not know what the Republican Party is going to do with the food programs.

We have now got them so that they are scattered off, serving a multitude of various purposes and there is no real focus on serving the poor. This is one of the reasons why we have had trouble closing this gap and getting the food stamp program to work.

Senator CURTIS. I am anxious to hear how you are going to close it.

The CHAIRMAN. Proceed.

Senator McGOVERN. Mr. Chairman, could I ask one question? I am a half-hour late for a meeting. I wonder if I could ask one or two questions here before I go?

I would like to ask Mr. Choate first of all if it is not a fact that the shortage of funds for the food stamp program places the people that are administering this program in a position where they have to discourage participation?

Mr. CHOATE. If I may be frank, Mr. Chairman, I think I not only have to agree with you, Senator, I think that we must realize that the Secretary of Agriculture, in administering these programs, is beset by the pressures that all of us have helped generate, and I include myself in that statement, and is really in an impossible position.

He is told to not favor the direct-distribution program, and to favor the food stamp program. Yet there is a very definite monetary limit on the food stamp program, with a very peculiar prohibition in the law directing that the Secretary of Agriculture shall not exceed the appropriated moneys, and shall do his utmost to anticipate any increase in cost.

This is one reason why you now have a projected surplus which will be returned to the Treasury of \$20 million worth of food stamp funds for this year. The Secretary of Agriculture is reluctant to bring counties into the food stamp program, since on an annualized basis the cost would exceed what he can now project as being the moneys available for next year. So he is going to return \$20 million worth of food stamps, while we have a situation like this.

Senator McGOVERN, it is impossible for the Secretary of Agriculture to really serve the poor as long as this is a year-to-year funding operation, as long as he does not have a reserve kitty, perhaps comparable to the \$300 million section 32 kitty. If demands of a certain year exceed the appropriated sums, he should at least be able to turn to a reserve until he got into the following year's appropriation.

Senator McGOVERN. I appreciate that. I have a number of other questions, and I would like under the procedure that I got permission for a while ago, to submit those questions to you and get your answers in writing.

Mr. CHOATE. I would be pleased to. I am just sorry time does not permit.

The CHAIRMAN. Off the record.

(Discussion off the record.)

The CHAIRMAN. Proceed, Mr. Choate.

Mr. CHOATE. Most of your testimony has been on gross figures, hundreds of millions of dollars. I'd like to talk about the individual family.

The CHAIRMAN. To go back 1 minute to this, you said something about the Secretary of Agriculture being forced to do what?

Mr. CHOATE. I said that in the food stamp legislation there is an unusual prohibition—I think it is unusual. I have not seen it in many laws—where the Secretary must in effect be particularly careful as to his rate of expenditure, so that he does not exceed appropriated sums. This is something that would be automatically understood by most executives in the executive branch.

The CHAIRMAN. You are for that, aren't you?

Mr. CHOATE. Yes, I am, but what I am saying is that since this whole lid, shall we say, on participation of the poor in the food stamp program seems to restrict real outreach by the Secretary of Agriculture, I would hope that in your food stamp legislation you could come up with some clause where, if there was an unanticipated excess demand in a given year, there would be a reserve fund that could be tapped, or the Secretary could invade the appropriations for the ensuing year.

The CHAIRMAN. What we propose to do, in fact what I am thinking about, is to have the appropriation made let us say for 1970 to go into 1971, so there will not be any turnbacks and this would be added to whatever we appropriate for 1972. In other words, it would not be returned to the Treasury or to the next year, I mean through appropriation. That all leftovers would be used for the succeeding year.

Mr. CHOATE. I am delighted that this committee is taking this hard look at the food stamp program, and I would hope that it does not do it in a vacuum, ignoring the direct-distribution program, the school lunch program, the infant and maternal program, et cetera.

As one listens to the various discussions in various committees around the Hill, it is very apparent that you have a crackerjack food stamp program that is going to affect your school lunch needs, that is going to change the direct-distribution demand. I would hope that before you report out any bill that you include some witnesses talking about the direct-distribution program and the school lunch program.

I think it was your question on Friday, Senator Curtis, I think it was you, sir, that was asking questions as to whether one could not reduce the expenditures for school lunch, if those families were on food stamps.

Senator CURTIS. It was raised, but I think it was Senator Miller, but that is all right.

Mr. CHOATE. I beg that you look at the various food programs as you deal with this total program; the success of one will affect the others.

The CHAIRMAN. I am the one who handled the food stamp program when it was first put on the statute books; that is, here recently. The

idea was to substitute the food stamp for the direct-food-distribution program, because it would be more economical, and because those entitled to food had no refrigeration facilities to take care of let us say butter, cheese, and food of that kind, and that is why we are now resorting to the food stamp.

Mr. CHOATE. I favor the food stamp program over the direct-distribution program.

The CHAIRMAN. Yes.

Mr. CHOATE. But until we put the money in it to get it to do the job it should, we have got to make the direct-distribution program better than that which Senator Cook describes, and which is amply detailed in my testimony.

Senator CURTIS. Then your recommendation is to improve the food stamp program?

Mr. CHOATE. Right, but I ask that you not do it in a vacuum. Understand the complexities of all of these various programs. Understand the inhibitions that are upon the Department of Agriculture as it seeks to feed people. I think there are some very, very well intentioned people in the Department of Agriculture; I suspect they may need a little competition at times in getting food out to the poor. Maybe they have been a little lethargic at times, but they do not have an easy row to hoe, and the getting of food out to the poor, the identifying of who is hungry, the identifying of who is malnourished, getting community after community to recognize that it is in the national interest to have people have a food base, getting the American public to accept this as being part of the American way of life, I think is our major responsibility.

We are really tied up in a clash between the Puritan ethic and the Judaeo-Christian ethic. We do not know whether to be our brother's keeper or whether to insist thou shalt own profit from the sweat of thine own brow.

We are really tied up as to whether we want to make people work for food or whether it is safe to give them food. I think that the major responsibility of the Congress is not only to come up with a good piece of legislation, in which the mandate is clear to the various departments of the executive branch, but there must come from the Congress a message which indicates to the counties of Texas and Arkansas and Arizona and Florida what they must do with their hungry people.

Senator CURTIS. Is there any reason why a food stamp couldn't be spent at school, to buy a school lunch?

Mr. CHOATE. No. There could be a very interesting interlock there, a very interesting interlock. If a person has a food stamp, just the showing of that food stamp book or the showing of a card torn from the back of that food stamp book should be sufficient to gain a free lunch in the school.

Senator CURTIS. You would turn it in just like you would at a store.

Mr. CHOATE. Show it.

Senator CURTIS. Doesn't the store take them up?

Mr. CHOATE. Yes, but with the school lunch we have an institutional setting. I think just the showing of a card say in September would identify you to the principal as being worthy of a free meal, and the principal would check off your name, or something like that.

The CHAIRMAN. They have a very suitable method now to identify who is entitled and who is not entitled to school lunches.

Mr. CHOATE. Unfortunately, Mr. Chairman, that, too, is all bollixed up.

The CHAIRMAN. I know, I understand that, but those are unusual programs. I fathered this in 1946, and we have amended it since, refined it, and I think it is a much better program now than it was 10 years ago. We have improved on it.

Mr. CHOATE. Yes.

The CHAIRMAN. I hope you will agree to that.

Mr. CHOATE. Yes, and I think that the renewed focus on the food needs of the poor is timely, and I think we are starting to move in that direction.

Senator CURTIS. On the school lunch program, does your study lead you to believe that the Federal subsidy going into it hasn't been directed primarily to the poor?

Mr. CHOATE. In the school lunch program?

Senator CURTIS. Yes.

Mr. CHOATE. Absolutely.

The CHAIRMAN. What was the question?

Senator CURTIS. My question was, does his study lead him to the conclusion that the Federal subsidy placed in the school lunch program hasn't gone primarily to the poor?

Mr. CHOATE. Yes. I think, citing 1968 statistics, I could be wrong on this, that of the roughly \$450 million that went into the school lunch program in cash and in commodities, of the roughly 18 million then participants in the program, only 2 million poor were getting free lunches.

The CHAIRMAN. The facts are that this program is being managed at the local level, and I personally think it would be a failure except that it is managed at the local level, and the States have different rules and regulations as to who——

Senator CURTIS. Understand, I made no statement. I asked him for his personal opinion.

The CHAIRMAN. Yes. Well, I just wanted to set the record straight if I could. This program would be a failure, except that it is handled by the local people. In other words, the subsidy you speak of by the Federal Government amounts to about a fourth of the entire cost of it. In other words, the surplus foods are funneled to the States, and the program itself is administered at the State level by the local people.

Senator CURTIS. Exactly.

Mr. CHOATE. I don't deny the need for local control. I do think we have to have Federal minimum and maybe maximum standards within which a county then is free to make its own decisions. I think the statistics cited by Senator Cook, a lot of which are in my statement, show that some of the counties exercising what we call local control, in effect, have created an eviction process to get the poor out of their counties.

Senator CURTIS. What would you do with the food stamp plan besides correlate it with these other programs?

Mr. CHOATE. Let me tick them off. I will not repeat a lot of the points made by your other witnesses, though I concur in them. I

think we have to have, for instance, lower cost to get into the program. I think we have to have some order in the restrictive qualifications by which one can be certified.

I think that the bonus is too small. I think that we have to——

Senator CURTIS. What is the bonus?

Mr. CHOATE. The bonus is the difference between what you pay in and what you end up with in your food budget.

I think we have to have more food stamp distribution points.

Here is an interesting point. Candidate Nixon spoke on October 16 relative to interconnecting food stamp delivery with the social security system. We have a superbly automated check-dispensing mechanism for social security, many of whose recipients are hungry, are poor after receiving the check.

I see no reason why we can't interconnect the automated delivery of checks with an automated delivery of food stamps, perhaps adjusted as to their known income. I think that is something that President Nixon probably will be speaking to tomorrow, when his Secretary of Agriculture comes up here.

I think self-certification can take place with a great, great many families. Two-thirds of the poor are under 16, over 60, or are physically or mentally debilitated. They are not really going to change their income status from one month to the next.

I think self-certification can get rid of a lot of the redtape for those who are pretty much locked into poverty. We could then let our welfare workers spend their time on those who are near employability or coming of age when they can get out into the labor pool.

The CHAIRMAN. How about checking on those who make the certification? I recall a few years ago that the chairman of the District Committee here at the Washington level discovered that almost a third of the people receiving aid from the government in the District of Columbia were not entitled to it under the law.

It strikes me you ought to have some way to make that determination, because if you leave it entirely to the recipient or applicant, I fear that you will find a lot of representations made that may not be true.

Mr. CHOATE. Well, we who deal with Internal Revenue every year realize that they, too, have their investigators, and I think it is proper for any Federal program to have its investigators.

I would just hope that we could acknowledge that a family whose income is down around \$1,400 a year for a family of four is in such abysmal trouble that we don't need to investigate them every 3 months. I think food is just the beginning of their needs.

Let me conclude this in a hurry. I have spoken with you, Mr. Chairman, previously about the constant demand we hear from the poor for soaps, detergents and personal hygiene necessities. We have heard a great many comments on Capitol Hill about the need for the poor to clean up their homes, clean up their kitchens, clean up their children, and at the same time we have a definite restriction in the food stamp law that would indicate, that you cannot buy soaps, detergents, and personal hygiene necessities.

I think that should be changed.

I think that we ought to operate both programs in a county, in the period of transition, until 75 percent of the poor are on the new food stamp program.

I think that the Secretary of Agriculture should establish a minimum monthly income beneath which one would be automatically eligible and establish a top ceiling beyond which a family could not be eligible, and this would apply to income and to capital resources. It is easy to talk about income, but you ought to see the morass when it comes to the limits counties set on capital resources.

We have a prohibition in the Food Stamp Act about foreign meats. As you well know, gentlemen, a lot of the hamburger in this country is from foreign meats, and if the poor are to eat hamburger, let's let them eat hamburger.

I think that there should be an appeal mechanism, whereby the Secretary of Agriculture, or perhaps the Office of Economic Opportunity, could act in response to appeals, when somebody believes they have been unfairly cut off of the food program.

Certainly the food stamp program should deliver a full month's food supply.

We have spoken about the food stamp program and the lid, in effect, placed upon the Secretary of Agriculture, as he anticipates the next 12 months of expenditure. We have stated that the county applicant list should be brought out and made public, as should all of the regulations pertaining to all of the food programs.

If it is possible for any farmer in Kansas to find out how to get on a wheat retirement program, it certainly ought to be fair for the poor in Kansas to find out how to get on to a food program. It was not mentioned here earlier this morning that Kansas has a higher percentage of counties not participating in either of the food programs than any other State in the Union.

Let me conclude this way—

Senator CURTIS. Do you disagree with the educational approach that these witnesses from Kansas had, in reference to the nutrition side of this matter?

Mr. CHOATE. I thought Senator Holland was being extremely kind. That is a pretty small effort.

Senator CURTIS. No, no, not the size of the effort, but I mean the approach of education on the part of the extension service and others into making information more available to the people who wouldn't otherwise get it on basic matters of nutrition.

Mr. CHOATE. Yes. I would like to see these agricultural nutrition aids get out to more of the poor and communicate with more of the poor. I don't think we ought to stop there. I think OEO ought to be doing this. I think some HEW people ought to be doing this.

I am amazed, after having spent some consulting hours within HEW, how little HEW knows about malnutrition, malnutrition and the learning process. The welfare end of HEW knew practically nothing of how its own welfare personnel administer the USDA programs at the local level. Therein stems a lot of the trouble we have got. HEW has never heard from USDA how they are going to change the rules from one week to the next.

The CHAIRMAN. There should be more cooperation between and among all of these agencies.

Mr. CHOATE. Yes.

Senator CURTIS. This education on simple and basic matters of nutrition, which the extension service and other people can carry di-

rectly to the people, can have a great benefit on what might be determined the near poor; isn't that right?

Mr. CHOATE. I think we are a Nation of nutritional illiterates. Even you and I, Senator.

Senator CURTIS. I think we are a victim of the faddists and the promoters and everybody else, that probably we know more things about nutrition that are not accurate——

Mr. CHOATE. Precisely.

Senator CURTIS (continuing). Than on any other subject.

Mr. CHOATE. Nutrition education is in an abominable state, and meanwhile the advertising on radio, television, and in the magazines has become quite effective. We are sold on products because of their color, their size, their shape, their smell, and not because of their nutrient content. We last had a major nutritional effort in this country in World War I and World War II.

We are now a full generation from that time. I think it is time we had a national drive on nutrition education.

Let me conclude, if I may. It would seem to me, Mr. Chairman, that the Department of Agriculture should make public all of its rules and regulations pertaining to admittance to the food programs, including those that are generated at the local level, so that the poor people of any county in the United States can have an understanding of how to get on a food program.

I think the Secretary of Agriculture should make public a list of any county waiting to get on the direct distribution program, or on the food stamp program, with an order of priorities shown.

I think that the publication of such a list would drive home to the Bureau of the Budget and to various people in the Congress how really appallingly minute are the suggestions that we have thus far heard from this administration for the improvement of the food programs.

I personally believe that a properly run food program for the poor of this country, including direct distribution, including food stamps, and including school lunches will run just over \$3 billion.

I have in here a page on health statistics. I will just mention one brief part of it. We have heard many a comment on Capitol Hill about the fact nobody is dying in this country, that the people aren't really starving. They are merely undernourished. This is not so, Mr. Chairman.

There are a great many people who are dying in this country from malnutrition. There are statistics compiled by HEW which would indicate that this country has an infant mortality rate of 25.1 as of the end of 1965. Sweden, it might interest you, has an infant mortality rate of about 12. But, 10 percent of our counties have an infant mortality rate of 17.8.

Were the other nine-tenths of our counties to come up to the top 10-percent level, we would save almost 30,000 infant lives per year. I think you can get extremely cautious doctors to admit that since the infant mortality rates are abnormal in many of the Nation's worst off counties and many that are considered to be medically indigent, that at least 10 percent of those 30,000 infant deaths per year are from malnutrition-related causes.

I claim, Mr. Chairman, that you have the power in this committee, the power of life and death over at least 3,000 infants per year, and this is why I beseech you to look at these figures carefully. Bring in witnesses who can tell you how these school programs might better be operated. Figure out what this Congress must do to mandate the end to poverty-induced hunger and malnutrition in this country.

Thank you for letting me appear.

Senator CURTIS. Are your direct recommendations in your manuscript?

Mr. CHOATE. Yes, and Senator McGovern's question I welcome because I can stress some pertinent parts.

I would also be pleased at a later time to comment, if I may, on the school lunch or direct distribution program as it might be improved.

The CHAIRMAN. Any data you desire to place in addition to what you have done today, you may do so until June 3 at noon.

Mr. CHOATE. I would ask this: It is interesting that probably the best body of information on malnutrition exists right in this Congress. The second best body of information lies in the nutrition survey being conducted by HEW. The third is in the death stories of the press. I will submit several.

(The news stories are as follows:)

[From the Arizona Republic, Phoenix, Ariz., Apr. 19, 1969]

A NATIONAL DISGRACE

There is a nation on this earth in which 25 per cent of its children are chronically hungry. They never get enough to eat.

In this same country, 5 million to 6 million children are mentally disturbed, but there exists a woeful lack of public facilities for their care. Its infant death rate is high; 35 per cent of its adolescents should be in mental institutions, but there are none for them. Seven of every 10 hospital beds throughout the land are occupied by adult mental patients.

This country receives no foreign aid to help ameliorate its woeful situation. No U.N. commission or other agency, national or international, has been formed to help it solve its problem. It doesn't need such help. As the richest and most powerful nation on earth, the United States is perfectly capable of helping itself. But in this instance, it doesn't.

Addressing the annual meeting of the Maricopa Mental Health Association recently, Robert E. Switzer, M.D., director of the Children's Division of the Menninger Foundation, Topeka, Kans., laid the above facts on the line.

"We are not," Dr. Switzer said, speaking of the United States as a whole, "a child-oriented culture. Our actions belie our belief that children are our most valuable asset. We neglect them shamefully."

The Topeka psychiatrist said these and other facts, "even more startling," will be contained in a congressional report to be released this summer.

Parental neglect, broken homes, lack of discipline, are among the factors contributing to juvenile disturbance, Dr. Switzer believes. Hunger, too, as well as neglected or inadequately treated physical conditions also are important factors at the roots of mental illness. In short, the ancient Latin dictum, *mens sana in corpore sano*—a sound mind in a sound body—still applies.

Ever since the administration of President Theodore Roosevelt at the turn of the century, there have been White House conferences and other federal commissions and meetings aimed at improving child welfare in the United States, but nothing concrete, with the exception of child labor laws, ever came of them.

Now, as Dr. Switzer put it, it is "time to put our money where our mouth is," in short, to pitch in and help private agencies, as typified by the Maricopa Mental Health Association do the job they are organized and equipped for—the treatment and, more importantly, the prevention of mental illness. The future of this nation depends upon putting an end to this national disgrace.

[From the Arizona Republic, Phoenix, Ariz., Apr. 19, 1969]

MISGUIDED PROGRAM

When a welfare mother recently asked Senate investigators why some people in America go hungry while Sen. James Eastland and others are paid huge sums not to produce surplus crops, she put her finger on the inequity of our farm subsidy program.

That program was begun ostensibly to help marginal and poor farmers. In the intervening years, however, it has benefitted the wealthy farmers, those with the large and prosperous operations that were never in danger of failing.

Senator Eastland, who nets many thousands of dollars from the farm subsidy program is only one example of a non-needy person benefiting from a supposed humanitarian program. He needs the farm subsidy like Nelson Rockefeller needs the Social Security payments to which he will one day be entitled.

But while the Social Security program still benefits primarily those of modest or low income, the farm subsidy program benefits primarily those of high income.

No wonder Mrs. Marty Green, one of a group of welfare mothers who testified before the special Senate hunger committee, objected to a program for enriching the already well-off.

The farm subsidy program is one more example of a governed program having almost exactly the opposite effect of which it was intended, yet—because it is politically entrenched—becoming impossible to repeal or reform.

[From the State Journal, Topeka, Kans., Apr. 11, 1969]

HUNGER CRIES FOR ACTION

The shameful fact of too many Americans not getting enough to eat keeps cropping up among the nation's most pressing problems.

New Secretary of Agriculture Clifford M. Hardin has assured Congress one of his department's basic objectives will be to eliminate undernutrition "in as efficient a manner and in as short a time period as is physically possible."

It is to be hoped that the "positive recommendations" on food programs, which Hardin said the administration will have, will come soon.

So far, there hasn't been much accomplished that a hungry person could sink his teeth into.

In late winter, the Agriculture Dept. announced free food stamps for two counties in South Carolina.

Sen. George S. McGovern, chairman of the special Senate committee investigating hunger and malnutrition, said he wants free food stamps for all seven million Americans in families earning less than \$1,000 a year, and lower stamp costs for the less impoverished.

Food stamps currently are sold in relation to the family income. The poorest pay 50 cents a month. A family with income of \$600 to \$1,000 a year pays \$18 a month for \$60 worth of stamps.

Sen. McGovern's committee toured south Florida farm labor camps, as its first trip "into the field" to gather firsthand information. Regrettably, the mission was clouded with political backbiting.

Gov. Claude Kirk was miffed that he and his state health officer were not invited to testify.

And President Nixon's director of communications, Herbert G. Klein, charged McGovern with making it a political issue with nothing to be solved "traipsing around the country with television cameras."

The committee chairman said he thinks a struggle is going on within the Nixon administration over how much to spend on the food program. He predicted approval of only \$100 million for the year starting July 1, claiming \$1 billion to \$1.5 billion is needed.

The very source of help is being challenged. In January, Wilbur J. Cohen, as outgoing secretary of Health, Education and Welfare, proposed that the food stamp program and direct food aid to the poor be switched to HEW from the Department of Agriculture. His argument was that HEW, unlike Agriculture, was "not subject to interference and domination" from Congress and farm producers and distributors.

Going along with him was the National Planning Assn., whose agriculture committee asserted that "food aid policies should be considered entirely as programs of help for the poor people" and not as farm programs.

There is, to be sure, a role for health and education in the plight of America's hungry. More than the actual lack of food, the nutrition unbalance, where families do not understand how to use their food allowances wisely, is even more widespread.

By whatever approach, this gnawing uneasiness of a food-wealthy America, procrastinating while pockets of hunger and malnutrition do exist, calls for action.

[From the Daily Advertiser, Lafayette, La., Apr. 20, 1969]

BONIN REPORTS

LOUISIANA LAUNCHES WAR AGAINST HUNGER IN STATE

BATON ROUGE.—Are there hungry people in Louisiana?

Are there low-income families who lacks enough money to buy an adequate diet?

These are questions that many people are asking today, because they are concerned about the plight of needy and low-income families, according to Garland L. Bonin, Commissioner, State Department of Public Welfare, Baton Rouge.

"We have launched an all-out war against hunger and malnutrition in Louisiana by offering every parish the opportunity to use the U.S. Department of Agriculture's food assistance programs to help feed its needy people," Bonin said.

There are now 61 parishes that are or will be soon operating federal food assistance programs to help feed the needy. More than 95 per cent of the state's population is in these 61 parishes.

"With this population coverage, we are assured of reaching nearly every family in need of food," Bonin emphasized.

192,505 GET FOODS

In January, 192,505 Louisianans were getting foods through USDA's Commodity Distribution Program or the Food Stamp Program. This is an increase of 85,843 people over January, 1968, according to State Department of Public Welfare records.

State and parishes pay for the local administrative costs of operating these food programs, while USDA's Consumer and Marketing Service donates the commodities and provides for the food coupons which can be spent like cash at retail food outlets authorized to accept them.

Commodity distribution began in Louisiana during the thirties and 14 parishes are still using this program. In January, 89,244 people were given foods totaling 386,206 pounds.

In the beginning, only surplus farm commodities were distributed, but now C&MS buys most of the foods because there are few surplus stocks—mostly grain products.

"You can prepare adequate and tasty meals from the wide variety of foods now offered by USDA," Bonin said.

With the opening of the last food stamp programs in April there are now 42 parishes in this USDA food program, and others are getting ready to participate, according to Bonin.

In January, 103,261 Louisianans were using USDA food coupons to buy food, an increase of 24.6 per cent over January, 1968.

Value of coupons issued in January totaled \$1,443,077. Of this total, 47.7 per cent were "bonus" coupons to help increase the purchasing power of the needy and low-income families.

BUY COUPONS

Under the Food Stamp Program, families buy USDA food coupons equal to what they have been spending for food. Then, they get the "bonus" coupons free to give them additional buying power.

Families can spend USDA food coupons like cash for almost any food they need. Also, they can shop in any food store authorized by the Consumer and Marketing Service to accept USDA food coupons. Most food retailers in food stamp parishes are accepting food coupons.

Recent changes by USDA's Consumer and Marketing Service allow families with net incomes under \$70 a month to get more food for less cash.

The change follows the 1967 reduction of the minimum purchase requirement to 50 cents a person per month, with a maximum of \$3 for a family of six or more. Although the minimum still remains the same, these families will now get more coupons.

So the lowest-income families will be able to increase the food they buy to help them more nearly afford a low-cost adequate diet. The liberalization also makes it easier for more of the "poorest of the poor" families to take part in the program, Bonin pointed out.

The Commodity Distribution and Food Stamp Programs are administered in Louisiana by the State Department of Public Welfare, in cooperation with USDA's Consumer and Marketing Service.

[From the Birmingham News, Birmingham, Ala., May 8, 1969]

FEEDING THE HUNGRY

It is to the great credit of America that enormous efforts have been made to help its disadvantaged people break the chains of grinding poverty.

It is a constant challenge to America that the efforts have not been totally successful.

President Nixon's proposal that Congress authorized a new attack on the most gnawing aspect of that problem—hunger—deserves speedy approval.

There is a tendency on the part of some who rarely get beyond their own comfortable neighborhoods to scoff at the idea that physical hunger still is a problem in America. No one need go very far to confirm that it is.

It is a problem which knows no age or skin color or geographical boundaries.

It must strike the conscience of every American who regularly sits down to nutritious meals that there are people, some of them living not too far away, to whom a good meal is a far-fetched dream—children who have never eaten an orange and who rarely see a glass of milk; adults whose bodies show the effects of a lifetime of malnutrition.

As the President said, Americans—yes, these "imperialist," war-mongering Americans—time after time have gone to the assistance of hungry people all over the world. Can we do less for our own citizens?

There may be honest debate about the best approach to providing for the welfare of the poor, to help motivate and assist them toward constructive, useful lives rather than to institutionalize the dole. But there can be little argument that stomachs must not be left unfilled in America if it is within our power to fill them.

[From the Times-Democrat, Davenport, Iowa, May 6, 1969]

THE HUNGRY MUST BE FED

One of the most appalling disclosures of today's American is that there are an estimated 10 million persons in this country who go hungry. Where is the effort in their behalf which matches that for the poverty-stricken abroad?

A former southern governor was quoted recently as having told a Senate committee that as his state's chief executive he deemed it politically wise to remain mum regarding problems of hunger there.

There are indications that a similar course has been pursued in other places, where the responsible officials have been less candid.

Thus, it is not surprising that Americans have learned for the first time that the United States has more mal-nourished or actually starving children than war-ravaged France had at the end of World War II—this despite the fact that the U.S. has a gross national product of almost \$900 billion a year.

It is unbelievable that Americans don't care. What well-fed person would turn his back on a hungry child? What member of a religious body—and there some 126 million such members—would deny his faith by indifference?

That there are needy families is not news. Annually, the charitably-disposed have given food baskets to the unfortunate at Thanksgiving and Christmas.

That is well and good. But how effectively is the tragic problem being handled during the rest of the year?

There is assistance for the poor from Washington in the form of food stamps and surplus commodities, in addition to whatever financial help is channeled through state and county agencies. It must be admitted, however, that it has been of only limited success thus far.

It should be noted, too, that the surplus commodities program is geared primarily, for the benefit of the producer, not the consumer. The foods which become available are those in long supply, whether they serve the needs of a balanced diet or not.

Habitually in recent years, when a problem such as that of the hungry is encountered, the concerned citizen looks to Washington. That, of course, is not always good.

Still, starvation among the poor is shown to be of such enormity that only the federal government would seem to have the means to reduce it. However food is to be provided and distributed, Washington should establish the guidelines of a program that will do the job.

No other national need deserves a higher priority for a study which will provide a solution of the problem—and quickly.

[From the Chicago Daily News, Apr. 28, 1969]

THE HUNGRY MUST BE FED

A recent Gallup Poll indicates that a large majority of Americans are aware of widespread poverty and hunger in their affluent nation, and believe that quick, heroic measures should be taken to solve the problem. This is good news. Acknowledgment of a problem is the first step toward its solution.

Gallup's survey centered on a proposal of Sen. George McGovern (D-S.D.) that the food stamp program be liberalized by providing free stamps for persons of the lowest incomes; that the prices of stamps be reduced for others below the poverty line; and that the secretary of agriculture be empowered to operate the program in counties without waiting for local requests, as is now required. His bill is expected to have more than a dozen co-signers, from both parties, before its introduction. It is intended, however, as an interim provision, to provide some immediate relief of an imperative problem until a comprehensive, more or less final program can be provided. This is expected at the end of the year from McGovern's Select Committee on Nutrition and Basic Human Needs.

Food stamps enable the poor to get food free or at reduced prices. They are by no means the only solution—they do not eliminate the cause of poverty and hunger. But they do provide the most direct way to get food to people. Red tape and bureaucracy must give way before the need and emergency attempts to meet it. Hunger does not wait. Nor do its consequences in human degradation.

[From the Bloomington, Ill., Pantagraph, May 4, 1969]

NONE NEED GO HUNGRY IF AMERICA WILLS IT

THE ISSUE—Is the hunger problem in the United States real or an overblown political gimmick?

The debate on hunger in the United States—conducted almost entirely among the well-fed—cuts across curious political, ideological and regional lines.

The resident liberal in the White House, Daniel Moynihan, doubts that serious malnutrition exists in the United States.

The middle-road secretary of agriculture, Clifford Hardin is amazed at the depth of hunger in a land of plenty.

A liberal Republican, Sen. Jacob Javits, insists that the fight to end hunger must be a principal activity of the Nixon administration.

Upstate New York counties continue to refuse to approve food stamp programs and get no back talk from Governor Rockefeller who says he is dismayed by reports of malnutrition in Harlem as well as in South Carolina.

Moynihan enters the hunger picture through a memo he prepared for President Nixon. The President asked him whether there was any evidence that hunger in the early years of life led to mental retardation.

Said Moynihan:

"There is strong evidence that severe malnutrition, such as that found in developing countries, can cause retardation . . . but my suspicion is that there is little of this in the United States at the present time."

An amazing basis for judgment from a noted scholar! His "suspicion" may have played an important part in President Nixon's reluctance to launch a major effort to wipe out hunger.

Reputable medical men and food scientists insist that malnutrition does indeed exist, probably to the extent that unborn children are affected while still in the womb and further damaged during the first two to five years of life.

One set of statistics—while it doesn't automatically show the extent of malnutrition—is germane. Dr. Hardin's Agriculture Department reports there are 8 million American families whose total income is less than the minimum stated by the department to be necessary for food alone.

Said Hardin: "It is unthinkable that hunger, protein deficiency and other forms of malnutrition should be permitted to endanger the physical and mental development of children in this land of abundance."

Senator Javits calls the Administration's caution in the area of hunger a "deeply disturbing development." Javits has urged presidential advisers to go out in the nation (as he has) to see the hunger in the land.

Javits wants to go beyond the proposal from liberal Democrat George McGovern of South Dakota, who seeks to greatly expand the food stamp program and make the stamps free to those of lowest income.

The Javits program, which should be implemented, includes provisions for involving private food companies in developing and distributing fortified and enriched foods, improving administration of food programs and reshaping the school lunch program—is a scandal of non-feasance across the nation.

Sure, there must be priorities, but food, clothing and shelter come first.

Niggardly welfare payments in the South must be increased. Welfare payment systems in the North must be changed to make sure that ghetto children have full stomachs and clean beds, not numbers game tickets and boozy fathers.

[From the Chicago Sun-Times, Apr. 18, 1969]

FEED CHICAGO'S HUNGRY

Chicago has so far avoided the congressional spotlight that has played upon the disgraceful problem of *hunger among the poor*.

But the Sun-Times reporter Linda Rocky has shown in a saddening series of articles that Chicago shares equally with other cities the shame of widespread malnutrition.

Thousands upon thousands of children suffer crippling defects because of inadequate diet. Mothers deprive themselves so there will be scraps for the young. The elderly poor count out their days in hungry misery.

And too little is done, because those who would act are frustrated by bureaucratic red tape and those who could act are too often insensitive to the problem.

The bureaucratic tangle can be illustrated by difficulties with the food stamp program.

Not all of the poor qualify for food stamps. Many who do qualify do not buy them because they cannot afford to spend the mandatory 80 percent of already meager welfare allowances. Even the poor have non-food expenses to meet.

The food stamp program thus reasonably should be supplemented by the distribution of surplus commodities. But Chicago does not qualify for such commodities because it has a food stamp program.

Official insensitivity toward hunger is illustrated by the fact the city health commissioner, Dr. Morgan J. O'Connell, doesn't agree it exists. We suggest he talk to his own chief nutritionist.

It is not enough to discuss hunger, however. There must be not only an acceptance of the fact it exists, but a willingness to end it. We suggest that now is the time for action in Chicago.

First, the senatorial committee investigating hunger could visit Chicago. The committee could profit from testimony here, and so could those Chicagoans who are reluctant to acknowledge hunger.

Second, there should be a thorough study—by O'Connell's department, perhaps—of the relationship between hunger and disease and death. For example, is the high infant mortality rate in poverty areas linked to malnutrition?

Most important, Mayor Daley should commit the city to a war on hunger. He has the power to see that action is begun; he has the skill to cut away red tape. And we are certain he has the desire to feed the hungry. Chicago is one of the wealthiest cities in the wealthiest nation in the world. It cannot afford the shame of one hungry child's tears.

[From the St. Paul Dispatch, St. Paul, Minn., Apr. 28, 1969]

EDITORIALS—MODERN FOOD PROBLEM

Poverty is not the only cause of serious malnutrition in the United States. Another factor is a national decline in use of properly enriched or fortified foods. As a result, public health authorities report an increase in rickets, goiter and other conditions associated with dietary deficiencies.

A quarter century ago the medical profession anticipated elimination of rickets among American children through the addition of Vitamin D to milk. Eradication of simple goiter in the Great Lakes region and other areas deficient in natural iodine was expected to follow the introduction of iodized salt. Other important health advantages were to be assured by addition of certain needed elements in bread and flour.

Substantial health gains were made through these innovations. But in recent years the nation has slipped backward. Rickets, goiter and other deficiency signs are on the increase.

Dr. Arnold Schaefer of the U.S. Public Health Service says there is less Vitamin D enriched milk on the market today than 10 years ago. There is less enriched flour than 15 years ago. Most prepared cake and roll mixes are not fortified. Much less iodized salt is sold now than in the 1950s.

He says the food industry is partly to blame for his retrogression. In some instances higher prices are charged for fortified products than for unfortified, although there is hardly any difference in production costs. Another aspect of the problem is that the public no longer seems as aware of the dangers of nutritional gaps as 20 years ago.

At that time the fortified foods idea was new and received widespread attention. Food industries joined strongly in promotion campaigns. Schools helped spread the gospel. The medical profession was active in campaigns. Women's organizations kept up interest.

Today apparently the public assumes that food products are of maximum nutritional quality and former vigilance on the subject has declined. Dr. Cortez Enloe, editor of Nutrition Today magazine, says, "food fortification programs appear to suffer malaise that will inevitably lower the general health of many Americans." Even the wealthy, he warns, can be victims of malnutrition. He cites the tremendous variety of food products in supermarkets as an obstacle in itself to selection of the most nutritious items.

Dr. Schaefer and others in the Public Health Service are conducting a comprehensive study of present day nutritional deficiencies. Out of this should come constructive recommendations and, hopefully, closer cooperation between food industries and health authorities.

[From the Columbus, Ga., Ledger, May 3, 1969]

THEY ARE HELPLESS—LET'S FEED THE CHILDREN

Teachers report that some children throw up the free cold milk they receive during homeroom period because their stomachs are empty from not eating and cannot hold it . . .

Some eat the peel of oranges served with lunch because they are so hungry . . .

Some make the rounds after eating their own school lunch to bum leftovers from classmates because they know it will be the last decent food they will get until the same time the next day.

These children live in Columbus and Muscogee County, not in Biafra, Vietnam or New York.

It is inhuman that this situation is permitted to continue in a community with so much wealth.

For these children and for scores of other hungry youths in Muscogee County, the free or reduced-price school lunch is the only well balanced meal of the day. On some days, it is the only meal.

Even this meal could be cut off, according to school officials, if funds for the program are not increased to meet the spiraling costs of providing it.

The special free milk program may be discontinued in the county before the end of the school year because of lack of funds.

County schools receive 4.9 cents per meal from the federal government and 1 cent a meal from the state. The costs for providing meals is 35 cents each. Unless free and reduced-price meals are continued, some children will not eat. They don't have the money.

More money from the state and federal governments apparently is not forthcoming. In fact, federal funds for school lunches this year were reduced.

Are the citizens of Columbus and Muscogee County going to permit this situation to continue? Isn't there some way churches and civic clubs, local governments and individuals can help?

What will the children who get their only decent meal of the day, and, sometimes their only meal, do when school is out in a few weeks for summer vacation? Will they starve?

It is nauseating to know that in our midst helplessly innocent little children are going without food.

[From the Birmingham, Ala., Post-Herald, May 1, 1969]

THE SOUTH NEXT DOOR—THE CAROLINAS LOOK INTO HUNGER

(By Chris Waddle)

The Southland is feeling the hunger pains of its people.

Poverty is everybody's business and will not be erased unless citizens at the local level become involved, said U.S. Sen. Ernest F. Hollings of South Carolina this week at an annual Democratic fund-raising dinner in Raleigh, N.C.

Also in North Carolina, Gov. Robert Scott has asked the U.S. Department of Health, Education and Welfare to conduct a nutrition survey of the state.

And South Carolina has created a Committee on Hunger and Nutrition.

Welfare complaints—felt in Birmingham during recent weeks—also are taking place in Louisiana.

A New Orleans woman has asked a district court to block a cut in aid-to-dependent-children payments announced last week by welfare commissioner Garland Bonin.

Bonin had announced the cuts would take place July 1 and were necessary as a result of legislative orders to cut budgets statewide.

Louisiana Gov. John McKeithen said at a news conference Monday the legislature will consider a request by the welfare department for \$1 million in emergency funds for the state's failing aid-to-dependent-children program.

But first day of the legislative session is not until May 12.

State Sen. William Guste of New Orleans has reported he is seeking federal funds to shore up the welfare program. However, he has been unsuccessful to date.

[From the San Angelo, Tex., Standard-Times, Apr. 15, 1969]

HUNGER WOES WON'T COVER UP

Herbert J. Klein, President Nixon's director of communications, may be repenting at leisure an uncharacteristic outburst he recently directed at Sen. George McGovern and others who he said have been "traipsing around the country with television cameras" to prove that some Americans are hungry.

Klein called this conduct "disgraceful" in that it makes a political issue of hunger. He contends that the subject is being given too much prominence.

Well, if it hadn't been for McGovern and others, many members of Congress and many state officials (as in Texas) would still be claiming that there is no

problem of hunger in the United States. McGovern and some nutritional specialists visited areas in many states where children and adults were suffering from hunger and from serious nutritional diseases.

The criticism forced a revision of the surplus commodity distribution system. In some cases commodity distribution was undertaken directly by the federal government when local officials seemed uninterested.

Critics could be seriously faulted if they tried to make political capital out of something that did not exist. But hunger and malnutrition do exist. The conscience of America has been aroused. In this rich land of ours there is no excuse for a single child going hungry.

Klein certainly cannot be accused of insensitivity or unhumanity. But he sounded like it when he seemed to advocate brushing the problem of hunger under the rug.

[From the San Antonio Express, San Antonio, Tex., May 8, 1969]

HUNGER TOUCHES EMOTIONAL STRINGS OF MANY FOR VARIOUS REASONS

President Nixon's intent to draft a hunger campaign of around \$1.5 billion lasted a week. It was presented to Congress this week with a price of \$2.5 billion.

"The honor of American democracy is at issue," he said in a supporting message.

The higher price came as a result of representations from numerous sources. Congressman Bob Poage of the House Agriculture Committee, found nutrition—not merely poverty—an issue. Rep. Roman C. Pucinski (D-Ill.) feared—or said he did—a middle class revolt against government unless milk subsidies were kept high enough to allow for free or reduced-price milk. The President found that he could re-jigger his budget to find the added \$1 billion.

Thus hunger—an issue that stirs great emotion and even some compassion—is as much an economic issue as a humanitarian one.

If the President's first draft was solidly supported, the extra billion dollars were added to make the program acceptable to the Congress. Some of his own party stalwarts (Sens. Percy and Javits most prominently) had criticized the earlier proposal. Javits is skeptical about the \$2.5 billion figure's adequacy.

All skepticism aside, we agree with Mr. Nixon that the "honor of American democracy is at stake." We are acutely aware that some of our people are hungry because they are poor. Those who are malnourished for other reasons are a special problem.

Americans just don't let individuals starve or even go hungry—but they will let anonymous numbers go hungry at a distance. The Nixon plan aims to provide food stamps—on a more generous basis—free to poor where it appears necessary.

Long-range, the plan offers encouraging possibilities:

1. Replacing commodity distribution with stamps.
2. Establishment of a single agency to handle all food programs.
3. A White House conference to explore how private food markets may help.

[From the Dallas Morning News, Dallas, Tex., Apr. 27, 1969]

WAR ON STARVATION

It must puzzle an estimated 10 million hungry Americans that appeals for the starving abroad evoke tremendous response, while domestic starvation remains untended.

Sen. Ernest F. Hollings, former governor of South Carolina, made a painful confession before a Senate committee not long ago. When he was the state's chief executive, he testified, he considered it good politics to cover up the problem of hunger in his bailiwick.

There is no sure way to determine just how many public officials believe as ex-Gov. Hollings did. But the fact is that a nation with a gross national product of nearly \$900 billion has as many starving children within its borders today as war-ravaged France did at the end of World War II.

What well-fed American would willingly allow a child to die of starvation or be crippled by it for life, if there were any way to avoid it? There are 126 million members of religious bodies in the United States—or more than 60 per cent of the population. Who among them could reconcile their profession of faith with desperate but unheeded hunger?

The desperation has not gone entirely unnoticed. Religious and civic groups help the poor at Thanksgiving and Christmas with food baskets, and the recipients' gratitude is heart-warming. But how many members of such groups have wondered what these families do for nutrition the other 50 weeks of the year?

The federal government offers food stamps and surplus commodities. The stamps can be cashed for discounts on items at the store, but those who are both ignorant and hungry have trouble understanding how this is supposed to work, and the program's success to date has been limited at best.

The commodities program is aimed toward the producer, not the consumer. Government "buys" the excess when too much of a certain crop hits the market, to hold up price supports. This month the surplus may be potatoes and peanut butter. Next month, who knows? If surpluses available at a given time result in a nutritious diet, it is purely accidental.

Men of good will may be turning to government out of desperation, because the problem of hunger seems so overwhelming. But is it? There are 4 million more members of the United Methodist bodies than there are starving Americans. Southern Baptists match them, more than one-for-one.

If government has a proper role in a war on hunger, it would be to identify the needy and design channels through which help can flow. To gloss over or cover up starvation, in the misguided belief that this is smart politics, is to pervert the primary responsibility of government—to perform for the people those tasks which they cannot do as well individually.

The new administration has called for personal involvement in the solution of our national problems. Government's task is to promote the most effective means yet discovered for helping fellowman—person-to-person humanitarianism.

[From the Omaha World-Herald, Omaha, Nebr., May 11, 1969]

FASTER HUNGER DRIVE WORRIES FARM POLITICIANS

In terms of federal expenditures, the war on hunger and malnutrition has intensified rapidly.

Even before its latest expansion, announced earlier this week by President Nixon, its cost had increased by more than a half-billion dollars over two years.

The cost of food assistance programs now accounts for about 25 per cent of the Department of Agriculture's budget—and the percentage soon will be higher.

In fiscal 1968, which ended last June 30, the USDA spent \$900 million on these programs.

It will spend an estimated \$1.24 billion on them in the current fiscal year.

RAISES REQUEST

Prior to this week, the administration was requesting \$1.46 billion for the programs in the coming fiscal year.

Then, pressured from within and without his administration to provide more money for food assistance, Nixon announced that the war on hunger will become a \$2.5 billion annual program sometime after the first of the year.

As an immediate step, he said, an additional \$2.7 million was being earmarked for it in the budget now before Congress.

Thus, for the year beginning July 1, the budget will contain \$1.73 billion for the various food assistance programs administered by the USDA.

The overall USDA budget is approximately \$7 billion.

Some farm state members of Congress, while not opposed to the food assistance programs, are disturbed by the impact of their cost on the agricultural budget.

FAMILIAR PROBLEM

For them it presents a familiar dilemma.

They feel city folks are critical of the size of the USDA's budget and tend to regard it as one big farm subsidy, even though many USDA programs do not directly benefit farmers.

Consequently, they dislike to see farmers "charged" for programs that primarily benefit consumers and other nonfarm groups.

But, on the other hand, they don't want such programs shifted to other departments because they feel it would weaken Congressional support for the annual agricultural appropriations bill.

Big city congressmen would be less inclined to support the farm money bill, they reason, if it did not include funds for such things as food assistance.

The CHAIRMAN. It is not the question of malnutrition, I mean of poverty. What we are trying to do now is to find ways and means of correcting that, by providing the funds and how it should be distributed. That is really the function of our committee.

Mr. CHOATE. Yes.

The CHAIRMAN. Thank you very much.

Mr. CHOATE. Thank you.

The CHAIRMAN. All right, Mr. Mitchell, will you come forward, please.

Will you identify yourself for the record.

STATEMENT OF CLARENCE M. MITCHELL, LEGISLATIVE CHAIRMAN, LEADERSHIP CONFERENCE ON CIVIL RIGHTS

Mr. MITCHELL. I am Clarence Mitchell, director of the Washington Bureau of the National Association for the Advancement of Colored People, but I am also appearing here as a representative of the Leadership Conference on Civil Rights.

I would like to say, Mr. Chairman, that the conference, comprising some 125 national organizations, has asked me to express appreciation to you and the other members of the committee for your interest in this matter, which all of us feel is very important.

With your permission, Mr. Chairman, I would like to file my statement for the record, and attempt to summarize it.

The CHAIRMAN. That will be done. The full statement will be put in the record at this point, and you may proceed to summarize it.

(The prepared statement of Mr. Mitchell is as follows:)

Mr. Chairman, my name is Clarence M. Mitchell. I am appearing here today as Legislative Chairman of the Leadership Conference on Civil Rights, a national coalition of 125 religious, labor, civil rights, fraternal, and civic groups. For 20 years, these organizations in the Leadership Conference on Civil Rights have sought, through democratic processes, to achieve the goal of a plural society in which every group is accorded an equal opportunity to enter fully into the general life of the society. It is in continuing pursuit of this goal that I appear here before you today.

I would like to thank you, Mr. Chairman, for holding these hearings and starting the legislative process toward an improvement in Federal food programs, particularly the Food Stamp Act which had its beginnings in this Committee. Your concern reflects a growing national awareness of a gap in the delivery of food to this Nation's poor and disadvantaged.

I think it is clear that the great majority of Americans would like to see more of their tax dollars invested to help hungry Americans get more to eat. Tax dollars so invested will be returned to us many times over as the poor and their children become self-sufficient, useful, taxpaying citizens. This Committee recognized this principle when it initiated the national Food Stamp program. It is now time to invest more legislative creativity in this program to insure that all those in need of the program will be reached in a dignified, equitable, and humane fashion.

The bills now before this Committee are all directed toward the goal of expanding the reach of the Food Stamp program to help it meet the real—and now well documented—needs of low-income Americans. I would like to explore with you some principles embodied in the pending legislation which we urgently ask the Committee to take under most serious consideration.

No person in the United States should be denied an adequate and nutritious diet by reason of poverty. It is a mockery of Congressional concern to enact

food programs which fall short of providing a minimally adequate diet. For that reason, the Federal government must establish a standard for a nutritionally adequate diet and all Federal efforts to help citizens in need of food assistance must meet those standards. At least two of the bills now pending before this Committee speak to this principle, S. 2014, introduced by Senator McGovern and others, and S. 6, introduced by Senator Mondale. At a minimum, the purchase value of food stamps should be raised to \$120 a month, the current U.S. Department of Agriculture's estimate of the cost of a nutritionally adequate diet for a low-budget family.

In conjunction with a Federally established standard for a nutritionally adequate diet, a Federal income standard for participation in the food stamp program should be established. At present, State agencies set eligibility standards. The result is a wide variation in criteria for eligibility among the many localities participating in the program. Families in need are thus discriminated against on the basis of their place of residence. Again, this principle is incorporated into some of the proposals now before this Committee. S. 2014, the McGovern Food Stamp Reform Act of 1969 would set eligibility standards at three times the cost of the U.S. Department of Agriculture's low-budget food plan. We feel this proposal sets a civilized floor. It should not, however, set a ceiling. The Secretary of Agriculture should review, each year, the cost of a minimally adequate diet and revise the standard as needed. The States should also be permitted to set a higher maximum income figure for participation determined by prevailing economic conditions in that particular state.

We earnestly ask this Committee to include in any legislation which they report to the Congress the concept of free food stamps for those with minimal incomes. In light of the many investigations which have been made, we must now recognize that some families are not able to meet even the current minimum purchase price for food stamps. And if you support—as you have supported—the idea of free surplus food distribution to the needy, then you cannot reasonably deny the concept of free food stamps. The commodity distribution program does not produce a nutritionally adequate diet. To deny the issuance of free food stamps which would allow a family to choose more nutritious and palatable foods in detail store is to say that if we give it to you free, you don't deserve access to the best foods available. And to argue that if the government gives free food stamps, a low-income family will use their own money for whiskey, gambling and other vices cruelly maligns people who are also in need of shoes, clothing, housing, and medical care—all of which cost money.

Even if we cannot agree that all low-income families will spend their own money on realistic needs, should we penalize the children of the profligate, as well as those adults who are not profligate, because of the excesses of a few? Do we teach prudence and good consumer shopping habits with the whiplash of starvation? I submit that America's answer to those questions is "No!"

This principle of free food stamps is recognized in several of the bills under consideration by this Committee, including S. 1864, the Talmadge bill, and was also included in the President's recent message on food programs. At a minimum, those families with incomes under two-thirds the cost of a Federally determined minimally adequate diet should be issued free stamps.

For those with incomes which indicate some ability to purchase food stamps, we urge the committee to reduce the percentage of their income needed to purchase stamps. The average American family in 1967 spent 17% of its disposable income for food. This should be the goal of programs designed to help those who need food assistance.

Mr. Chairman, in addition to the major proposals which I have just made, I wish to indicate to you briefly other barriers to effective participation in the Food Stamp program which must be overcome. There is a serious gap between eligibles and participants in Federal food programs.

Federal food programs reach 1 in 5 of the poor. It is now urgent for this country to pay the price of its rhetoric or the poor will once again be deceived by the announcement of a program the administrators never seriously intend to put into effect on a total or meaningful basis. High priority must be given to simplifying the procedures of participation:

- (a) Self-certification of a participant's eligibility must be instituted;
- (b) Flexible financing arrangements must allow participants to purchase less than their full complement of stamps at any one time;
- (c) Procedures for mailing stamps to participants or for increasing distribution points must be instituted.

In addition to simplifying the procedures of participation, the Congress must give the U.S. Department of Agriculture the authority to operate food programs in localities which refuse to undertake them on their own and must also allow the simultaneous distribution of surplus foods in food stamp areas. The poor cannot be consigned to malnutrition and ill-health because of bureaucratic omissions.

And, lastly, every possible effort must be made to insure that every eligible household is informed of and helped to participate in the Food Stamp program. I would suggest that this includes using the services of the poor themselves.

The price for these improvements will be high. But as I have indicated, Mr. Chairman, I think the American people and the Congress are now willing to meet the cost of providing for that basic necessity of life—food—for all Americans. This committee, which began the Food Stamp program, must show its willingness to proceed toward its full implementation.

Mr. MITCHELL. You are very gracious in going over the lunch period to do this, and I appreciate it.

I think that what I would like to emphasize is that we as organizations interested in this problem feel that the Federal Government must establish a standard for a nutritionally adequate diet, and all Federal efforts to help citizens in need of food must meet those standards.

Two of the bills, or at least two of them that are before this committee, introduced by Senator McGovern and Senator Mondale, do attempt to meet that kind of a principle. At a minimum, the purchase value of food stamps would be raised to \$120 a month, the current U.S. Department of Agriculture's estimate of the cost of a nutritionally adequate diet for a low-budget family.

In conjunction with a federally established standard for a nutritionally adequate diet, a Federal income standard for participation in the food stamp program should be established. At present, State agencies set the eligibility standards.

The result is a wide variation in the criteria for eligibility, and unfortunately I believe, Mr. Chairman, and Senator Curtis, that the variations that people encounter in localities of this country are, to some extent, responsible for the migration of people from one area of the country to the other, with all of the attendant problems that go along with vast displacements of our people.

It is my opinion that if we could do something to make the standards uniform, there would be less reason for people to go off in search of the promised land, so to speak, only to find that it really isn't there after they get to the place.

The CHAIRMAN. This migration has been caused primarily by the fact that those who migrate can't get a job at home, and are seeking places where they might be able to get better jobs.

Mr. MITCHELL. That is so true, and, of course, in areas where there has been a great deal of displacement for agricultural reasons, often, after losing a job, they can't eat.

The CHAIRMAN. I have presented to the Senate here during the 89th and 90th Congress a bill that would, I think, cure that evil. In other words, to have work where the farmers or where the people now live, but somehow the House wouldn't agree with me. We passed it twice and the House wouldn't agree to it.

The idea was to create or to try to create jobs in the areas where all this unemployment exists.

Mr. MITCHELL. Just this morning I was over in the House, where Congressman O'Hara was introducing a manpower bill, which I think has as its intention trying to come to grips with that problem, and hopefully his objective and yours coincide. We yet may do something about that.

The principle of having a Federal standard is in my judgment very important, and that is incorporated in the McGovern Food Stamp Reform Act of 1969.

The Secretary of Agriculture would review each year the cost of a minimally adequate diet, and revise the standards as needed. The States also should be permitted to set a higher standard for income participation, determined by prevailing income conditions.

We earnestly ask this committee to include in any legislation which they report to the Congress the concept of free food stamps to those with minimal incomes. I don't think it is possible to overemphasize that, Mr. Chairman, and Senator Curtis, because I have observed that it is nice to talk about people making, say, \$1,200 a year or \$1,600 a year, with the understanding that they are going to put part of that money into food purchases, but realistically all of us know that a family that is poor, just tightens the belt and the children get less to eat.

I have been wholly unable to find out why we wouldn't make stamps free.

Senator CURTIS. You think these stamps should be made available at lesser intervals than once a month, too?

Mr. MITCHELL. I think it would be realistic to do that, Senator Curtis. As people who have been poor like myself know, the tendency of low-income families is to purchase at more frequent intervals than those who are more affluent, so I would say that realistically we ought to make them—

Senator CURTIS. Many of these people are only part-time employed, and they draw their wages at the end of the day, too; isn't that true?

Mr. MITCHELL. That is very true, and I think many of them are not accustomed to making large-scale purchases. In our testimony we suggest that we ought not to have a requirement that there be a kind of a crash program of purchasing by the food stamp recipients. We think we ought to make it possible for them to purchase in smaller quantities.

As the chairman pointed out, for example, problems like refrigeration and storage and that sort of thing are real problems to the poor.

Senator CURTIS. That wouldn't have anything to do with purchasing the stamps. I am talking about purchasing the stamps on a basis that they don't have to accumulate enough money—

Mr. MITCHELL. That is true.

Senator CURTIS (continuing). To buy an entire month's supply.

Mr. MITCHELL. That is true. I think, though, that realistically there are some people that you just have to recognize ought to have those stamps free.

Senator CURTIS. I wasn't presenting this as an alternative to that, but as something along with it.

Mr. MITCHELL. Yes.

The CHAIRMAN. As to the distribution of the stamps, and the number of times that they should be sold, I think that we can make the law so flexible that it will be up to the local people who distribute those

stamps to make the decision. It may be every week or it may be every 2 weeks. It could be done.

Senator CURTIS. Can the individual now participate to a partial degree and not for the entire amount?

The CHAIRMAN. I didn't get you.

Senator CURTIS. Under existing law, can an individual participate for less than the full amount that he is entitled to?

The CHAIRMAN. Of course, if he wants to, but I don't think he will.

Senator CURTIS. I just wondered. All I am asking is, What are the rules that they are following?

The CHAIRMAN. The rules are set in different States. They don't all agree. For instance, in my State, I stood there for 2 hours watching stamp sales being made, and some people came there with \$3 and got \$24 of stamps.

Senator CURTIS. That answers my question.

The CHAIRMAN. Some for \$12 got, maybe, \$36. It depends on the income.

Senator CURTIS. That answers my question. They can.

The CHAIRMAN. Yes.

Senator CURTIS. They can buy any portion that they choose.

The CHAIRMAN. It depends on the income they receive as to how much cash they would like to put up for so many stamps.

Mr. MITCHELL. As a matter of fact, in my testimony on page 6, we have this statement:

For those with incomes which indicate some ability to purchase food stamps, we urge the committee to reduce the percentage of their income needed to purchase stamps. The average American family in 1967 spent 17 percent of its disposable income for food.

This should be the goal of programs designed to help those who need food assistance.

In addition to the major proposals I have made, I wish to indicate to you briefly other barriers to effective participation in the food stamp program which must be overcome.

There is a serious gap between eligibles and participants in the Federal food programs.

Federal food programs reach one in five of the poor. It is now urgent for this country to pay the price of its rhetoric, or the poor will once again be defeated by the announcement of a program the administration never seriously intends to put into effect on a total, meaningful basis.

Now, I would just like to digress from my written statement to point out this, which I think bears on what I am talking about. As I understand it, it may very well be that the administration will propose a program which will have wonderful ideas in it, with respect to feeding the poor, increasing the school lunch programs and making it possible for some children to have breakfast, and that sort of thing, but I also understand, even assuming that they get everything that Congress is asked to give, the impact of that program will not be felt until January 1, 1970.

I can't understand why, when we know——

The CHAIRMAN. It would be June. You see, the new fiscal year starts on July 1.

Mr. MITCHELL. That is right.

The CHAIRMAN. So that from July 1 on, this new program can be put into effect.

Mr. MITCHELL. That is just my point. As I understand it, the law will authorize it, but administratively it will not be possible to gear up to this program, to be effective, until January 1, 1970. I raised this question with the Department of Agriculture, and that is the answer that I got.

The CHAIRMAN. That is, if we follow their plan. They have suggested, I think, as I recall it, a fiscal amount on the basis of \$340 million, and \$170 million for the rest of the year.

Mr. MITCHELL. Yes.

The CHAIRMAN. That is because the present law ends on the date you suggest.

Mr. MITCHELL. What I am really getting at, Mr. Chairman, is that somewhere there is a gap between what the Congress authorizes and what these agencies do with the money after they get it. I find this all the time. We hear that a program has been authorized, but then when you get down into the local community, and try to find out whether the people are benefiting, it is a different story.

For example, I had a situation come to my attention in the State of Mississippi, where \$100,000 had been authorized for the purchase of food stamps. It was being administered by OEO. But apparently, it was impossible for that money to be used, because the State declined to accept vouchers which OEO supplied. So this meant, here was \$100,000 available, a great many people hungry, but because of a clash between administrative wills, the program was not being put into effect.

The CHAIRMAN. The reason for that might have been this, you see. A program like this can be authorized, but the Appropriations bill must be enacted so as to carry it out.

Mr. MITCHELL. And that, Mr. Chairman, since you are a member of the Appropriations Committee, I certainly think is a tremendously important thing.

The CHAIRMAN. I will do all I can to get it as soon as possible, because this authorization of this bill would be no good unless you get the money to operate it with.

Mr. MITCHELL. And this, in my judgment is—

Senator CURTIS. At the best there is some lag, isn't there, if you are going to have a well-run program? Those administering it can't start until the Congress acts.

Mr. MITCHELL. That is correct.

Senator CURTIS. And after the Congress acts, if they are going to do a good job, there at best will be some lag. Your point is you want to hurry it up as fast as possible.

Mr. MITCHELL. That is absolutely correct.

Senator CURTIS. Consistent with a good job.

Mr. MITCHELL. That is absolutely correct. I feel somehow or other, even assuming we get everything we ask for, and the Appropriations Committees do all they ought to do, we still have the poor fellow out there waiting who thinks he is going to get this, and he finds that although it was promised in June, he doesn't get it until January. This, I think, is not a healthy thing in our country.

I have some specific recommendations, and they are as follows:

We ought to give high priority to the simplifying of procedures of participation.

We recommend self-certification of a participant's eligibility. We recommend flexible financial arrangements to allow the participants to purchase less than their full complement of stamps at any one time.

Here is one part which I think would be of great importance if you could institute it, Mr. Chairman and Senator Curtis, and that is procedures for mailing stamps to participants to increase the distribution points. Somehow or other——

The CHAIRMAN. Who will collect the money for those stamps? It is easy to mail them if you have the money.

Mr. MITCHELL. I think in the case of free food stamps, you don't have any problem at all. In the case of the people who must pay, we might very well work out some kind of a system that you have when you get a registered letter, for example, or you get something sent to you collect from a place where it is being sold.

To me, it is an awfully depressing thing, and I think an unhealthy thing in our country, to see people lined up waiting to buy stamps or waiting to get some kind of service.

I think in our country we ought to try to make the whole process so normal that the general public would not be conscious of the fact that here is a person who is poor and without income, that is why he has got food stamps, and perhaps more importantly, so that the children in the home would not feel that their parents are inadequate, and have to depend on the Government for assistance.

The CHAIRMAN. There is a possibility of us writing into this law a provision that would state that those on welfare, receiving so much money from welfare, that that can be supplemented by a number of stamps, and send both together to the recipient.

Mr. MITCHELL. That is excellent. I think that is in the Talmadge bill, is it not?

The CHAIRMAN. It might be. I don't recall of it being there, but some of us have been thinking about that method. In other words, supplement your welfare payments by stamps for food.

Mr. MITCHELL. That, I think, would save a tremendous amount of time.

Senator CURTIS. Your welfare payment is a combination of local and Federal money.

The CHAIRMAN. But it is all fixed at the local level, Senator, and it would be an easy matter——

Senator CURTIS. Oh, yes.

The CHAIRMAN (continuing). To determine who gets what, and then to supplement that with the stamps, and send it all at one time, whether it be sent from the State or from the Federal Government makes no difference, but at the same time it strikes me that we will get better service, if this program can be administered at the local level, with the local people there.

Mr. MITCHELL. Well, it depends on whether you have it so arranged that the local people do not act as frustraters of the program, rather than expediters.

I would say there are just two other points I want to emphasize, and that is one of them, so I will dispose of the other one quickly, and return to the one I think is more important.

The whole thrust of our Government's effort in every field is constructive. I think we have got some wonderful ideas in this country, and we try to do a lot of good things. There have been many good men and women in our Government who have been trying to do good things for years.

My mind goes back to the Taft-Ellender-Wagner Housing bill.

The CHAIRMAN. And the first public housing bill.

Mr. MITCHELL. Right.

The CHAIRMAN. That is way back.

Mr. MITCHELL. I said you and others have been trying through the years to do things that are constructive in this country, but somehow the message doesn't get to the people who need to receive it, and in this case I think they need to get the message. We must find some way of letting the people know that these stamps and other kinds of assistance are available.

I think that we need to make certain that this is well publicized and gotten across to the people.

Now, with respect to local involvement, I think that we have got to find a way to be certain that if the local community does not want to participate in these programs, then the Federal Government must be able to step in on the basis of assistance.

Senator CURTIS. May I ask a question at that point. You referred to some local people as cooperators and some frustraters. Is that what you said?

Mr. MITCHELL. That is what I said, Senator.

Senator CURTIS. Is the greater problem with those who would hinder the program from a reasonable operation found on the county and city levels, or on the State government level? Do you have much of a criticism of the announced policies and practices on the level of the State government?

Mr. MITCHELL. I would say that there is less reason to criticize the State level of government than there is to criticize the county and local level.

For example, we had a problem with two counties in the State of Tennessee a few years ago, in which displaced people were denied surplus commodities, and we were trying to work out with Agriculture a plan under which this food could be sent directly to the people.

The Governor of the State was in favor of doing it, but we just couldn't get around that local barrier.

For that reason, I think it is imperative that we have the right of the Federal Government to move in the situations where it is faced with intransigents, and make it possible for people to receive the food and the means with which to acquire it.

We had the same problem before the election in South Carolina. In South Carolina there was a big hitch about whether they would have a food stamp program, and some of us were urging that while they were trying to make up their minds on whether they would have a food stamps program, we ought to have distribution of surplus commodities.

The Department of Agriculture indicated that it would undertake that kind of a program, if the State did not have a food stamp program operative.

Suddenly when the State was confronted with that possibility, all of the counties came in under the food stamp program. This was great, but while the different administrators, bosses and one thing or another, were making up their minds, people were hungry, and I think we ought to try to be sure that people are not hungry because of red tape.

The CHAIRMAN. It takes time to get these programs going, and I believe that we can refine this to the point where when it starts well, why, there will be little trouble. I am very hopeful of that.

Mr. MITCHELL. I certainly would think with your attitude on it, Mr. Chairman, it will be a tremendous push, because your power is well known around the country, and your interests are well known in these things, and I think that if it is known that you not only want an adequate amount of money and food, and that sort of thing, but you want it done expeditiously, I think things will happen a little more rapidly than ordinarily they would.

The CHAIRMAN. We will do our best.

Mr. MITCHELL. Thank you.

The CHAIRMAN. Are there any further questions?

(No response.)

The CHAIRMAN. If not, we will recess until 10:00 o'clock tomorrow.

(Whereupon, at 1:45 p.m., the committee adjourned, to reconvene at 10 a.m., Tuesday, May 27, 1969.)

FOOD STAMP PROGRAM AND COMMODITY DISTRIBUTION

TUESDAY, MAY 27, 1969

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The committee met, pursuant to recess, at 10:05 a.m., in room 324, Old Senate Office Building, Senator Allen J. Ellender (chairman of the committee) presiding.

Present: Senators Ellender (presiding), Holland, Jordan of North Carolina, McGovern, Allen, Aiken, Young of North Dakota, Curtis, and Dole.

The CHAIRMAN. The committee will please come to order.

We are continuing our hearings on the food stamp program and direct food distribution.

We have as the first witness Mr. Cordova, Resident Commissioner from Puerto Rico. I understand he has a very short statement he wants to make to the committee.

You may proceed.

Senator Holland, I understand you want to place something in the record?

Senator HOLLAND. I will wait until the Secretary has testified.

The CHAIRMAN. Proceed.

STATEMENT OF HON. JORGE L. CORDOVA, RESIDENT COMMISSIONER OF PUERTO RICO

Commissioner CORDOVA. Thank you, Mr. Chairman.

I come before your committee as the elected representative of the 2,700,000 citizens of the United States who constitute the Commonwealth of Puerto Rico, to express my support, and the support of the Government of Puerto Rico, for the expansion and restructuring of the food stamp program which is envisioned in S. 6 and S. 2014 now pending before this committee.

In spite of dramatic gains in employment opportunities and in health, education, and housing, about 8 percent of the population of Puerto Rico still depends on public assistance for its subsistence. But public assistance is very inadequate, notwithstanding a measure of help in Federal grants. Public assistance grants in Puerto Rico are only about 21 percent of the national average.

Our needy do receive the benefits of the direct food distribution programs, but the effectiveness of these programs, in Puerto Rico at least, is quite limited.

It is important to Puerto Rico, therefore, that the food stamp program, which does not at present apply to it, be extended to cover your fellow citizens there, particularly in the manner contemplated in S. 6 or S. 2014.

My personal preference lies with S. 2014, but either of these two bills will help to alleviate malnutrition and hunger in Puerto Rico, as elsewhere in the Nation. I commend the Senators who have sponsored these bills for their fairness and compassion in extending their provisions to their fellow-citizens beyond the confines of the 50 States and the District of Columbia.

Thank you Mr. Chairman.

The CHAIRMAN. Are there any questions?

If not, we thank you very much, sir.

Our next witness is Mr. Clifford M. Hardin, Secretary of Agriculture.

Mr. Hardin.

Mr. Secretary, we are indeed very glad to have you as a witness. I understand you have a statement.

Do you wish to read it without interruption, or do you mind being interrupted as you read?

Secretary HARDIN. If I could, I would prefer to read this without interruption.

The CHAIRMAN. Very well.

Before proceeding I want to file for the committee a statement of Senator Frank E. Moss, and another by Brooks Hayes, chairman of the Southern Committee on Political Ethics.

(The documents referred to follow:)

STATEMENT OF HON. FRANK E. MOSS, A U.S. SENATOR FROM THE STATE OF UTAH

Mr. Chairman, it is a pleasure to give you my views on the Food Stamp program.

First I want to indicate my full support of the food stamp program and to commend the committee for holding these hearings on bills to extend and improve the program, and second I want to call to the committee's attention some problems which have arisen in the administration of the program in Utah.

Five years ago when the Congress passed the Food Stamp Act, we declared its purpose to be "to safeguard the health and well-being of the nation's population and raise levels of nutrition among low-income households."

That the food stamp has gone part of the way toward that goal is evidenced by the fact that it is now serving some 3,153,000 people. No one will deny that it is basically a good and sound program and that it has the potential for raising the nutrition of low-income people to levels adequate for promoting, and preserving good health.

But at the same time, no one—not even its administrators in the Department of Agriculture—will contend that the Food Stamp Program is actually realizing that potential. That it is not, has been made shockingly clear by the reports and revelations we have received from Congressional investigative bodies and other groups during the last two years.

And from the brilliant work of the Select Committee on Nutrition and Human Needs we are learning more and more about the inadequacy of present Federal food assistance efforts and the accompanying existence of widespread malnutrition and hunger in this, the richest nation on earth. We have been told, to our shame, that eight million of our fellow citizens live in families with incomes which are less than half of the poverty level set by the Federal government, that not all of those are participating in the food assistance programs, and that those who are—are not being served adequately.

We have learned, too, of inequities and inefficiencies in the administration of the Food Stamp Program itself—in the processes of certification, issuance, and

redemption of the food stamps. We have learned, in short, that the Food Stamp Program is functioning neither up to its administrative potential—government and the states and localities—nor to its social potential—which is, of course, to provide the poor with the chance to obtain adequate nutrition.

As I have indicated, the Select Committee on Nutrition—which is chaired by the exceptionally able Senator from South Dakota—has uncovered many of the problems of the Food Stamp Program, both in the social and in the purely administrative areas. But the Select Committee has not been content merely to find faults; it is also actively seeking ways to correct those faults. Thus, it has heard testimony and suggestions from those involved in the Food Stamp Program, from the Federal officials responsible for it to the poor people who participate in it and know perhaps better than anyone else its inadequacies.

Senator McGovern has introduced S. 2014, the Food Stamp Reform Act, a bill which I am proud to cosponsor and which contains a number of important remedies for the faults of the Food Stamp Program. Other Senators, too, have introduced legislation aimed at changing the Food Stamp Program for the better. I am confident that this committee and the Senate as a whole will consider all of the proposals and suggestions relating to the Food Stamp Program; I am confident that all voices will receive a hearing in so important a matter.

My State of Utah has had a statewide Food Stamp Program since January, 1961. That is not a very long time, but I am told that county office staffs have enthusiastically endorsed this program in preference to the Commodity Distribution Program.

During the time the program has been in operation, some problems have become apparent which the state has not been able to resolve with the Department of Agriculture. Generally, the state has found the eligibility rules for the Food Stamp Program too restrictive, audits and audit follow-ups too time-consuming and expensive, and the delivery system inefficient and uneconomical.

Mr. Richard P. Lindsay, Director of the Division of Family Services of the Utah State Department of Social Services has made some recommendation on each of these subjects, and I would like to call them to the attention of the members of the committee:

"1. The Rules for Eligibility in the Food Stamp Program Are Too Restrictive.—Congress should coordinate this law with the Public Assistance titles of the Social Security Act so that the simplification of both substantive and procedural provisions can proceed in step together; e.g., use of simplified applications by affidavit and only sample verification as meeting plan requirement eligibility provisions.

"2. Audits, Audit Follow-Ups and Administrative Reviews are Inordinately Time Consuming and Expensive.—Some of the audits carried out by the U.S.D.A. deal with cases in which the participants were migrants without income and with very insignificant case income (less than a dollar—oftentimes only thirteen cents—a two-weeks minimum cash purchase requirement for a single person.) We don't believe it profitable to spend the time and administrative costs to rectify errors of such trifling amounts. It is our position that audit attention should be limited to fiscally significant items.

"3. There Is a Lack of an Efficient and Economical Delivery System.—The use of commercial banks and other agents as sales outlets for food stamps is a deteriorating procedure, and threatens to be an imminently critical problem. It is our position that the state should be authorized to set up a mail delivery system whereby public assistance recipients could have their monthly food stamp purchase requirements deducted from their monthly warrants and have the stamps mailed to their homes along with, or at the same time as, their monthly grants. It is also our position that the Postmaster General be authorized and required to utilize Post Offices, including branches, annexes and substations, as sales outlets for food stamps. It is our further position that the law should be amended to provide that the states, in acting as agents for the National Government in providing for food stamp sales outlets, should not be held financially liable for program losses due to theft, burglary, robbery or embezzlement of food stamps unless the facts prove malfeasance or misfeasance on the part of the state or their agents."

I ask that the committee give consideration to these suggestions. I recognize that all of them are not exclusively within the purview of this committee—and might have to be worked out with other legislative committees—but I do believe they are worthy of your thought and attention at this time.

STATEMENT OF BROOKS HAYS, CHAIRMAN, SOUTHERN COMMITTEE ON
POLITICAL ETHICS

Mr. Chairman, I appreciate the opportunity to present a brief statement to the Committee on behalf of the Southern Committee on Political Ethics (SCOPE). Our organization is composed of a small group of Southerners who have been long and prominently concerned with the social and political problems of our region. We do not claim any strong power base. We joined together in SCOPE as a means of expressing our concern for the problems of the South and for exploring alternative solutions for those problems.

Attached to this statement is a list of our founding members. You will note that it includes leading publishers and editors, former members of Congress, labor and civil rights leaders and businessmen.

The plight of the poor and the disadvantaged in our region is of major concern to us. The hunger and malnutrition which we know exist are particularly odious and completely unacceptable to countless Southerners who, like ourselves, are proud of the finer traditions of our region. We know that people are hungry also in the slums of northern cities, the Indian reservations of the West, the Eskimo villages of Alaska and elsewhere. As compassionate human beings we grieve for this condition wherever it exists; but as Southerners who feel a responsibility for the conditions which exist in our own States we are embarrassed and chagrined that we have permitted hunger to exist in our own midst. Somewhere, sometime, in some way, we should have done better.

We are encouraged that the national conscience has been aroused and that at last the disgraceful specter of hunger may vanish from our land. The American dream is that each man have an opportunity, through his own labors, to earn a decent living for himself and his family. But we know that in far too many cases this opportunity does not exist at all and that for millions of the disadvantaged, opportunity is severely limited. The result is that in the richest nation in history, which can spend billions of dollars on armaments or exploration of the moon, men, women and children go to bed hungry every night.

To know that this condition exists must trouble the conscience of all of us who have any compassion for our fellow men.

And we are troubled. The nation is troubled. During the past few months we have seen, in newspapers, magazines and on television, the pitiful faces of the poor and hungry. We have read with alarm the accounts of the personal findings of Senators who have found widespread hunger and malnutrition in their own states.

We know that every Senator could find similar cases among his own constituency. More stories could be written, more pictures taken, more delegations could be sent to Washington, more bills could be written.

But aren't we past the need for that? We already know the facts. What we need now is action, and action should start in this Committee.

We find much that is good in each of the three bills which are before the Committee. We do not think any of them go far enough. The concept of the food stamp as one weapon against hunger has long since been proved and accepted. It is obvious that the food stamp program as it is now being operated is too limited and too restrictive.

In considering ways to liberalize the program, we urge the Committee to accept as its standard the proposition that no person in America should be hungry because he cannot afford to buy food. If a family is so poor that it cannot afford to buy food stamps, then by all means those stamps should be available at no cost. We recognize that the Committee will want to establish safeguards, but we urge that these not be so restrictive that the objective of the legislation is defeated. It is far better to err on the side of the poor and disadvantaged.

We hope the Committee will also insure that the benefits of this legislation will be available to all Americans, wherever they live. The idea that some local officials, because of their own feelings, could frustrate this program in a way that would deny food to hungry people belongs to an era far past in our national life.

If elected officials in any area will not permit the distribution of food stamps in the manner prescribed by Congress, then by all means the stamp program should be administered by a committee of citizens who are pledged to carry out both the letter and the spirit of the law.

We appreciate the opportunity to present these views to the Committee.
(The attachment is as follows:)

SCOPE—FOUNDING MEMBERS

Brooks Hays, Chairman ; former member of Congress, Washington, D.C.
 William Baggs, Editor, Miami News, Miami, Florida
 Hodding Carter Editor & Publisher, Delta Democrat Times, Greenville, Mississippi.
 George Deyo, Businessman, Anniston, Ala.
 Carl Elliott, Former member of Congress ; Attorney, Jasper, Alabama
 Harold Fleming, President, The Potomac Institute, Washington, D.C.
 J. Marse Grant, Editor, Biblical Recorder, Raleigh, North Carolina
 Camille Gravel, Former Democratic Committeeman ; Businessman, Alexandria, Louisiana
 Jerry L. Anderson, Executive Director, Washington, D.C..
 Vernon Jordan, Director, Voter Registration Project, Southern Regional Council, Atlanta, Georgia
 Erwin L. McDonald, Editor, Arkansas Baptist Newsmagazine, Little Rock, Arkansas
 Ralph McGill, Publisher, Atlanta Constitution, Atlanta, Georgia
 Clarence Mitchell, NAACP official, Baltimore, Maryland
 Hugh Patterson Publisher, Little Rock Gazette, Little Rock, Ark.
 Earl Pippin, Businessman, Montgomery, Ala.
 Bernard Rapoport, President, American Income Life Insurance Company, Waco, Texas
 Hugo Sims, Former member of Congress ; Attorney, Orangeburg, S.C.
 Frank E. Smith, Former member of Congress ; Director, TVA, Knoxville, Tenn.
 Barney Weeks, President, Alabama Labor Council, AFL-CIO Birmingham, Alabama.

The CHAIRMAN. All right, Mr. Secretary, you may proceed, sir.

STATEMENT OF HON. CLIFFORD M. HARDIN, SECRETARY OF AGRICULTURE

Secretary HARDIN. Thank you.

Mr. Chairman, members of the Senate Committee on Agriculture and Forestry, I welcome the opportunity to discuss with you the provisions of a series of food stamp proposals that are under consideration today. We have S. 6 ; S. 1608 ; S. 1864 ; S. 2014 and an outline of the administration's proposal which will be forwarded shortly for your consideration.

The debate on the food assistance programs has been extensive. We now seem to have arrived at a national consensus—a national agreement that we need to strengthen our food assistance programs to assure children and low-income families full access to a nutritionally adequate diet.

The Senators who have introduced and cosponsored these various measures are to be commended. They are seeking as we are seeking to correct a situation characterized by President Nixon as "intolerable." And as public awareness has increased these intolerable conditions have nagged increasingly at the American conscience.

Hunger and malnutrition need not and should not exist in our country. This is one problem we know full well we can do something about. The resources are all at hand—only the will—only the commitment—have been lacking. The legislative proposals we are reviewing here clearly demonstrate that the will and commitment now truly exist to eliminate a vexing and irritating problem.

The goal of each of these bills is essentially the same—to improve and strengthen food assistance programs for low-income families.

The ways and means proposed to reach this goal vary—the details

vary—but the differences are reconcilable. Working together, I believe we can achieve our mutual goal. We can put to rest the unease—the guilt the country feels about malnutrition among our own people. No poverty-related problem is simple of solution, and I think we have come to realize this in recent months, if not before.

I hope though that here and now we can at least seize upon one thread—malnutrition—and untangle this one from the web of poverty.

Malnutrition is the product of two major factors. The first and perhaps most difficult to overcome is a lack of knowledge—a lack of understanding of the importance of good nutrition and the few relatively simple but essential rules that should be followed to assure good nutrition. This is a factor that is no respecter of income.

The second is an income factor. There are families that just do not have enough money to buy an adequate diet in the commercial marketplace.

Both of these elements hit particularly hard at low-income families and provide their own vicious small cycle within the larger cycle of poverty. Given a very limited income with a wide range of demands on that income, even when these families spend a substantial share of their income for food, it is still not enough to provide an adequate diet.

How do we break this cycle? How do we assure improvement in the diets of our low-income families?

We have, in being, delivery systems with a capability of reaching every man, woman, and child in this country who needs improved nutrition.

We have a supplemental foods program—available to every community—through which we provide enriched foods to meet the needs of new and expectant mothers, infants, and young children.

We have a program—available to every community—that can provide one, two, or three meals a day plus nutritious snacks to children in day-care centers, settlement houses, and summer recreational activities.

We have the school lunch and school breakfast programs, available to every community—

Senator AIKEN. And school milk.

Secretary HARDIN. And school milk—through which children may receive at least one or two good meals a day throughout the school year.

We have requested sufficient funds for these programs for the next fiscal year to enable us to reach every needy child with lunch and/or breakfast if local authorities will gear up to get this done.

There has been a tendency to consider these programs separately—to concentrate on the family food assistance efforts as though everyone in the family ate three meals a day at home—or to concentrate on the child food service programs as though no one ever ate a meal at home.

It is time to make our coverage more even—there are counties with inadequate family programs—there are schools, particularly in urban areas, that have never offered a lunch or breakfast program. This is changing and must be changed as we resolve to eliminate malnutrition.

To coordinate and press forward our efforts to eliminate hunger and malnutrition we are establishing a new Food and Nutrition Service in the Department of Agriculture. This service will be able to de-

vote its total effort to the coordinated, simultaneous development of both our child and adult feeding programs.

In outlining what will be incorporated in the administration proposal for revision of the food stamp program, I believe you will see elements of all the other measures that have been introduced to strengthen this program.

1. As the President stated in his message, the total food stamp allotment shall be equivalent to the cost of nutritionally complete diet. The cost of such a diet is estimated by the Department of Agriculture to be about \$100 a month for a typical family of four. This would represent a new commitment on the part of the Congress and the Executive. It makes of the food stamp program what it should be—an instrument to assure an adequate diet to all our low-income families.

This has not been true in the past. The purchase requirement was designed to maintain a family's normal level of food expenditure but the value of the bonus coupons was not sufficient to assure all food stamp families that, in total, they would have sufficient food purchasing power to buy an adequate diet.

2. Purchase requirements will be adjusted so that the average family will pay no more than 30 percent of its income for food coupons. The original purchase requirements were based on studies indicating that a great many low-income families spent as much as 40 to 50 and sometimes 60 percent of their income for food.

We believe that on a day-in-day-out basis, these families cannot, in view of their other needs, spend this percentage of their income for food.

We believe that the 30-percent figure represents a reasonable step forward. Most families will be spending less for stamps and will be receiving total stamps worth substantially more than at present.

3. Food stamps will be provided at no cost to those households with little or no cash income. As you know, the food stamp program was initiated as a self-help measure. Every family was expected to purchase coupons. If they had no income at all, it was expected that local officials or civic or church groups would and should provide the 50 cents a month per person up to a maximum of \$3 for a family of six or more to enable the family to participate.

In today's world with the loss of close neighborhood and community ties, the expectation that every needy family has access to this kind of help is unrealistic. It is not an easy thing for any man or woman to tell the pastor or neighbors that they have no money with which to buy food stamps. And in fact, the need is greatest in very poor areas where these public and private resources are least available.

We are talking here about the very lowest income people operating at a bare subsistence level. There would be no question about their eligibility to receive free food under the commodity program. I feel we can do no less for this particular group under the food stamp program.

4. We expect to request a multiyear program with a rising level of funding that will assure a nationwide, fully adequate program.

5. The eligibility provisions will be revised to require the Secretary to establish uniform national eligibility standards.

At the present time and under existing authority, these standards must be related to the standards used by the State in the administration of federally assisted welfare programs. This has meant that the

eligibility standards can vary widely from State to State. Nutritional needs, unfortunately, are not required to reflect State welfare standards nor do they recognize or respect State boundary lines.

6. The administration's proposal will provide that the commodity donation program may operate simultaneously with the food stamp program under certain circumstances. But we intend eventually to make the food stamp program the single system for family food assistance.

Meanwhile, of course, we shall continue to offer a variety of nutritious foods under the donation program.

In March, through the food stamp and commodity donation programs, we were assisting some 7 million people in low-income families. Of these, 3.2 million were participating in the food stamp program and 3.8 million in the commodity donation program.

There remain some 426 counties and independent cities that have no plans for a family food assistance program. We cannot rest until every local jurisdiction in the country recognizes and accepts its responsibility to assure good nutrition for its children and its low-income families.

We need your help and support in urging these communities to join with this national effort to eliminate hunger and malnutrition. The family food programs are operating in areas where almost 87 percent of our population resides. We need total coverage. We need higher participation. We need a communitywide drive to explain to people what is available to them and to encourage them to participate for their own wellbeing and that of their children.

It is for this reason that the President is convening a White House Conference on Food and Nutrition. Participants will represent a cross section of the private sector—we want everyone involved in this drive—the food industry, unions, farm groups, civic, and church groups, nutrition experts, and educators. We want the advice and the unstinted dedication of those who know how to get things done. We want to build on the momentum that has been engendered as a result of the awakened national conscience.

What we are putting together here is a complete package. It has never been done before. It is ambitious but now is the time to begin. I believe the country is ready for this kind of approach and should settle for no less. We will feed youngsters wherever and whenever we can get to them. We will have a good and a sound family food assistance program for every community in the country. We will have a nutrition education campaign to reach every low-income family through every device the ingenuity of our people can devise.

That is my summary, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Secretary.

What results have you obtained so far from the 5,000 employees you have recently hired, in order to start this education feature of the nutrition program?

Secretary HARDIN. I think to this date they have had contact with about 100,000 families. The reports are just beginning to come back in on these, and I think at this stage what we would say is we are very optimistic with this program.

As you would suspect with this kind of effort, the results are not completely even. But we are very much encouraged by the reception

they are getting, by the information that we are getting fed back to us on how the program can be improved. But we believe we have hit on a technique here that will be successful.

The CHAIRMAN. I am glad to note that you have stressed local cooperation. A question arises as to what should the Federal Government do in the event that local, say the county or city that needs it, is not willing to institute a program? What is your view as to that? What should be done by the Federal Government?

Secretary HARDIN. Well, we need some kind of leverage on that. I am not certain that we should actually just simply say that the Secretary can move in with a Federal program. If we did this, we could have a great many counties and cities that would just say "To save money let the Secretary do it." I do not think that the Congress would want to put us in this position. Yet we need some kind of device, and I would hope that we could work out some way that involved the Governor of a State in this, and his recommendation in such instances.

My judgment though is, Mr. Chairman, that if we involve local groups, volunteer groups in this, and there is understanding of what we are attempting, an understanding of the need, I think that we will get a favorable response from almost every community.

Now we have been working with a few of these counties that said they either did not have a problem, and I think they believed it, or were subsequently convinced that there was one, and they have now come in and requested it. I really believe that this can be accomplished without the use of the threat of just moving in with a straight Federal program.

The CHAIRMAN. This educational program that you spoke of, to make it known to the people that they are entitled to participate, will go far toward having the local people make a decision to carry on.

Secretary HARDIN. And we feel very strongly—

The CHAIRMAN. Is that your idea?

Secretary HARDIN. Yes, and we feel very strongly that by involving local groups, we get a little more of what we might call people-to-people in the effort.

The CHAIRMAN. Yes.

Secretary HARDIN. And should in time get a much more efficient job done.

The CHAIRMAN. Have you thought of the length of time which this program is to be maintained, that is the present bill? Would it be 2 years, 3 years, 4 years? Have you given any thought as to that?

Secretary HARDIN. Yes, we have thought about it, Mr. Chairman, and our hope would be that this would not have to be a permanent program. If we are successful in some of the efforts that are being made by the Congress and by the executive branch of government to cure some of the ills, if we can create employment in some of these depressed communities, if we can retrain people, then the need for this type of thing should diminish with the years, and I, for one, hope very much that once we have gotten over this immediate problem, that we can think in terms of at least gradually reducing the effort. Now I do not know how to put a number of years on this.

The CHAIRMAN. The idea is though that you feel, I am sure, that Congress should review the program from year to year.

Secretary HARDIN. Oh, I think so.

The CHAIRMAN. Maybe every 2 or 3 years?

Secretary HARDIN. Yes, sir, I do.

The CHAIRMAN. You did not mention any specific amount that you would have in the bill, let us say, for the first year, fiscal year 1970. Have you any figures in mind?

Secretary HARDIN. Yes.

The CHAIRMAN. As to what we ought to authorize, let us say, for the fiscal year 1970.

Secretary HARDIN. You have, I think, the President's recommendation on this, which is our recommendation of about \$270 million.

The CHAIRMAN. In addition to the \$340 million?

Secretary HARDIN. In addition to the \$340 million; that is correct.

The CHAIRMAN. That will be, in other words, \$610 million?

Secretary HARDIN. Yes.

The CHAIRMAN. Are you satisfied that that will carry out the program as you have stated you desire to do?

Secretary HARDIN. Yes, during fiscal 1970, but it will go to a much higher figure in fiscal 1971, depending a little on when the program can be expanded during the year, but our goal would be to have this in full operation near the end of fiscal 1970, and the level would be \$1 billion.

The CHAIRMAN. You mean instead of \$610 million, a level of about \$1 billion for the second year?

Secretary HARDIN. That is correct.

The CHAIRMAN. Now how much would you add to additional years in the event—would you step forward?

Secretary HARDIN. I gave you the wrong figure there, Mr. Chairman. It would be about \$1,340 million is the figure that you asked for.

Mr. RICHARD E. LYG (Assistant Secretary of Agriculture). A billion in addition to the 340.

The CHAIRMAN. In other words, we now have authorized \$340 million.

Secretary HARDING. Yes.

The CHAIRMAN. For this year you want to add 270 more?

Secretary HARDIN. Right.

The CHAIRMAN. And next year \$1 billion plus 340?

Secretary HARDIN. It would total up to \$1,340 million.

The CHAIRMAN. That is your recommendation?

Secretary HARDIN. Yes.

The CHAIRMAN. Have you any recommendations to make to us should we want to extend the bill 3 years instead of 2? What would you suggest for the third year, because we have to make a decision here.

Secretary HARDIN. I see.

The CHAIRMAN. And the best source would be from you.

Secretary HARDIN. Could we submit that later for the record, Mr. Chairman?

The CHAIRMAN. Yes, if you are not prepared, yes, sir, it will be perfectly all right.

Secretary HARDIN. It would have to be an estimate at this point, and I would like to have a little more consulting over that.

The CHAIRMAN. Very well. I do not know if the committee will go along to make it 3 or 4 years, but we would like to have your views as to at least the 3 years, let us say.

Secretary HARDIN. All right.

(For the information above, see pages 117 and 411.)

The CHAIRMAN. Now as to cost of coupons, you stated that many should have it free. In what category would that be?

Secretary HARDIN. This would be for those whose family income is below \$360 per year.

The CHAIRMAN. \$360. That is \$30 a month.

Secretary HARDIN. That would be for a family of four.

Senator AIKEN. That is their food expenditures?

Secretary HARDIN. No, total income, sir.

Senator AIKEN. \$360?

Secretary HARDIN. Yes. It is very low.

The CHAIRMAN. In other words, that is the minimum at which you start?

Secretary HARDIN. Everything below \$360 per year for a family of four would be free stamps, no questions asked.

Senator CURTIS. Mr. Chairman, would you yield right there?

The CHAIRMAN. Yes.

Senator CURTIS. In your paper you referred to the contention some years ago that if a family had no income or very little, that charitable organizations and churches and local governments would perhaps provide that money so they could purchase stamps. That is what you were referring to in your statement, but that has not quite worked out, so there should be a start of some Federal Government participation where they have little or no income?

Secretary HARDIN. That is correct.

Senator CURTIS. Thank you.

Senator AIKEN. Excuse me. Would a family with an income of less than \$360 a year, provided they had good friends, or the State or the community wanted to put up money, could they furnish this to buy stamps?

Secretary HARDIN. Yes.

Senator AIKEN. Based on a minimum income of \$360?

Secretary HARDIN. Then the other point is that from that point up we would propose, and I do not have the scale with me, that we skew this program more toward the very poor people than has been true up to now. In other words, the cost would be very low for the people above, immediately above \$360 a year, and it would be a nominal payment.

Then the other thing that we have tried to concern ourselves with, and I mentioned this in the report briefly, is under our present plan, there is quite a bit of built-in disincentive to work, in the sense that additional funds earned, a large percentage of it is spent for stamps, the increased increment. So we propose that not to exceed 30 percent of income would go into the purchase of stamps, to keep the disincentive as low as possible.

Now you recognize that any welfare program has some disincentive built in by definition, but we would hope to minimize this compared with the existing schedules, so that if they did get a job and earned more money, they would have a significant amount of it left to buy other things.

The CHAIRMAN. As to how much families earning less than \$360 per year, have you any scale or can you tell us how much they would be eligible for free stamps?

Secretary HARDIN. How many people?

The CHAIRMAN. No, how many each family would be?

Secretary HARDIN. Yes, we would use the \$100 figure for a family of four.

The CHAIRMAN. The \$100 figure?

Secretary HARDIN. That would be a minimum, with variations for individuals, families of three and so forth, but we have used that as an index.

The CHAIRMAN. But you would consult the local welfare people in the States, wherein the people received the free stamps?

Secretary HARDIN. There would have to be some adjustment in this geographically to reflect the different changes in cost, but the studies show that on the average this is about the figure.

The CHAIRMAN. Now questions arise as to whether or not the recipients could use the stamps to buy goods other than food. What is your view as to that?

Secretary HARDIN. I think our feeling, maybe not strenuous feelings but I think we would recommend that it be kept to food.

The CHAIRMAN. Kept to food?

Secretary HARDIN. Yes.

The CHAIRMAN. And soaps and detergents would be out?

Secretary HARDIN. I think so. I do not think our views would be strong on this. There are some good arguments for including soap and detergents.

The CHAIRMAN. Now what about people in the State that are on welfare? Would you want them to automatically be entitled to food stamps?

Secretary HARDIN. Yes, not automatically but yes, they would be eligible.

The CHAIRMAN. I mean they would be eligible?

Secretary HARDIN. Yes, and the welfare payments would be of course included as income, in measuring where they would come into the scale.

The CHAIRMAN. As to the distribution of stamps, let us say to welfare people, I wonder if you could tell us whether or not this could be handled by the Department of Agriculture in cooperation with the HEW?

Secretary HARDIN. Yes.

The CHAIRMAN. That is the HEW will issue the checks per month or maybe every 2 weeks, and I thought that it might be possible to have the Welfare Department and the Agriculture Department cooperate so that stamps would be sent to welfare recipients at the same time the check is sent. I wonder if you have given any thought to that method of distributing the food stamps?

Secretary HARDIN. You mean check from the people?

The CHAIRMAN. No, no, the checks from Welfare, the recipients. They are paid so much a month, so much a week. I do not exactly know whether it is every 2 weeks or every month, but I thought that probably——

Secretary HARDIN. I see what you mean now.

The CHAIRMAN. You could have cooperation between the Welfare, HEW, and the Department of Agriculture.

Secretary HARDIN. Yes, there has been discussion of this. I did not understand your question.

The CHAIRMAN. I am sorry.

Secretary HARDIN. Yes, we think that this is practical, recognizing, however, that a great many recipients of stamps will not be welfare clients, at least at the present time that is the case.

The CHAIRMAN. Of course you could make that determination though ahead of time, couldn't you?

Secretary HARDIN. Yes.

The CHAIRMAN. In cooperation?

Secretary HARDIN. Yes.

The CHAIRMAN. With HEW?

Secretary HARDIN. We think there are a great deal of changes needed in connection with the distribution of stamps.

The CHAIRMAN. Now in respect to the administration of the program, it is your feeling that unless you have full local cooperation, this program cannot be worked out to the good of the people.

Secretary HARDIN. It will not be as good in our judgment.

The CHAIRMAN. And you would strongly advocate that this be done on a cooperative basis?

Secretary HARDIN. Yes, sir.

The CHAIRMAN. With the State, the county, the city, and Federal Government?

Secretary HARDIN. Yes, and voluntary groups.

The CHAIRMAN. I have many other questions I would like to ask you, Mr. Secretary.

Senator Holland or Senator Aiken?

Senator AIKEN. I will pass.

Senator HOLLAND. Thank you, Mr. Chairman.

Mr. Secretary, some days ago I requested two statements from the Department which you have furnished, one of them covering the program now underway for the use of so-called nutrition aids.

Mr. Chairman, this statement was placed in the record yesterday, but in order that we may discuss it now I ask that it be transferred to this point in the record and I now offer it for the record.

The CHAIRMAN. Without objection that will be done.

(The document referred to follows:)

EXPANDED FOOD AND NUTRITION EDUCATION PROGRAM

This program of food and nutrition education, designed to improve the dietary levels of low-income families, is being carried on in 672 counties and independent cities in the 50 States, the District of Columbia, Puerto Rico, and the Virgin Islands.

The work is being done by nonprofessional program aids, recruited from the ranks of the poor and trained and supervised by Extension home economists.

At the beginning of April, more than 4,270 aids had been employed. While a few were still in training, these aides were working intensively with 64,000 families, with more than 100,000 families contacted as least once. Plans are to have 5,300 aids by July 1, serving about 200,000 families.

The program aids work with family members, within the home and in groups. They tell the story of good nutrition to their neighbors and counsel them on food buying, food storage and food preparation.

Though the program has been in operation only a few months, encouraging reports are being received. The aids are finding ways to communicate good nutrition to normally hard-to-reach families.

This program is being financed this year with \$10 million of section 32 funds made available in Mid-November. An appropriation of \$30 million has been requested for fiscal year 1970.

Senator HOLLAND. I note from this statement, Mr. Secretary, you say that this program is financed from \$10 million of section 32 funds, which were made available last November?

Secretary HARDIN. Yes.

Senator HOLLAND. I note from this statement also that at the beginning of April, you had 4,270 of these nutrition aides employed and working, and some others in training?

Secretary HARDIN. Yes.

Senator HOLLAND. And that they were then working intensively with 64,000 families, with about 100,000 families contacted up to that time, and that your plans are, with the full use of this \$10 million of section 32 funds, to have 5,300 aides active by July 1?

Secretary HARDIN. Yes.

Senator HOLLAND. That is by the end of this fiscal year.

Secretary HARDIN. That is correct.

Senator HOLLAND. Serving about 200,000 families or more. Is that your testimony at this time?

Secretary HARDIN. Yes.

Senator HOLLAND. I wish to congratulate you upon the handling, yourself and the former Secretary, because he began this program, the handling of this program to the size which you indicated it would be by July 1. While I do not approve of the constant use of section 32 funds for this objective as it increases, I am glad that this much has been accomplished by the use of these funds which were not appropriated.

Secretary HARDIN. Senator, you do understand, I think, that we are asking that this be handled differently in fiscal 1970.

Senator HOLLAND. I will get to that, and I appreciate the fact that you have done so.

Now looking at the rest of your statement, I note that you think that it is working helpfully, that is that nutrition aides are getting some useful results from contacting these very poor families, and you list some of those good results as better nutrition, counselling them on food buying and food storage and food preparation. We expected those good results.

Now to come to the year for which we are now planning by this authorization bill, and in another committee for appropriations for the next fiscal year, I note that you are asking for a \$30 million appropriation for this nutrition aide work for fiscal year 1970. That appropriation is not being asked for out of section 32 funds, is it?

Secretary HARDIN. It is not.

Senator HOLLAND. I think that is a correct discussion of general revenue funds for this emergency work that has been done with the \$10 million of section 32 funds. I note that you have requested this \$30 million from general revenue funds for fiscal 1970. Do you think that that will be adequate to handle the expanded program of food stamps, in the food stamp field for 1970?

Secretary HARDIN. Senator, this becomes a matter of judgment. Obviously, a greater number of aides could be usefully employed than would be provided here, but in view of the other priorities, we felt that

the \$30 million figure was a good one, an appropriate one, but I would have to be completely honest, and I want to be, and say that there would be places where additional ones could be used to great benefit.

Senator HOLLAND. You understand, Mr. Secretary, that several of us who serve on this committee are also on the Appropriations Subcommittee for Agriculture.

Secretary HARDIN. Yes.

Senator HOLLAND. And on the general Appropriations Committee. Do you anticipate enlarging your request beyond the \$30 million?

Secretary HARDIN. No; we are not anticipating enlarging our request beyond the \$30 million we have requested.

Senator HOLLAND. What is the total number of nutrition aides which you would expect to have in service by the end of fiscal year 1970, with the use of the \$30 million funds, assuming that that would be appropriated?

Secretary HARDIN. Yes. Not very much further increase, Senator. You see this \$10 million has been spent all since December for a growing number of nutrition aides. When this is annualized we are fairly close to the \$30 million figure. I think it will be possible to expand that a little bit, but only a few hundred, not significantly.

Senator HOLLAND. In other words, you would expect to extend it a few hundred from the 3,200 which you plan to have in service by July 1?

Secretary HARDIN. Right.

Senator HOLLAND. And you think that that small expansion would enable you to fully service the program at the level of appropriation which you have asked for to be in this authorization bill?

Secretary HARDIN. That is our recommendation.

Senator HOLLAND. Which is \$610 million?

Secretary HARDIN. Yes.

Senator HOLLAND. I think that is clear. I have another subject. I also asked for you to furnish us a résumé of the experimental program underway in two counties of South Carolina, for which a small sum, I believe it was only \$2,000—

Secretary HARDIN. That is right.

Senator HOLLAND (continuing). Was allocated out of section 32 funds. I have the summary as furnished by you this morning, and I appreciate that. I ask, Mr. Chairman, that that summary furnished by the Department—there are several copies here which you can circulate—be included in the record at this time.

(The document referred to follows:)

SUMMARY OF SECOND MONTH OF EXPERIMENTAL PROGRAM IN SOUTH CAROLINA

The highlights of the first two months of the experimental free Food Stamp Program in South Carolina are:

1. *Seasonal factors influence results.* Some families eligible for stamps at the 50-cent minimum in February were not eligible for free stamps in March and April because they went back to work with the seasonal increase in farm employment.

2. *The free stamps did bring new, very poor, families into the program.*

- (a) In April, 53 households in Beaufort and Jasper Counties—who first entered the program with free stamps—had *never* participated prior to the experimental program.

- (b) This number represented 26 percent of the households participating at the minimum in February.

3. *Publicity and the February reductions in purchase requirements increased total participation.*

(a) In April, 1,192 households were participating in the two counties—up 16 percent over February.

(b) Only about one-third of that total increase can be accounted for by new families entering the program with free stamps.

RESULTS OF THE FIRST TWO MONTHS OF THE EXPERIMENTAL FREE FOOD STAMP PROGRAM BEAUFORT AND JASPER COUNTIES, S.C.

I. SEASONAL FACTORS INFLUENCE RESULTS

A. The experimental program began in March—as the sharp seasonal increases in agricultural employment were soon to begin.

B. Thus, in March and April, some households purchasing at the 50-cent minimum in February were ineligible for free stamps in March and April because they had returned to work.

II. THE FREE COUPONS DID BRING NEW, VERY POOR, HOUSEHOLDS INTO THE PROGRAM

Beaufort County

A. In April, there were 41 households that had *never* participated prior to the experimental program. Some of these households received free coupons in March and continued to participate in April even though their incomes no longer qualified them for free stamps.

B. These 41 households represented :

5.6 percent of the *total* number of households participating in February; and

23 percent of the number of households participating at the *minimum* in February.

Jasper County

A. In April, there were 12 households that had never participated prior to the experimental program. Some of these households also had received free stamps in March and continued to participate in April even though their incomes no longer qualified them for free stamps.

B. These 12 households represented :

4 percent of the total number of households participating in February; and

44 percent of the households participating at the minimum in February.

III. PUBLICITY ABOUT THE EXPERIMENTAL PROGRAM AND THE FEBRUARY REDUCTIONS IN PURCHASE REQUIREMENTS ALSO AFFECTED PARTICIPANTS OF OTHER HOUSEHOLDS

Beaufort County

A. The total number of participating households increased from 735 in February to 873 in March and declined seasonally to 862 in April.

B. These changes are greater than can be accounted for by the availability of the free stamps.

Jasper County

A. The total number of participating households increased from 294 in February to 324 in March and to 330 in April.

B. These changes also are greater than can be accounted for by the availability of the free stamps.

More detailed data are available in the attached tables.

EXPERIMENTAL FREE FOOD STAMP PROGRAM—BEAUFORT AND JASPER COUNTIES, S.C.

	February 1969	March 1969	April 1969
BEAUFORT COUNTY			
Total participation:			
Households.....	735	873	862
Persons.....	2,721	3,185	3,059
Participation at minimum:			
Households.....	177	233	189
Persons.....	665	788	621
New participation at minimum:			
Households.....		45	113
Persons.....		99	26
JASPER COUNTY			
Total participation:			
Households.....	294	324	330 ¹
Persons.....	965	1,094	1,095
Participation at minimum:			
Households.....	27	30	24
Persons.....	94	112	95
New participation at minimum:			
Households.....		12	23
Persons.....		57	15

¹ 28 of the 45 households 1st entering the program in March participated in April.

² 9 of the 12 households 1st entering the program in March participated in April.

Senator HOLLAND. I note from the statement, Mr. Secretary, that you say that this free stamp program in those counties did bring some new and very poor families into the program.

Secretary HARDIN. Yes.

Senator HOLLAND. And as I understand the statement, you say that in April of this year, through this new program, 53 households in Beaufort and Jasper Counties of South Carolina who came in through the free stamp method had never participated in the food stamp program prior to that time.

Secretary HARDIN. Yes, sir.

Senator HOLLAND. Is that correct?

Secretary HARDIN. That is correct.

Senator HOLLAND. And that number of new households coming into the program represented 26 percent of the households participating at the minimum in February.

I note your other statements in this compilation to the effect that on April 1, 192 households in all were participating in the two counties. That means in the food stamp program.

Secretary HARDIN. Yes.

Senator HOLLAND. And that that was up 16 percent over the February figure, and that you felt that only about one-third of that total increase could be accounted for by new families entering the program with food stamps.

Secretary HARDIN. That is correct.

Senator HOLLAND. Is this summary the best estimate of yourself and your specialists who are handling this experimental effort as to what has resulted from this experiment in the issuance of free stamps?

Secretary HARDIN. Pardon, I am not sure I——

Senator HOLLAND. This is the best estimate——

Secretary HARDIN. Yes.

Senator HOLLAND (continuing). That you can give us at this time?

Secretary HARDIN. Yes, it is.

Senator HOLLAND. As to what has developed from this free stamp supplementation?

Secretary HARDIN. Yes.

Senator HOLLAND. Is this experience, at least in large part, the basis for what you have requested in connection with the free stamp program for fiscal year 1970 and following?

Secretary HARDIN. Well, it is not the sole basis of course, but this information has been available to us as we have prepared our recommendation for 1970.

Senator HOLLAND. And your recommendations for 1970 and following are based at least in part on this?

Secretary HARDIN. In part on this experiment, that is correct.

Senator HOLLAND. One more question. Recognizing that the section 32 program would be wholly inadequate to support a vastly enlarged food stamp program, your present request is that the new food stamp program be entirely financed from general revenue funds.

Secretary HARDIN. Yes.

Senator HOLLAND. I appreciate that and I think that is a reasonable and commonsense approach to this program. I thank you, Mr. Chairman.

The CHAIRMAN. Senator Aiken.

Senator AIKEN. No; I will be glad to yield to the Senator from South Dakota who has to go to another meeting, but I would like to point out, I have been doing some figuring here on this \$1,340 million which the Secretary says they need for 1971 would run the war for about 12 to 13 days. That is a pretty good common denominator.

The CHAIRMAN. Senator Young.

Senator MCGOVERN. Would you be willing to yield to me?

Senator YOUNG. Yes.

Senator MCGOVERN. Mr. Chairman, I asked if the Senator would yield to me because I have to go to another meeting. Mr. Secretary, I wonder first of all if the administration proposes to submit draft legislation in more specific form than the proposals that are now before us?

Secretary HARDIN. Yes, we do.

Senator MCGOVERN. Do you have any idea of when that might come?

Secretary HARDIN. It will be days, not weeks. That is the best I can do I guess at this point, Senator.

Senator MCGOVERN. With reference to the \$270 million of new money that you are asking for for the food stamp program, what portion of that would be used to expand the program into counties that are not presently covered? Or what dollar estimate can you put on that?

Secretary HARDIN. I can give you only an order of magnitude on this, but the principal part of it will be used to increase the benefits of those areas now covered, and very little of it to the new geographic areas.

(The information is as follows:)

[Cost in millions]

	Fiscal year 1970 (increase over \$340,000,000 budget level)	Fiscal year 1971
Improvement in existing areas.....	\$247.2	
Expansion into new areas.....	22.8	\$78.7

Senator McGOVERN. You talk about raising the benefits. Do you mean in terms of the number of people receiving free food stamps, or would the principal amount go to increasing the bonuses or lowering the cost of the stamps?

Secretary HARDIN. Both. You see, the allotments go up for the very poorest people 67 percent, the value of the stamps.

Senator McGOVERN. Would it be possible for you to submit to the committee some time in the next few days some rough estimates on the way that you expect to use the \$270 million, if that is the figure?

Secretary HARDIN. Yes.

Senator McGOVERN. Could the same thing be done with reference to the fiscal 1971 projection?

Secretary HARDIN. Yes.

Senator McGOVERN. So that we have some idea of how the money would be apportioned, either in extending the program to new counties, free food stamps, raising the bonuses, or reducing the overall cost?

Secretary HARDIN. Yes. We can give you very firm figures on the increase in the cost to recipients. Beyond that it would have to be estimates because we would have to be guided by experience.

Senator McGOVERN. Mr. Secretary, how many counties presently are in the food stamp program? Maybe that was in your statement but I missed it, if it was.

Secretary HARDIN. 1,430.

Senator McGOVERN. 1,430. Can you give us an idea of how many have been approved but have not yet been put into operation?

Secretary HARDIN. May I ask my staff?

Senator McGOVERN. We had a witness here yesterday who said there were 150 that had actually been approved but for some reason or other the programs were not operating.

Secretary HARDIN. The Assistant Secretary says the figure is 120.

Senator McGOVERN. Would you use any sizable percentage of the \$270 million if that were funded to take care of these counties that have been approved, but which you have not got functioning?

Secretary HARDIN. Yes, these would be.

Senator McGOVERN. How many people would you estimate, Mr. Secretary, would be participating in the program nationwide by the end of fiscal 1970, if we fund the program at the \$270 million level?

Secretary HARDIN. How many totally?

Senator McGOVERN. Yes.

Secretary HARDIN. Under food stamps?

Senator McGOVERN. Yes.

Secretary HARDIN. I will have to ask the staff.

The staff says 5.4 million.

Senator McGOVERN. 5.4 million. Would you have any idea how many people that would leave that should be under the program in terms of need, who would not be covered? That is using the criteria that the Department is setting up as to what constitutes an adequate diet. How many people would still not be receiving that kind of a diet in your judgment?

Secretary HARDIN. Well, first, Senator, bear in mind that we would still have several million, the figure is in the report here, who would be covered by the commodity distribution program, which will not be replaced with the stamp program during fiscal 1970, so all of those or substantially all of them would be candidates somewhere down the road, if it was changed wholly to a food stamp program.

Now having said that, I think at this point it is fairly hard to go much beyond. We would be hopeful that by the end of fiscal 1970 or early fiscal 1971 that we would have reached all with one program or the other.

Senator McGOVERN. By the end of fiscal 1971?

Secretary HARDIN. By the end of fiscal 1970 or early 1971.

Senator McGOVERN. Or early 1971?

Secretary HARDIN. Yes, still in calendar 1970, that we would have reached all communities. That is our goal. Now at this point, I do not think anyone can really come up with an estimate of how many people there are who need this kind of help. They have to be estimates. As we approach the end of this year and get into the remainder of these counties with one program or the other, I think we should take another look, and see from that experience what we think the numbers may be, but I do not think there is solid enough information available at this point, to look at all parts of the country and come up with a total that is much better than the figures we have given you.

Senator McGOVERN. Would not past experience indicate that the number of participants would depend to a great extent on how vigorous the outreach program is, in acquainting people with the existence of the program and how they become involved?

Secretary HARDIN. This certainly is true.

Senator McGOVERN. I remember, Senator Ellender, at one of the field hearings asking a number of people why they were not participating, and they would kind of throw up their hands as though they were not aware, were utterly confused or did not know just what the rules were. It seemed to me it indicated the need in every place where we are going to operate this program for somebody taking the responsibility to see that people know about it and know how to qualify.

Secretary HARDIN. Yes, indeed. Now the nutritional aid program is helping immensely in this way, and I do not know if you were in the room when Senator Holland—

Senator McGOVERN. Yes, I heard Senator Holland.

Secretary HARDIN. Recording the experience from Beauford and Jasper counties, 16 percent overall increase in participation. Whether that is typical I do not think we know at this point, but our guess would be that throughout the country, with more knowledge and more local participation, that the number involved in each community will increase, and we certainly hope to do everything we can to improve this outreach effort.

Senator McGOVERN. Just two more short questions, Mr. Secretary. One, you are using the Department of Agriculture's so-called economy diet as the criteria in the administration program, \$1,200 a year for a family of four. What would be your feeling about the adequacy of that diet in actual practice in giving people what they need in terms of nutrition? Can you really feed a family of four on \$1,200 a year?

Secretary HARDIN. Our nutritionists tell us yes, you can, but there is nothing left over. It has to be done very carefully.

Senator McGOVERN. There is a statement out of the Department last year, and I am quoting now:

"The cost of this plan is not a reasonable measure of basic money needs for a good diet."

Do you agree with that?

Secretary HARDIN. I suppose that in terms of our backgrounds and so forth we would agree with it, but I think the attempt here was to get a minimum cost of adequate nutrition and that his was all the money available, and in some instances of course this would be, but it does not provide the variety and flexibility that I think all of us would prefer in our food programs.

Senator McGOVERN. One final question, Mr. Secretary. I sent a note down yesterday asking if you could make available to the committee the survey of the State and county policies that restrict participation in the food programs. Is that available to the committee?

Secretary HARDIN. It has been distributed I believe.

Senator McGOVERN. That has been distributed?

Secretary HARDIN. Yes.

(The summary is as follows:)

SUMMARY

Survey of state and county policies that restrict participation in Commodity Distribution Program.

1. Agencies that do not serve donated commodities to both public assistance and nonpublic assistance categories.

California, King, Lake, Merced, Tulare, and Yuba Counties; North Carolina, Richmond County.

2. Agencies that provide commodities to unemployables only. (Sick, injured, mentally ill, etc.)

New Jersey, Hudson and Monmouth Counties; Nevada, Clark County; Indiana, Swanee and Wright Townships.

3. Agencies that provide commodities on a partial year or seasonal basis. (Farm labor, sharecropper, migrant workers, etc.)

South Dakota, Brule, Hutchinson, Hyde, Jerauld, and Union Counties; California, Yuba County; North Carolina, Columbus, Montgomery, and Pitt Counties; Wisconsin, Lac du Flambeau Indian Reservation; Missouri, Dunklin and Pemiscot Counties; North Dakota, Foster, Ramsey, and Ward Counties; Iowa, Allamakee, Cedar, Chickasaw, Iowa, Monroe, and Webster Counties; Indiana, (Townships are shown in the county in which they are located.) Clark, Union; Decatur, Jackson; Fulton, Aubeemulbee; Green, Stafford and Washington; Johnson, Pleasant; Lawrence, Spice Valley; Montgomery, Ripley; Morgan, Jackson; Ripley, Otter Creek; Vermillion, Vermillion.

4. Agencies that exclude from participation in the Commodity Program persons who are not citizens of the United States. None reported. (See Note.)

5. Agencies that exclude from participation in the Commodity Program unemployed persons over 18 who cannot show they are physically or mentally unfit to work.

Florida, Lee County; California, Fresno County; North Carolina, Burke, Lenior, and Pitt Counties; Nevada, Lincoln County; Indiana (Townships are shown in the county in which they are located.) Blackford, Hartford City; Clinton, Perry; Fountain, Wabash and Mill Creek; Franklin, Posey; Grant,

Center; Huntington, Union and Huntington; Johnson, Blue River; Lawrence, Pleasant Run; Montgomery, Ripley and Union; Noble, Washington; Pulaski, Monroe; Washington, Jefferson and Jackson.

6. Agencies that exclude from participation in the Commodity Program public assistance recipients whose income or resources exceed the standards of eligibility. (Generally, public assistance recipients are eligible by definition.)

Tennessee, Stewart, Washington, Carter, Marshall, and Carroll Counties; California, Fresno, Kern, Kings, Merced, Sacramento, Santa Barbara, Stanislaus, Sutter, Tulare, Ventura, Yolo, and Yuba Counties; North Carolina, Duplin, Hoke, Madison, Montgomery, Richmond, and Yadkin Counties; Nevada, Clark County; Pennsylvania, All Counties.

Indiana (Townships are shown in the county in which they are located.) Blackford, Hartford City; Clark, Silver Creek, Wood, and Oregon; Clay, Harrison; Crawford, Jennings; Dearborn, Lawrenceburg; Decatur, Adams and Washington; Dubois, Columbia; Elkhart, Concord and Elkhart, Fountain Mill Creek and Logan; Franklin, Posey; Green, Wright; Henry, Spiceland; Huntington, Union; Jackson, Pershing; Jasper, Marion; Joy, Pike; LaPorte, Center and Pleasant; Lawrence, Shawswick, Pleasant Run, Marion, and Perry; Monroe, Polk, Montgomery, Ripley; Morgan, Jackson; Noble, Albion and Wayne; Parke, Rachoc; Porter, Portage; Ripley, Shelby; Scott, Johnson; St. Joseph, Portage and Penn; Sullivan, Turman; Monroe, Polk; Vermillion, Clinton Vigo, Prairie Creek, Sugar Creek, and Fayette; Washington, Polk and Jackson; Wells, Harrison.

7. Agencies that exclude from participation in the Commodity Program unemployed persons who cannot show they have attempted to find work.

Florida, Lee County; California, Tehama, Tulare, and Yuba Counties; North Carolina, Burke, Carteret, Lenoir, and Pasquotak Counties; Nevada, Churchill and White Pine Counties; Virginia, All Counties; Indiana (Townships are shown in the county in which they are located.) Blackford, Hartford City; Clark, Silver Creek; Fountain, Cain and Mill Creek; Henry, Greensboro; Huntington, Union and Huntington; Jackson, Carr; LaPorte, Pleasant; Lawrence, Guthrie; Montgomery, Ripley and Union; Noble, Albion; Pulaski, Monroe; Ripley, Otter Creek; St. Joseph, Portage and Penn; Vigo, Prairie Creek; Washington, Brown and Jackson; Whitley, Columbia.

8. Agencies that exclude from participation in the Commodity Program persons who are considered to be employable who refuse work for which they are qualified and for which the prevailing wage would be paid.

Florida, Lee County; Colorado, All Counties; California, Fresno, Merced, Santa Cruz, Tulare, and Yuba Counties; North Carolina, Burke, Carteret, Lenoir, Pasquotank, Washington, Wayne, Yadkin, and Sampson Counties; Virginia, All Counties; Nevada, Churchill, Elko, Lincoln, Ormsby, White Pine; Indiana, (Townships are shown in the county in which they are located.) Carroll, Deer Creek; Clark, Silver Creek and Owen; Clinton, Owen, Ross and Clay; Dearborn, Sparta; Crawford, Whiskey Run, Sterling, Union, and Ohio; Decatur, Adams, Jackson, and Washington; DeKalb, Union; Fountain, Cain, Mill Creek, and Logan; Franklin, Blooming; Green, Wright; Henry and Greensboro, Huntington, Union and Huntington; Jackson, Carr and Vernon; Johnson, Blue River; LaGrange, Clay; LaPorte, Center and Pleasant; Martin, Mitcheltree; Monroe, Washington; Montgomery, Ripley and Union; Morgan, Jackson; Noble, Albion; Parke, Rachoc and Jackson, Pulaski, Monroe; Lawrence, Pleasant Run; Ripley, Otter Creek; Scott, Lexington and Johnson; Starke, Railroad, California and Center; St. Joseph, Portage, Penn, and Lincoln; Vermillion, Vermillion; Vigo, Prairie Creek and Fayette; Wabash, Noble; Sullivan, Haddon; Washington, Jefferson, Brown, Washington, and Jackson; Whitley, Columbia.

9. Agencies that have a required residence period in order to qualify for participation in the Commodity Program.

Florida, Santa Rosa County; Nevada, Churchill, Clark, and Ormsby Counties; Missouri, Green County; Indiana (Townships are shown in the county in which they are located.) Blackford, Hartford City; Cass, Boone; Clark, Charles-town and Owen; Clay, Harrison and Lewis; Crawford, Boone, Sterling and Liberty; Dearborn, Sparta and Lawrenceburg; Dubois, Marion; Fountain, Jackson, Fulton, and Swanee; Fulton, Aubeemulbee and Rochester; Green, Riceland, Taylor, and Center; Jackson, Salecreek; Jasper, Marion, Union, and Democrat; Jefferson, Saluda; Franklin, Ray; LaPorte, Center; Lawrence, Bono and Spice Valley; Noble, Albion and Wayne; Orange, Stamper; Parke, Howard and Adams;

Pulaski, Monroe; Scott, Lexington; Starke, Washington, Railroad and Center; St. Joseph, Penn; Monroe, Polk; Sullivan, Jefferson; Vigo, Prarie Creek, Lost Creek, and Fayette; Washington, Washington.

10. Agencies that require employables to register with Employment Office prior to being certified for participation in the Commodity Program.

Florida, Lee County; New Mexico, All Counties; Colorado, All Counties; California, Kings, Merced, Tehama, Tulare, and Yuba Counties; North Carolina, Burke, Carteret, Transylvania, and Sampson County; Nevada, Churchill, Elko, and Ormsby Counties; Indiana (Townships are shown in the county in which they are located.) Clark, Silver Creek; Crawford, Sterling; Fountain, Logan; Johnson, Blue River; Noble, Albion; Porter, Pine; St. Joseph, Penn; Washington, Jackson.

11. Other policies not listed above that restrict certification of applicants for commodities.

Indiana, Boone Township, Cass County—Insist that no dogs be in household.

Indiana, Silver Creek Township, Clark County—"If a husband leaves his family for a period of time, we will help if the wife tries to bring suit for support, but if he comes back when he gets ready and leaves again the wife is not fulfilling her obligation." Indiana, Marion Township, Dubois County—"Must show willingness to work and improve their conditions." Indiana, Center Township, Starke County—"If one or both parents are drunks, they are excluded for the sake of the children."

Note: The State of Texas is reported to have some type of residence or citizenship requirement in practically all counties. Many counties require that public assistance recipients meet county standards. Some counties exclude public assistance recipients. A county report was not submitted as state manual is in the process of revision.

Senator McGOVERN. Can anything be made available other than the summary, there must be questionnaires and other materials relating to it.

Secretary HARDIN. The staff who did this, and it was done last fall, tell me that that is all there is.

Senator McGOVERN. You mean there is just this little summary here? Senator Cook has a rather elaborate State report on Texas yesterday which looked much bigger than this summary, just on that one State. I know Texas is a big State but it is not that much bigger than all of the rest of the country.

Secretary HARDIN. Could I ask Mr. Davis to make a statement on that?

The CHAIRMAN. Yes, Mr. Davis, identify yourself for the record.

Secretary HARDIN. This is Mr. Howard Davis of the Department of Agriculture. This is on Texas because this is a big State.

STATEMENT OF HOWARD P. DAVIS, DEPUTY ADMINISTRATOR, CONSUMER FOOD PROGRAMS, CONSUMER AND MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE—Resumed

Mr. DAVIS. At the time we actually conducted this very quick survey, Texas was in the process of revising their State manual to correct a lot of situations in the counties there that we were quite disturbed about. We did subsequently get some material on Texas, on each county, that we would be very happy to make available to the committee, but that is the only thing we have other than just the replies in from the States to the questions that are contained in the summary.

Senator McGOVERN. Would you have any further comment on that study, Mr. Secretary, as to some of the things that were brought out in the news account yesterday. Some of the things seem to me to be incredible restrictions.

Secretary HARDIN. They seem to us to be also.

Senator MCGOVERN. Is that partly influential in your recommendation for eligibility standards?

Secretary HARDIN. Yes, and Senator, we are also beginning to get as we talk with our nutrition aids and particularly the people who supervise them, we are also getting a feedback on all regulations and practices that are not what they should be, and this also would be helpful to us in improving the delivery system, both to the direct distribution and the food stamps. This is the best input we have had where these nutrition aids are actually out calling on the households that are using these and finding out the real problems they have in making them work, and I think we can greatly improve this.

Senator MCGOVERN. Thank you, Mr. Secretary, and I want to thank Senator Aiken for yielding to me.

Senator AIKEN. Mr. Secretary, you say about 1,400 counties now have food stamp programs.

Secretary HARDIN. Yes.

Senator AIKEN. How many of these counties have been added this year?

Secretary HARDIN. May I ask for help?

Mr. DAVIS. 408.

Secretary HARDIN. Correction, 408, Senator.

Senator AIKEN. 408 counties. That is a 40 percent increase in 5 and a half months. Would you call that standing still?

Secretary HARDIN. No. I think it is fairly good progress.

Senator AIKEN. I think you have made a great deal of progress. In less than 5 months time you get almost half as many counties in participation as there were in all the previous years up to this time. I am just saying that because I have heard that you were not making any progress or were not going fast enough.

Secretary HARDIN. No, I think we will have a great deal more progress to report before the end of the fiscal year.

Senator AIKEN. How many do you think it will be?

Secretary HARDIN. There are only 426 counties I believe left now, 426 counties and independent cities that do not have programs.

Senator AIKEN. 426? I thought we had about 3,000 counties.

Secretary HARDIN. There are 3,100 and some odd counties and independent cities in the total list. There are 426 of these which do not have programs.

Senator AIKEN. I thought you said we had only 1,400 counties in all?

Senator HOLLAND. That is food stamps.

Senator AIKEN. On the food stamps. You are talking of food contributions.

Secretary HARDIN. 1,150 are on direct distribution and that would be added on.

Senator AIKEN. I was asking just as to the food stamps. There has been a 40-percent increase in the number of counties having food stamp programs in the first 5 months, less than 5 months of the year.

The CHAIRMAN. Senator Young.

Senator YOUNG. Secretary Hardin, I think most of this situation on the shortage of foods arose with a book published "Hunger U.S.A." last year. This book listed 25 percent of the people in North Dakota

as having serious hunger problems, and one county that has emergency hunger problems. I note that in June 1968 there were 8,582 people in North Dakota under the food stamp program, and in February 1969 you had 10,623, an increase of a little less than 2,000.

I think you are finding all of the hungry people in North Dakota. We never had such a problem. We have been taking care of our people. I have called the welfare directors and public health officials in these hunger counties and asked them to give me the names of hungry people and they say "We do not have hungry people." I notice in your statement and I think it is a very good one, you say "Malnutrition is a product of two factors," one a shortage of food and the other one a proper diet. Where do you find improper diets? What percentage of these are among the poor people, and how many are those who have adequate funds to buy foods? Percentagewise how many people with adequate funds are facing malnutrition?

Secretary HARDIN. I am not sure that I am qualified to answer that, Senator. I know we find it at all income levels. I know it is skewed toward the lower income levels. I do not know whether we have data on this or not. Dr. Schaeffer's study will help on this when they are completed at HEW. They are completing their national survey on the type, the nature of and the extent of malnutrition. This is a very thorough study, in which they are indicating the form of it, but I do not think I can answer that question accurately, specifically.

Senator YOUNG. In a State like mine, and I think this would be true of much of the Nation, solving malnutrition would be more of a problem of getting people to understand what is an adequate diet and how to follow a better diet. What is being done to teach people better diets?

Secretary HARDIN. The nutrition aide program is one, and that is a major effort.

Senator YOUNG. But how many people do you have in that?

Secretary HARDIN. That is 5,300, it will be 5,300 by July 1, next, and then all of the land-grant universities through the Extension Department have their extension programs in nutrition education. The nutrition aides is a part of this. This is an expansion of that effort. I think all of the States are stepping up their own activity in this area in using the methods they have used for years, television, all the media.

Then we have recently, with some of the food companies, who are expressing great interest and the Advertising Council in joining with us in this educational endeavor, making use of the time and space they pay for, to help with this total educational effort, and of course this is going to get people of all income levels, if they watch, listen or read, and should really improve the health of the Nation.

But in this program, we are zeroing in on the very poorest and the poverty-related malnutrition.

Senator YOUNG. In my State, most of the poor people are Indians on the reservations.

Secretary HARDIN. Yes.

Senator YOUNG. Do you have any people working on the reservations, or is that left entirely to the Indian Bureau?

Secretary HARDIN. Well, once again we follow the same practice here that we follow in the States and cities and counties. We are

depending on the local management whatever it may be, to handle the distribution. We are not distributing it ourselves, except in I think it is 44 counties.

Senator YOUNG. Just one more question. Would a vegetarian be classified as one with malnutrition?

Secretary HARDIN. Oh, boy.

Senator YOUNG. I have seen very strong people who were strictly vegetarian.

Secretary HARDIN. I think I will just have to claim incompetence on that question, Senator.

Senator YOUNG. That is all, thank you.

The CHAIRMAN. Senator Allen.

Senator ALLEN. Yes, sir.

Dr. Hardin, I noted from your testimony that you say that it is part of the program that you are going to have the food stamp program as the single system for family food assistance. You are going to deescalate the commodity program then as you escalate the stamp program, is that correct?

Secretary HARDIN. That is our long-term aim, Senator Allen, but not in fiscal 1970.

Senator ALLEN. I see. How much are you asking for the commodity program in 1970?

Secretary HARDIN. That is a part of our regular budget request.

Senator ALLEN. You are not asking for any more then?

Secretary HARDIN. Some increase, yes.

Senator ALLEN. An increase. How much in 1971?

Secretary HARDIN. Do you have that?

Senator ALLEN. Is that a continuous increase while it is being deescalated?

Secretary HARDIN. No, it is not being deescalated in 1970 or 1971.

Senator ALLEN. How much does it increase in 1970 and then how much in 1971?

Secretary HARDIN. It is \$258 million in fiscal 1969, the present year, and the budget request \$350 million, a \$92 million increase for fiscal 1970. I do not have a figure for fiscal 1971 with me.

Senator ALLEN. It won't be any less, will it?

Secretary HARDIN. No, it will not.

Senator ALLEN. A continued increase?

Secretary HARDIN. Very modest would be our guess, if at all, but I would say in order of magnitude about the same would be our projection.

Senator ALLEN. I understood you to say, I am just asking for information, that the welfare payments would be counted against the \$30.

Secretary HARDIN. Yes.

Senator ALLEN. A month.

Secretary HARDIN. Yes.

Senator ALLEN. Is that correct?

Secretary HARDIN. Correct.

Senator ALLEN. Then very few people on welfare would be entitled to free food stamps?

Secretary HARDIN. If their payments are that high, that is correct.

Senator ALLEN. I believe then for the next year, you are asking for \$610 million, and the following year \$1,340 million.

Secretary HARDIN. Right.

Senator ALLEN. And you stated that you felt that this was a temporary program, and that at some stage we could anticipate that it would start going down. Now while you did not state, I gained the impression that if you were asked to state a figure for the third year, it would have been still larger—a still larger figure than the \$1,340 million. At what stage then do you anticipate that it will start down?

Secretary HARDIN. I am basing this on the hope and the expectations that the Congress will do some things, and local communities and States will do some things over the next months and years that will reduce the numbers in this low-income group through providing incentives for location of business firms in some of the depressed areas, through the retraining of some of the hardcore unemployed, and that if we are vigorous enough in this effort totally, the numbers eligible should reduce. Now I cannot put a time schedule on that. I do not know anyone who can.

Senator ALLEN. That is more a hope than an expectation.

Dr. HARDIN. On the expectation that we will do some of these things. There certainly is interest in it, and I think we are moving that way.

Senator ALLEN. It would be difficult to point out in history where a program of this sort has tapered off, would it not?

Secretary HARDIN. Yes, because there has never been a program of this sort.

Senator ALLEN. What about the welfare programs, instituted in the thirties?

Secretary HARDIN. Yes, all right.

Senator ALLEN. As a temporary device.

Secretary HARDIN. To this date they have continued to grow, although I think you would agree with me that we have fewer people at very low income levels than we had in the thirties. The only difference would be that we were all poor then.

Senator ALLEN. I notice here in your testimony the fact that you probably would not use the standards set up for welfare eligibility by the various States. Would you then set up another bureau or division to establish eligibility nationwide?

Secretary HARDIN. No. We would simply try to arrive at a national standard, with provision for it in the legislation. We would then ask the State welfare departments to enforce, and local departments. No, we feel very strongly, Senator, many of us do, that we would like to have the State and local people take the major responsibility for the management, but there have been some quirks in local regulations and we have been required to conform to the State regulations for other purposes, and it has not always been ended up as the best possible program.

Senator ALLEN. Is there any formula suggested or worked out in the program whereby the States or local governments would participate, or is that merely a hope as well?

Secretary HARDIN. A formula?

Senator ALLEN. Yes, sir. How are you going to get them to participate if you are taking over the whole load yourselves?

Secretary HARDIN. We are not planning to take over the whole load. We still insist that they pay the local management costs themselves.

Senator ALLEN. I see, but not on the actual money spent?

Secretary HARDIN. We would make the stamps available for those that have the food stamp program. We would make the commodities available to them in their warehouses. Then they would take them from there. They would handle the intrastate distribution, but we would get these to the States, or the stamps to the States. Then from then on it is their program with a few national standards which we would ask them to conform to, and these hopefully would be minimal.

Senator ALLEN. While we are discussing all of the bills, what is your feeling on Senator Talmadge's bill about selling the stamps through the facilities of the post offices?

Secretary HARDIN. Well, of the bills that have been considered, I think Senator Talmadge's bill comes the closest to what we are proposing. In fact, it is quite close, with a few variations.

Senator ALLEN. Is the administration bill going to propose the sale through the post offices?

Secretary HARDIN. I do not think at this point we are prepared to make a recommendation on this. We are studying ways to improve the distribution of stamps. I suspect it is going to be more than one way.

Senator Ellender mentioned the possibility of sending some of them out with welfare payments. This possibility gets to one group, but that does not get all the people, and the post office is one we will have to look into. Whether it is practical at this point we do not know.

Senator ALLEN. How many various programs of monetary help along the food line does the Department of Agriculture have, how many different programs of supplying food or commodities or money to purchase food with?

Secretary HARDIN. We have the two family plans, the food stamp and the direct distribution of commodities, which do not operate in the same communities. They have one or the other at the present time. Then we have the various school programs, school lunch, school milk and things of this kind. We take that as a group of programs and we call that one child nutrition.

Then these special programs for pregnant, nursing mothers and children under 5, a special package program distributed under medical supervision, so essentially the family feeding, the school program, the special program for the nursing mothers and infant children, basically three, and we do hope that these can be coordinated now, and not operated as three completely distinct programs.

Senator ALLEN. Thank you, Secretary Hardin.

The CHAIRMAN. Mr. Secretary, a moment ago I asked you to furnish for the record the amount that you propose to recommend for the food stamp program. It was \$610 million for 1970, \$1,340 million for 1971, and then you give us the figures for 1972. Now as I understood your statement, you said that as you increased the amount for the food stamp program, you decrease the amount for the direct food distribution, and according to your answer to Senator Allen, it seems that while you are increasing your food stamp program, you are also

increasing your direct distribution. I cannot quite follow you. I wish you would look over the record.

Secretary HARDIN. Our judgment is that beyond fiscal 1970, we would have no further expansion of the commodity distribution.

The CHAIRMAN. When will the deescalation start then, after 1970?

Secretary HARDIN. Yes, that is correct.

The CHAIRMAN. Well, now, if you will add to the information that I asked for, I wish you would also include the amount that you propose to recommend for direct food distribution.

Secretary HARDIN. All right.

The CHAIRMAN. That is for the 3d year that we asked for. You have given us for the first year 601, the second year \$1,340 million, and do the same for the third year, you will furnish that later?

Secretary HARDIN. Yes.

The CHAIRMAN. I wish you would give similar figures for the direct food distribution program.

Secretary HARDIN. Yes. The reason we have problems with this is that there are different kinds of commodities as you well know. The commodities are distributed and it has not been possible to mix this. If it were we would recommend that we substitute the stamps for the commodities, but the way the funds come, this does not seem practical, so we will continue that for a while.

The CHAIRMAN. The committee understands that you do not want both programs to be increased. You want to deescalate direct distribution and increase the food stamps?

Secretary HARDIN. Yes.

The CHAIRMAN. So if you will give us your estimates for 1970, 1971 and 1972 in both categories.

Secretary HARDIN. We will.

(The information follows:)

	Expenditures (in millions)		
	1970	1971	1972
Food stamp.....	\$610	\$1, 517. 0	\$1, 742. 8
Direct distribution to families.....	365	319. 2	245. 5
Total.....	975	1, 836. 2	1, 988. 3

The CHAIRMAN. All right, Senator Curtis, you are next.

Senator HOLLAND. Mr. Chairman, of course the estimates for the commodity program will not come into this authoriaztion bill.

The CHAIRMAN. I understand.

Senator HOLLAND. They come in the regular appropriation and only on an annual basis.

The CHAIRMAN. But the views of some Senators may be tempered on this food stamp program depending on what you do with the direct distribution.

Secretary HARDIN. That is correct.

The CHAIRMAN. That is why I think we ought to have both figures in the record.

Secretary HARDIN. I agree.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Mr. Secretary, I want to commend you for a fine statement and the knowledge and dedication on the part of you and your assistants in grasping this problem. I have read the first part of your statement, but I was not present when you delivered it. It seems as though Mr. Alexander Graham Bell invented a machine some years ago and it is rather widely in use out in Nebraska. I am not annoyed by it, but it sometimes delays my schedule.

Referring to your statement, particularly on page two, "Malnutrition is a product of two major factors. The first and perhaps most difficult to overcome is lack of knowledge, a lack of understanding of the importance of good nutrition, and a few relatively simple but essential rules that should be followed to assure good nutrition."

From what you propose and have actually underway in meeting this problem, does that carry that education directly to the people beyond that group that will respond to a newspaper announcement or will be attending and have been in the past attending meetings? Do you take this instruction directly into the homes of people?

Secretary HARDIN. With the nutrition aides we go directly into the homes.

Senator CURTIS. Yes.

Secretary HARDIN. And I have a feeling also, Senator that if we get more material attractively packaged on television, that this will get into many of these homes.

Senator CURTIS. And it will have an overflow value for all segments of our population?

Secretary HARDIN. Yes.

Senator CURTIS. This education?

Secretary HARDIN. This is our hope.

Senator CURTIS. And it will particularly help this educational program carrying directly into the homes beginning with the poorest of our land. It will have an overflow value in my opinion with what might be termed the near poor.

Secretary HARDIN. Yes.

Senator CURTIS. Through contacts, social and neighborhood visiting and so on, this material will not be bottled up.

Secretary HARDIN. Then there are a few things, if I may just digress a little, Senator Curtis.

Dr. Schaeffer's work has shown a significant amount of goiter in the country. At one time we thought we had wiped this out. We have talked to grocery people. They say this is very simple of solution. That they can put emphasis on putting iodized salt back on the shelves, and this should eliminate most of that nationwide, and that will not cost anything.

Senator CURTIS. I think of another benefit that has not been mentioned here this morning. Frankly at the present time I think that perhaps there are quite a few abuses where people, because of lack of understanding and information may be taking these stamps to a store and getting them exchanged for items that may not be food. I for one certainly do not propose the Federal Government having a policeman looking over every merchant's shoulder to police this, and I think that the greatest opportunity to eliminate that and to zero in on those things for which the program was intended, the most nutritious of

foods, will be accomplished through this educational matter, because when the people understand it, that is the thing they will ask for in the stores, and it is a much better approach than any policing apparatus.

Secretary HARDIN. Undoubtedly we will have to do some checking.

Senator CURTIS. Oh, yes.

Secretary HARDIN. But we do not propose a policeman at every cash register.

Senator CURTIS. No, I understand. And I also want to commend you on the emphasis that you have placed in your proposal on the extremely poor people, because while malnutrition might exist in other levels of our economy, they have more access to remedies other than turning to the Federal Government.

Secretary HARDIN. Yes.

Senator CURTIS. I notice here in a chart prepared that under existing law a family of four having an income of only \$50 a month, have to spend \$20 of it for food stamps, while your proposal for the first time changes that, and while they would have to make a payment, it would only be \$6.

Secretary HARDIN. That is right.

Senator CURTIS. Which would be not such a burden upon their meager income, but also it is more realistically within the reach of charitable groups and others who might want to assist them.

I notice that the family of four, with a monthly income of \$80 under existing law has to pay \$36 for stamps, and under the proposal you have presented \$16. A family of four with a \$100 a month income would have to pay \$44 for stamps, and under your proposal only \$23. This is for \$100 of purchasing power. The \$150 a month family now would have to pay \$56. Yours would be \$39, and it goes on then and it gets to about \$250 it levels off to approximately what it is at present.

Secretary HARDIN. Yes, and one of the purposes of this also is there is less disincentive to work, you see, or to add to income in other ways.

Senator CURTIS. By the 30 percent limitation?

Secretary HARDIN. Yes. It pays to increase your income under this arrangement.

Senator CURTIS. Yes.

Secretary HARDIN. You will have more of it left over.

Senator CURTIS. Yes. It is not easy to devise a formula that does the compassionate thing towards the very poor, and still at the same time weave into it an incentive to increase your income, and I think that you have made excellent progress in that over what has been done.

Mr. Chairman, I will take no more time.

The CHAIRMAN. Senator Dole?

Senator DOLE. Yes.

I wish to commend the Secretary not only for his statement but for the efforts which you have made since January to improve the situation around the country. I have been a member of this committee and also the House Committee on Agriculture, and also a member of the highly publicized Committee on Nutrition and Human Needs. I think we have removed this question to the right committee now, away from the arena. We are away from the one-upmanship game we

have been playing. I certainly commend the Secretary for moving forward.

As I understand it, the administration will submit a proposal.

Secretary HARDIN. Yes.

Senator DOLE. And that in many respects it is similar to the proposal submitted by Senator Talmadge. I want to ask first of all are you convinced that by enlarging the food stamp program we have found the answer? There has been some talk about income maintenance. I wonder before we launch into a whole new program, a very vast program and a very vast expansion, if we are assured that an increased food stamp program is the right approach. Have you reached that conclusion?

Secretary HARDIN. We think for the present at least that we need something like this. There is a tendency in many communities we have found for rents and other costs of that kind to rise with welfare payments, and not leave more money for food, and by having stamps that can be used only for food, or by distributing commodities for direct consumption, we think we safeguard this a bit. Now how long this will be necessary I do not know.

Senator DOLE. The reason I asked, it has been brought out at some of the hearings around the country with the Nutrition and Human Needs Committee, by witnesses who are participating in the food stamp program, that they consider it in some cases a fraud, the biggest fraud ever perpetrated on the poor. These are some of the comments I recall. There is a stigma when you have to line up for food stamps, that you do many things that people should not be required to do, talking about a proper diet and also maintaining one's dignity.

Secretary HARDIN. And these are I think, valid criticisms.

Senator DOLE. I agree, and in any improvements we make, we should keep in mind of course everyone is a human being and everyone has a certain amount of pride. There are people, of course, who cannot sustain themselves without some assistance, and when we start making them line up at the post office or wherever in a separate category, then we have discriminated against the poor.

Now there is also, of course, as you understand, a certain amount of not mistrust, but maybe skepticism about any program that comes from the USDA. Those living in the area where the need is the greatest if the urban areas just do not have enough confidence apparently in the USDA, I think largely because of the name, not because of the people in it. I suggest that maybe we ought to change that name to the Department of Food and Fiber and bring it up to this era in history. I am also convinced that you have the tools and you have the personnel and you have the competence to really solve this problem. I was particularly impressed, yesterday when we had two fine Kansans here testifying about the nutrition aid programs and the progress we have made.

I really believe that the solution may come when, as Senator Curtis has pointed out, we have household to household visits eventually and we educate people on how to use the food.

We can pile food to the ceiling, whether it be food stamps or direct donations, but if they cannot prepare it you really have not done much for the people indoors.

So I would hope there would be at the very least, serious consideration given to expanding this program, in addition to expanding the amount of money spent for food stamps.

It is my understanding you have \$30 million in the budget for nutrition education?

Secretary HARDIN. Yes.

Senator DOLE. Would this be a substantial expansion of the program?

Senator CURTIS. You mean program aides?

Senator DOLE. Program aides, nutrition projects.

Secretary HARDIN. It would annualize the 5,300 that we will have by the end of this fiscal year, and add an additional few more, not many.

Senator DOLE. Would you see any increase in the future for this program?

Secretary HARDIN. Well, I told Senator Holland earlier, yes, I think there are places where additional ones could be used profitably, but this is our recommendation for this coming fiscal year.

Senator DOLE. In many areas, and I know you are doing this, it is my opinion we can hire people who live in that area as nutrition aides.

Secretary HARDIN. Yes.

Senator DOLE. They know their neighbors, they know the problem, they know how to communicate with the people. This is how we at least alert the people that there are programs available.

Secretary HARDIN. I think we are getting some side benefits too, Senator Dole, on this nutrition. I think they are finding other situations that they are acquainting them with what they can do about such as illness and things of this kind, that just incidentally flow out of this kind of effort.

Senator DOLE. But you are confident that you can handle this problem in USDA?

Secretary HARDIN. I think we can achieve the objectives toward which we have set out.

Senator DOLE. Working as I understand it with the Department of Health, Education, and Welfare?

Secretary HARDIN. Very closely.

Senator DOLE. With the Urban Council and with Donald Rumsfeld, the new Director of OEO.

Secretary HARDIN. We have a very cordial relationship with all of these groups.

Senator DOLE. And you are working together, aren't you?

Secretary HARDIN. Very closely.

Senator DOLE. The point has been made many times that it is really an integrated problem. It is not only food we are talking about. We are concerned about clothing, shelter and the whole problem, the total problem, and of course food is a very important part of it. I am not certain where it is in priority, but it must be number one.

We also recognize that there is a great interest in America now in the problem of hunger and malnutrition. Perhaps, this is the time that we can expand the food programs. However, as was pointed out by Senator Aiken, certainly in the short time you been responsible for the food programs, you have made great strides forward.

Secretary HARDIN. What Congress does makes a big difference.

Senator CURTIS. Would you yield there?

Senator DOLE. Yes.

Senator CURTIS. There is just this one thing I did not cover. If we make substantial progress in the field of nutrition, both in education and providing the wherewithal for those who do not have it, that should increase, that accomplishment alone should materially increase the number of employables among those who are now classified as unemployable; isn't that right, especially when it is carried to all age levels?

Secretary HARDIN. Oh, indeed it should, indeed it should.

The CHAIRMAN. Senator Jordan.

Senator JORDAN. Thank you, Mr. Chairman.

I apologize to the Secretary for not being here at the start of your testimony. I will read it. I had two other committee meetings this morning that I just had to go to, to make a quorum. I am very much interested in all this business, because I am a co-sponsor of the Talmadge bill, as you know, and I have studied it quite a lot. I have tried to learn as much as I can about it. This is a complicated subject, as you well know.

One of the things that I have thought of, I guess this has been emphasized here over and over, is to educate people on what they ought to eat. Now you cannot make them eat it. Some people are going to eat what they want no matter how much money they have. There is no way you can change their eating habits. I know that as well as anybody does. But through the school lunch program, when you reach down through the various grades to kindergarten, it seems to me some emphasis could be put on it, with a small amount of very simple literature that could carry a message that they could read themselves, these children. It seems to me that the same type of thing could be carried along with the distribution of food stamps, where they get stamps. And ever so often they could get a little leaflet about what they should eat. As you know, grocery stores advertise the vegetables of the season.

Senator Holland's people do a magnificent job advertising the orange crop when the big crop is on, and orange juice. The celery people do, too, and on lettuce and other vegetables they do a good job of presentation. It seems to me they could do a very good job very cheaply for the people who are the recipients of this aid, if we supplied them with something that was very simple, probably with pictures in it. You know children like to see pictures and I do, too. I read the funny papers first every Sunday and then see what news comes along, and that is not unusual. You find other people doing the same thing.

It seems to me that would be one good way to convey the very things we are trying to teach as to what to use. You are going to have to teach them. I know personally some people in all the brackets you are talking about here, who have a television aerial hanging up on the roof that nearly turns the house over but they do not spend money for proper food. It is necessary to do a lot of teaching in the spots where you reach the people.

The CHAIRMAN. Are there any further questions?

Mr. Secretary, we are very glad to have had you. You have answered a few supplemental questions that were suggested. I think we will have

a good basis to proceed on preparing a bill for presentation to the Congress.

Senator HOLLAND. Mr. Chairman, I was going to mention this matter of preparation of the bill. I think it is highly necessary that we receive this bill in the minimum possible time, because we are going to have to bring out a bill shortly.

The CHAIRMAN. He said it would be days and I hope it is next week. So be prepared. Try to give us a bill by the time we come back from the Memorial holidays.

Secretary HARDIN. We will do our very best.

The CHAIRMAN. That will be next week.

Secretary HARDIN. Next week. I will pass the word and see if we can do it.

The CHAIRMAN. You can do it if you just tell them so. They will respond.

Very well, thank you very much.

Secretary HARDIN. Thank you.

The CHAIRMAN. The next witness is Dr. Jean Mayer.

Doctor, will you identify yourself for the record, please.

STATEMENTS OF DR. JEAN MAYER, CHAIRMAN, AND JOHN R. KRAMER, EXECUTIVE DIRECTOR, NATIONAL COUNCIL ON HUNGER AND MALNUTRITION IN THE UNITED STATES

Dr. MAYER. I am Dr. Jean Mayer, professor of nutrition at Harvard University and I am chairman of the National Council on Hunger and Malnutrition in the United States.

The CHAIRMAN. I notice you have a prepared statement.

Dr. MAYER. Could I summarize it?

The CHAIRMAN. Suppose we place the entire statement in the record at this point and you summarize it for us.

(The prepared statement of Dr. Mayer is as follows:)

I feel honored to be asked to appear before this body, and to be the first nutritionist to be so asked. I know I owe this honor to my being Chairman of the National Committee on Hunger and Malnutrition in the U.S., a group of prominent professionals and laymen united in the desire to eradicate the blight of disease due to malnutrition from our land. I am sure that I speak for all U.S. nutritionists when I say how pleased we are that the United States Senate, and the members of this Committee in particular, recognize the importance of sound nutrition for the welfare of our people and are interested in the improvement of the national diet. Because I do have the privilege of being the first nutritionist to testify, I see myself as responsible for giving this Committee a broad picture of our nutritional problems rather than a detailed analysis of any single aspect.

I. GENERAL CONSIDERATIONS

We have too long been content to repeat that "we are the best fed country on earth." While we have good reasons to be proud of our agricultural production records and of the work of our public health and extension nutritionists, three major considerations militate against excessive complacency on our part:

First, a considerable number of published studies document the fact that a large number of our people, situated economically on the lowest fifth of the nation, are too poor to feed themselves properly under the conditions in which they live. The existence of this type of malnutrition has been dramatized lately by various reports and television programs. Government surveys (HEW) are bringing in controlled facts on statistically valid stratified samples which are confirming and reinforcing many of the pictures produced by these hearings

and reportings. I understand that this evidence will be presented to you soon. It appears that present corrective governmental measures are inadequate in many areas and under various conditions to deal effectively with malnutrition due to poverty.

Second, a great many of our people are uninformed about nutrition, put themselves on inadequate diets, and are frequently the prey of food faddists and quacks. This is true, in particular, of adolescents, old people, and sufferers of chronic conditions such as arthritis or overweight.

Third, the national diet is extremely high in saturated fats. Together with the physical inactivity characteristic for our adult males (and unfortunately, of a growing number of our young people) and the obesity so prevalent in our population (and again, as our studies have shown, so directly related to physical inactivity), this high fat diet is probably largely responsible for the pandemic and coronaries and other cardiovascular diseases which are afflicting our land and nullifying the effect of medical advances at least as regards our national life expectancy.

Let us look at these three areas in more detail.

1. Malnutrition and poverty

Government and university studies have shown repeatedly that a great many of our people have highly inadequate intakes of a number of nutrients. Anemia and growth retardation are frequent among the poor as are accidents of pregnancy. In general, it appears that we have five main areas of malnutrition:

a) unemployed or partly employed poor. Many of these are in the Deep South—in particular ex-cotton workers displaced by changes in crops from cotton to corn and by the use of new machinery. It has perhaps not been pointed out enough that many are in other areas, such as Appalachia.

b) migrant workers. The Eastern "stream" is mostly made up of Negroes and Puerto-Ricans, the Western "stream" is mostly Mexican. Both contain many ill-fed children and adults.

c) Indians in the South-West and elsewhere. There appear to be great differences between tribes and between reservations, but a substantial proportion of our Indian citizens appear to be in a poor state of nutrition and of health.

d) the very poor in big cities. Many very poor individuals and families are not receiving welfare payments; many are not in areas or groups included in nutrition programs. Some cities have no school lunches or have school lunches only for certain grades. Some poor people who have migrated from other areas (e.g. Puerto-Rico, the rural South or border states) try to reconstitute in Northern Cities, at very high cost, the often inadequate diet to which they were used.

e) the nutritional situation of certain Indians and Eskimos in Alaska appears to be bad or at least precarious. Data available to me are inadequate for judgment.

The problem of malnutrition is clearly not a Southern problem, or a Negro problem, or a Mexican-American problem, or an Indian problem, or an Appalachian problem. It is an American problem to be dealt with by national solution.

How can we cope with these problems?

I believe that an expanded program of free food stamps, commodities and supplementary nutritional programs, such as day-care and school meals, could if conducted on a large enough scale, have a considerable impact on malnutrition due to poverty. In advocating the removal of payments on food stamps and commodities, at least for the very poor, I am not blind to the need for responsible accounting. At the same time I want to point out that reluctance on the part of the successive Secretaries of Agriculture to use their full authority and remove price tags for the very poor and the indifference of many officials at the local level have been greater problems in the past than difficulties of control. Social welfare agents should be less involved in control, more in welfare (the reverse may be true for law enforcement agencies). I would suggest that the licensing, by federal standards, of voluntary associations and groups, could be a way to create responsible bodies which could undertake to distribute free food stamps and commodities, conceivably with some financial help. Possible abuses could be checked by the Internal Revenue Service; the Department of Agriculture would retain responsibility at the federal and state level for the programs.

A special program of free food stamps directed at babies and redeemable in baby foods should be initiated so as to reach the most vulnerable group in our population. The evidence we have indicates that damage to their central nervous

system can be inflicted, if the very young are malnourished. These are very difficult to reach under existing conditions.

At the same time, if a baby food program is instituted, stringent regulations should be enacted to insure that the quality of baby foods be protected. Recent alterations in composition and additives have lowered the quality of U.S. baby foods.

Special allowances should also be given to pregnant women who are poor. These have a high instance of metabolic late toxemia of pregnancy, prematurity and other accidents of pregnancy. Premature babies are often retarded.

Greater incentives may have to be given cities so that they will expand their school lunch programs (and day-care feeding programs) to all children. At present these are fragmentary. For example, I am ashamed to have to report that in my own city of Boston (where school lunches were invented), the great majority of our elementary schools do not have a school lunch program. Children in the wealthy suburbs are subsidized and have such a program, while children in the urban core, whose parents or only parent work all day, are often reduced to buying a soft drink and a doughnut, do without such a program (or are subsidized by their teacher).

All these programs ought to be monitored in terms of actual intake of food by people, and nutritional status of recipient groups, not just in terms of money spent.

Finally, I want to emphasize that *we cannot continue to have our surpluses (and indirectly our subsidies policy) dictate our nutrition programs.* We have inherited from the thirties (when economists believed that the Depression—and its attendant miseries—derived from agricultural “overproduction”, when a quarter of the population were farmers, and when the farmers were the poor) a system of subsidies which though they have been frequently altered since, are by no means directed at producing the type of “surpluses” which would be most useful for feeding programs. As a result, our children and our poor are often fed whatever tends to accumulate as a result of these economic policies, rather than the types of food they really need. (Some of our surpluses, e.g. butter, are often equally unusable for foreign relief as well.) It is high time that we reverse this policy; we should determine *on nutritional grounds, not on economic grounds* the foods required by our feeding programs and then go ahead and produce them. If we have to have surpluses, at least let us have the *right* surpluses.

2. Nutrition Education

The ignorance of our people as regards the caloric value and the nutrient content of foods as well as the nutritional requirements, is appalling. This ignorance is responsible for some of the malnutrition we see in this country. It also makes the fortune of quacks who prey on our people and, in spite of the efforts of federal authorities, make fortunes selling useless “dietary supplements”, quack “reducing” diets and faddist books, etc. Hundreds of millions of dollars are thus become unavailable for sound nutrition and legitimate health expenditures.

In the long run, I am convinced that we shall not be able to avoid the increasing flood of nutritional (and health) quackery which threatens the nutritional status of many of our fellow citizens until states adopt a requirement for a course in Human Physiology (including Nutrition) before graduation from high school (similar to the requirement for an American History course which many states have set). Meanwhile, I believe that we are failing to make use of a great national asset by not utilizing the competence of the Agricultural Extension Service more fully for Nutrition and Home Economics education among the rural poor. There is no fundamental reason why the service could not be extended to work in urban areas as well. (Or it could serve as a nucleus for the creation of a similar service—with a different sociological orientation—under the aegis of the Department of Housing and Urban Development.)

We can also hope that the Public Health Service, through appropriate measures, will encourage the development of better nutrition teaching in medical, dental, and nursing schools; and that fluoridation of the water supply will be universally accepted. At the same time, I want to emphasize that important as nutrition education is, it is not a substitute for food—as money, food stamps, commodities, or special feeding programs.

3. Nutrition and Degenerative Diseases

In the course of the past 20 years we have as a Nation quadrupled our health expenditures (tripled *per capita*). Health is now the third largest user of manpower. Yet during that period, our life expectancy at 20 has not increased and

our position has tumbled, particularly for men (we are now, I believe, 37th). The main reason for our poor showing is our growing mortality from cardiovascular diseases. This is in turn related to our diet—extremely high in saturated fats; to our lack of physical activity—adult males are now almost immobile in urban areas, children do less and less; to the prevalence of obesity—itself probably largely due to the fact that as shown in our laboratory, the “minimum” appetite of inactive subjects is higher than their energy expenditure so that people who exercise very little are more likely to get fat. We need to do much more for the nation’s fitness. Children need a daily program of exercise rather than the bi-weekly exposure they now get. Greater effort must be put into these children who need it most, instead of concentrating exclusively on athletes; sports and games which can be practiced throughout life must be taught rather than simply team games played in schools. And we must increase enormously the facilities available to adults for exercise (presumably, in part by having facilities which can be used both by the schools and the community). Exercise improves weight control, maintains vessels elastic, can create collateral circulation to replace partly occluded arteries, and may lower cholesterol and blood pressure. When it is realized that exercise facilities are not simply “recreation,” but fill an urgent health need relating to our main cause of death, we may hope that federal support for the construction of such facilities will be forthcoming. (Certainly, the achievements to date of the various presidential fitness committees have been meager).

We can and we should facilitate changes in the national diet which will lower the total fat content of the diet and shift as much as possible of the dietary fat from “saturated” fats to “polyunsaturated” fats. Such changes have been shown to lower blood cholesterol and the risk of coronaries. In particular, we should encourage the precise labeling of the content of the various fatty acids in various oils and fats. Together with proper nutrition education this should reward manufacturers who have, in fact, produced more healthful fats. We should encourage the development of leaner meat and enormously increase our catch and our consumption of fish. Finally, last but not least we should put more emphasis on preventive cardiovascular medicine which can save (and keep healthy) millions of Americans (even if we continue to admire feats of surgical virtuosity which prolong the lives of a few).

Whether we are dealing with the problems of the poor or the problems of the rich, we have to readjust our priorities before effective action can be taken.

II. POSITION ON S. 2014, S. 1864, S. 6, S. 1608, AND THE PRESIDENT’S PROPOSAL

Let us now go on to compare the present Program on Food Stamps (Food Stamp Act of 1964), the McGovern Bill (S. 2014) Food Stamp Reform Act of 1969, the Talmadge Bill (S. 1864) Food Assistance Act of 1969, The Mondale Bill (S. 6) Domestic Food Assistance of 1969, the Montoya Food Stamp Bill (S. 1608), and the President’s proposal, not yet in the form of a bill.

First of all, let us recognize that all proposals agree *explicitly* on the need to provide adequate nutrition to all Americans. They all agree *implicitly* that of all methods presently in existence, the food stamp method is that most consistent with the dignity of our impoverished citizens. Nutrition has a psychological as well as a physiological component: to permit the recipients to buy *the same foods in the same stores* as other Americans is to encourage them to feel that they are Americans like other Americans, an essential factor, if we want to encourage proper self-respect and ambition among them, and particularly among the children.

I see the following advantages in certain bills.

Territorial coverage: the McGovern Bill and the Mondale Bill have the broadest geographic coverage, with the Mondale Bill having a slightly larger one (Virgin Islands and Samoa as well as Puerto Rico, Guam and Trust Territories).

Individual coverage: The Mondale Bill includes residents of institutions and boarding houses.

Product coverage: The McGovern Bill includes items necessary for personal cleanliness, hygiene and home sanitation.

State coverage: I like the automatic character of the Mondale Bill; I believe it would prevent a considerable amount of unnecessary litigation. The McGovern Bill is the second best alternative.

Household coverage: The Mondale Bill is again the clearest and the most useful, with the McGovern Bill the second most useful.

Resource limitation: The Mondale Bill seems the most reasonable.

Method of certification: The McGovern and the Mondale Bills are equivalent and preferable to the lengthy and cumbersome procedure used now. I like the provision in the Mondale Bill for a 45 day carry-over of certification after moving.

Method of coupon issuance: I like some of the additions provided by the McGovern Bill (post offices, retail stores). Mr. Talmadge's Bill suggests at least twice monthly at the post office, an excellent provision.

Purchase price of coupons: The Mondale Bill is clearly superior. (The presidential proposal, as yet not specific, seems to be inspired by the same principle.) The Talmadge and the McGovern Bill are both considerable improvements over the present situation.

Free stamps: The Mondale Bill is clear and, I believe, is the only one which deals adequately with the problem.

Total value of coupons: This is one of the areas where the present Bill is extraordinarily inadequate. The McGovern Bill and the Presidential proposal address themselves to the problem, but the Mondale bill is most explicit in requesting a total value sufficient to provide a "full and effective opportunity to obtain a nutritionally adequate diet." The McGovern Bill and the Nixon proposal do give models of an adequate diet, an important feature missing in the Mondale Bill.

Financing of purchase price: The McGovern Bill is explicit.

Responsibility for administration: Both the McGovern Bill and the Mondale Bill are vast improvements over the present Bill. The McGovern Bill is more explicit.

Responsibility for administrative costs: Both the McGovern Bill and the Mondale Bill are realistic in making the Federal Government assume a greater part of the costs. I favor the McGovern Bill on this point, as it allows the Secretary to pay all costs, though the Mondale Bill features covering private commercial enterprises should be retained.

Simultaneous operation of commodity distribution and food stamps: I agree with McGovern and Mondale Bills that this may be required, at least in a transitional period.

Education and outreach effort: McGovern and Mondale Bills are equivalent and good. I like the McGovern feature of making the State responsible to inform eligible households of opportunities and to provide help in applying.

Level of appropriations: All proposals are an improvement over the present situation. The McGovern proposal seems to represent a minimum, if the goal of insuring a decent diet for our impoverished fellow citizens is going to be done.

U.S.D.A. reorganization: The Talmadge Bill is specific; a Federal Food Administration (similar to the Food and Nutrition Service suggested by the President) will be effective, provided it is headed by a man of sufficient personal prestige, sufficient energy and sufficient rank. Fortunately, there are a number of persons who would do a good job in this position, if given the authority.

Intergovernmental coordination: Again, the Talmadge proposal of a National Nutrition Committee seems interesting; it will only be effective, if it contains enough non-governmental members as well as the Secretaries of HEW, HUD, and others envisaged in the Talmadge Bill.

On the whole, Mr. Chairman, I would suggest that the McGovern Bill could form an excellent basis for your recommendations, particularly, if large sections of the Mondale Bill (on household coverage, resources limitation, method of certification, purchase price, free stamps, general statement of goal, role of private enterprise) and some sections of the Talmadge Bill (role of post office, U.S.D.A., and governmental organization) are incorporated.

I commend Senators McGovern, Mondale and Talmadge for their effort in favor of our less fortunate fellow Americans.

Dr. MAYER. I will summarize very briefly the first part, which deals with the general nutritional considerations, and spend a little more time on the second part, which has to do with the specific bills before you.

The CHAIRMAN. Very well, you may proceed in that way.

Dr. MAYER. I would like to first of all thank you for inviting me as a nutritionist. I feel a heavy responsibility to speak for all nutritionists before you. I take this invitation as a recognition of the fact that we

are now all in general agreement with the fact that we have a number of our citizens who are very poorly fed, because they are poor.

I would like to speak briefly on this point, then say something about nutrition education, which has been mentioned over and over again this morning, and go on to the specific aspects of the bills before you.

First of all, I think it is very important for all of us to recognize that the problem of malnutrition is not a problem for one or the other group in the United States. It is not a Negro problem or a Mexican problem or an Indian problem. It is an American problem, it is not a Southern problem or a Northern problem, it is an American problem.

We, I think, know now through the great deal of information which was in the nutritional literature before, but which had been neglected as well as through the surveys of HEW that we have five or six specific groups that we have to aim at.

First, the unemployed and partly employed poor, many of whom are in the deep South, but many of whom are not, for instance, there may be many of them in Appalachia, migrant workers who are a difficult group to get at, for a variety of reasons, the eastern stream mostly Negroes and Puerto Rican, the western stream mostly Mexicans; and Indians in the Southwest and elsewhere who still have a very low life expectancy as compared to the rest of our fellow citizens, perhaps as much as 20 years below the national average. The very poor in big cities, many of whom are rural people relocated in big cities, and then special geographic groups such as the Indian and Eskimo population of Alaska.

I think another way to look at the problem is to look at the groups which are nutritionally the most vulnerable, and there I think that the groups to single out are first of all the very young children, who are too young to be reached by school lunch programs and who are too young to be reached by Headstart programs, and yet present information suggests that this is the group which is the most vulnerable in particular to mental retardation as caused by malnutrition.

I may add that it is my own personal belief that perhaps not enough attention has been paid to the nutrition of pregnant women. It may well be that the nutrition of pregnant women is very closely related to the problem of retardation, if only because we know now that malnutrition causes a very high rate of prematurity, and we know that premature children are very much more likely to be retarded than children born at term.

I think that there ought to be very specific recognition taken of these two groups, and I would like in passing to suggest that while the Secretary has just mentioned the availability of certain programs, this is an area in which we ought to pay a great deal of attention.

I have suggested elsewhere in the corresponding body in the other House that a special program of free food stamps dealing with baby foods, with a very broad category of eligibility, might be one way to get at what is perhaps the most important group to reach, while at the same time, incidentally, guarantees ought to be assured that the quality of the baby foods will be maintained.

There are unfortunately some indications that the quality of baby food in general is not what it used to be.

Our aged are also a group to which special attention ought to be given. Our aged are poor. As long as we do not fluoridate the water

in many of our cities, our aged are toothless, which further limits the choice of foods they will consume. They often live alone, which gives very little incentive for cooking. And they often have less education than the younger generations, which together with the presence of diseases of old age, in dealing with the poor, leads them to seek refuge spending a great deal of money on so-called quack and health foods, instead of spending their money more wisely in the supermarket.

This leads me to my second general point, which has to do with nutrition education. I think nutrition education is extremely important. I think it is important not only for the poor but it is important for the middle class and the rich. As a country we have a scandalously high prevalence of heart disease. Our position in life expectancy in the world at large is slipping all the time because we have much more cardiovascular disease than anybody else in the world.

This can be attributed in no small measure to the fact that our people consume a diet very much higher in fat, and particularly in saturated fat, than anyone else in the world, as well as the lack of exercise.

My point is that nutrition education is a need for all of our people. At the same time I think I must emphasize that at present we do not know very well how to do nutrition education, and I think it is all very well to speak in terms of a larger budget and more aid and more effort in nutritional education, and as a nutritionist I would be the last one to say that as a principle that is not a very good thing, but in fact most of our studies show that nutrition education by the techniques which are used at present are not very effective, and at any rate can certainly not be a substitute for food in terms of money, food in terms of commodity programs, and food in terms of food stamps.

What data we have suggests that in the absence of basic understanding of human biology, which too many of our children are not exposed to, nutrition education is just one more exercise at preaching at people, and while they retain some facts, the impact is not enough to modify attitudes.

I might add that as long as nutrition is as poorly and as little taught in our medical schools as it is, it is very unlikely that nutrition education for the poor and disadvantaged is going to be very effective.

Now let me go on to the comments on the specific bills which are before you as well as what I gathered to be the administration proposal.

First of all, we can recognize that all proposals agree explicitly on the need to provide adequate nutrition to all Americans. I think they all agree implicitly that of all methods presented, the food stamp method is that which is most consistent with the dignity of our impoverished citizens.

I think the point that Senator Dole made of alternative methods of support, guaranteed annual income and so on, would also assure the dignity of the people helped, but I think if I may second-guess something which is in your field, Mr. Chairman, rather than mine, it seems to me that at present it is much more likely that we can help the poor through a food stamp program in the immediate future than it is likely that they can be helped through a guaranteed minimum wage or income.

Under those conditions, I would like to point out, even though I am a nutritionist and speak for the physiology of nutrition, that food and nutrition serve other purposes than purely filling up nutritional requirements. They also enable people to participate in social activities, and I think the fact of being able to go to a store and to buy the same sort of foods as other Americans is almost as important as being guaranteed a good diet physiologically, and I think that children in particular have to be dealt with in a special respect.

I think that it is very important that the children of the poor be exposed to the same foods as other American children, if we are not going to raise one more generation of people who are going to feel alienated from the national mainstream.

Now, I see the following advantages in the various bills. In terms of territorial coverage, I think the McGovern bill and the Mondale bill have the broadest geographic coverage, with the Mondale bill having a slightly larger coverage. It covers the Virgin Islands and Samoa as well as Puerto Rico, Guam and the trust territories.

In terms of individual coverage, the Mondale bill includes residents of institutions and boardinghouses, and all medical studies show that residents of boardinghouses are among one of our main problem groups in terms of health.

In terms of product coverage, the McGovern bill includes items necessary for personal cleanliness, hygiene, and home sanitation. I think these ought to be covered by some provision. Whether they ought to be covered by the food stamp bill I think is debatable, but I think it is a good suggestion.

In terms of the State coverage, it seems to me that the Mondale bill would prevent a considerable amount of unnecessary litigation, because of its automatic aspect. In terms of household coverage, I think the Mondale bill and the McGovern bill are good. In terms of resource limitation I would favor the Mondale bill.

In terms of method of certification, I think that both the Mondale bill and the McGovern bill contain great advantages over the existing method, in that they eliminate a great deal of lengthy and cumbersome procedure by which, through which, people have to go, in order to get on the food stamp program.

In terms of method of coupon issuance, I like Mr. Talmadge's idea of making much more extensive use of the income tax. In terms of the purchase price of coupons, I think the Mondale bill is clearly superior from my viewpoint. I think it is more realistic. With due respect to what the Secretary just said, I think \$100 a month for a family of four, in terms of food, is low, and the point that the Secretary made, that it would conceivably give decent nutrition, but there would be very little variety, I think is a very dangerous thing, points out the danger of this ceiling.

From a practical viewpoint, Mr. Chairman, I think a varied diet is an adequate diet. I think the more varied the diet any of us consumes, the greater the chances that he will avoid being deficient in vitamins or in minerals. The minute you restrict the variety, you open the door to deficiencies, unless people have a formidable amount of nutrition knowledge.

Total value of coupons, both the McGovern bill and what I take it to be the administration proposal, address themselves to the prob-

lem, but the Mondale bill I think is important explicitly in requesting a total value sufficient to provide "a full and effective opportunity to obtain a nutritionally adequate diet."

I think both the McGovern bill and the administration proposal give a model of an adequate diet, but I think it does not go quite far enough.

In terms of financing of the purchase price I like the McGovern bill which is quite explicit in terms of responsibility for administration. I think again the McGovern bill is the most explicit.

In terms of responsibility for administrative costs, I think both the McGovern bill and the Mondale bill are realistic in making the Federal Government assume a greater part of the costs.

I agree with the administration, and with two of the bills, in terms of the need for simultaneous operation of commodity distribution and food stamps at least for a while. I think the effect at what is now known by the rather bizarre name of outreach, the effort to make the program known, I think is essential.

The Secretary spoke on this point. I like the McGovern feature of making the States responsible to inform households about opportunities and of help, again provided the States are in turn given money to perform the service by the Federal Government.

The CHAIRMAN. Why place it all on the Federal Government? Do you really believe this program can be properly managed except by the full cooperation of the local people?

Dr. MAYER. I think, Mr. Chairman, I probably did not make myself clear. I said I would like to see the States be responsible for helping the citizens, for getting the citizens informed, and for helping them to apply. What I meant was that the Federal Government will have, I think, to help the States financially to do the service. I would like it to be done locally, but I think the States by and large are already supporting a great deal of burden with, by and large, inadequate revenue, and it seems to me that it is realistic to think that the Federal Government should assume the cost of the local authorities informing the people and helping them to apply.

The CHAIRMAN. The State now is assisted by Government agencies within the State, like the extension service, for instance, which will disseminate all of this nutrition education, and it strikes me that in order to get a program of this kind to work, you have got to have the local people interested, and take a part in it. Otherwise, in my book, it will fail.

Dr. MAYER. I agree, Mr. Chairman, but I think my point was simply that financing ought to be Federal.

The CHAIRMAN. You might as well get the Federal Government in, if it has got to finance it. We have a dual system here, you know.

Dr. MAYER. Yes; I know. I realize that. I am just impressed with the fact that our tax structure at present, and again you know very much more about it than I do, but it seems to me that the State government is in many ways the weakest link in the financial structure of our method of doing things. The States will need help, in order to assume additional burden, and many States feel at present that they do not have the method of revenue to get it.

The CHAIRMAN. Now, you state, in effect, that we are woefully deficient in nutrition education throughout the country?

Dr. MAYER. Yes.

The CHAIRMAN. All right. Now, would it be possible, let us say, for you, a nutritionist, to prepare a balanced diet that could be used in every State of the Union, and let that diet be recommended by you and then be disseminated to the people, the poor people? Would that be effective? Could it be done?

Dr. MAYER. Let me first point out that we have considerable seasonal variations still, in spite of canning, refrigeration, and so on, so that first of all you would have to take this into consideration.

Second, there are differences in costs, depending on areas. There are some areas which are grosser in foods and not others which are the equivalents, and third we have different cultures and differences in food preference between the North and the South, and various ethnic groups. So, that I would be reluctant to devise an ideal diet for all Americans.

The CHAIRMAN. Could it be done on a regional basis, because you are saying to us now that we are woefully deficient in nutrition education?

Dr. MAYER. Yes.

The CHAIRMAN. In order to get around that, we have to have action now, not tomorrow, and what I am asking of you is whether or not a method could be devised, whereby the poorer people could now be educated as to what is the best balanced diet that could be used by them in the area.

Dr. MAYER. Yes. Well, the answer to your question is "Yes," as long as you do it on a more local basis, and on a seasonal basis, and as long as you take some of the preferences of various people into consideration, the answer is yes. The problem is how do you convey this.

The CHAIRMAN. Yes. Now we had a gentleman who testified here last week, who presented the committee with some certain formula. I think it consisted of cornmeal, some kind of oil, it was called CSM. This person contends that any person eating as much as a pound and a half of it per day would have all of the vitamins necessary to keep him healthy.

What would be your views on such a program?

Dr. MAYER. Mr. Chairman, I know CSM, because when Senator Goodell and I went to Biafra together in February, we traveled on bags of CSM and saw it distributed to people who were actually starving to death. I think under those conditions you could get people to eat CSM.

I think it would be very difficult to have a similar successful distribution of CSM in large amounts under peaceful conditions in the United States.

The CHAIRMAN. That was my feeling about it.

Dr. MAYER. And I think the advantage of the food stamp is, I think, that it would be very undesirable to end up with foods for the poor and diets for the poor. I think what we need is good diets, advice on how to get a good American diet cheaply, but I think special foods for the poor are doomed to failure.

The CHAIRMAN. Proceed.

Dr. MAYER. The last two things I want to say, Mr. Chairman, is that I thought the Talmadge proposal was very commendable as regards both the reorganization of the U.S. Department of Agriculture

and intergovernmental coordination. I thought that those were two excellent aspects of his proposal, and I think are very much needed.

If I may wax philosophical for a minute, it seems to me that the Department of Agriculture has to rediscover its vocation. It was very important and very well run in the thirties at a time when 25 percent of our population were living on the farm, and many of the poor were people on the farm. It also did a splendid job in saving millions of unemployed Americans from starvation at that period.

At present it represents less than 5 percent I think of the people, most of whom are far from being poor, and I think that in order to maintain its special position, and for agriculture to maintain its special position, it has to identify itself very clearly with that most important of all needs, namely the need for nutrition, and that unless the Department of Agriculture is very clearly in the mind associated with the basic need for nutrition of the American people as a whole, then there will be no particular reason in the minds of most people for treating agriculture as something different from other modes of production, and I think this is something which I am sure you want to avoid.

I think that in order to avoid this, I think a very vigorous effort in favor of the nutrition of the poor is done with enough visibility, that that is essential. That is all.

The CHAIRMAN. Any questions?

Senator CURTIS. I have a question.

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Is this part of your presentation-

Dr. MAYER. No, sir; Mr. Kramer is going to speak about that.

Senator CURTIS. Your name is Dr. Jean Mayer?

Dr. MAYER. Yes.

Senator CURTIS. And you are chairman of this?

Dr. MAYER. Yes, sir.

Senator CURTIS. Did you write this?

Dr. MAYER. No, I did not.

Senator CURTIS. Who wrote it?

Mr. KRAMER. I am responsible for that document, primarily, and my staff.

Senator CURTIS. Who wrote it?

Mr. KRAMER. I am the primary writer of the document.

Senator DOLE. You are Mr. Kramer?

Mr. KRAMER. Yes, I am.

Senator CURTIS. What office is 1211 Connecticut Avenue?

Mr. KRAMER. That is the office of the National Council on Hunger and Malnutrition in the United States.

Senator CURTIS. How big a staff do you have?

Mr. KRAMER. We will have this summer approximately 14 people, of whom 10 will be in the field working with voluntary groups across the country.

Senator CURTIS. How many did you have there in the participation of this?

Mr. KRAMER. Who actually participated in the writing?

Senator CURTIS. At that address?

Mr. KRAMER. In the writing of that document? I would say that I was the major participant if not the sole participant in the writing of that document.

Senator JORDAN. Who is financing this organization?

Mr. KRAMER. We are not financed yet, we have no funds in fact in our hands, but we will be financed by approximately 12 different foundations and groups.

Senator CURTIS. Are you a nutritionist?

Mr. KRAMER. I am not a nutritionist. I am an attorney on leave of absence from my law firm for a year to work with this organization, under the direction of Dr. Mayer who is a nutritionist.

Senator CURTIS. Have you read this, Dr. Mayer?

Dr. MAYER. I just saw it this morning as a matter of fact.

Mr. KRAMER. It is hot off the press, if you will.

Senator CURTIS. Good campaign speeches are in there.

The CHAIRMAN. It has not been made a part of the record yet. It has not been offered or presented.

Senator Dole?

Senator DOLE. Is Mr. Kramer going to testify? Or is he just going to drop this bundle and leave?

The CHAIRMAN. The witness to be examined would be Dr. Mayer. Do you desire to ask questions?

Senator CURTIS. I do have one question I want to ask him before I pass it up.

What is the nutritional impact of the lard which constitutes a sizable portion of the calorie content of the distribution programs?

Dr. MAYER. It represents calories and essentially nothing else. At present one of the real problems in our country is that all of us eat too much saturated fats. About 42 percent of our calories nationally come from fats, and special groups, businessmen, college students, and so on, the proportion is 50 percent. There is now overwhelming evidence that a lot of saturated fat like this does raise the cholesterol level, and there is also overwhelming evidence that a high cholesterol level makes you very much more likely to have a coronary than a low cholesterol level.

As a nutritionist I cannot say anything for lard except that if you are starving this is calories.

Senator CURTIS. Not all of the nutritionists are in accord on the exact effect of saturated and nonsaturated fats, isn't that true? Hasn't there been some recent writings challenging the view that prevails?

Dr. MAYER. I would say that the overwhelming majority of nutritionists are in agreement that a high fat diet is associated with high cholesterol. There is some evidence that some people think is important, that a lot of sugar, sucrose, is also a factor.

Senator CURTIS. And there are quite a few knowledgeable experts that contend that the distinction between saturated and nonsaturated is overdone, is that correct?

Dr. MAYER. I cannot agree with you, Senator. I think that knowledgeable experts are very impressed with the difference between polyunsaturated fats and saturated fats.

Senator CURTIS. I know some of them are, but are not there some who disagree on the degree of emphasis placed on it?

Dr. MAYER. I can think of one doctor, Dr. Gottkin, Professor of Nutrition in London, who thinks that sugar is more important than it has been given credit for. But I cannot think of any major nutritionist in the United States who has challenged the importance of saturated fat.

I certainly try to eat more fish if I can and eat less of saturated fat in my diet.

Senator CURTIS. You cut out meat?

Dr. MAYER. I would not cut out meat but I am cutting down on meat and trying to eat more fish, which is full of polyunsaturated fat.

Senator CURTIS. Are poor people eating too much meat?

Dr. MAYER. No; they are not at that level yet. I think that atherosclerosis and heart disease is a disease of the rich rather than a disease of the poor.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. Senator Jordan?

Senator JORDAN. I yield to Senator Dole.

Senator DOLE. Is this your first appearance before the Agriculture Committee?

Dr. MAYER. Yes, sir. I have spoken before Senator McGovern's committee.

Senator DOLE. Was that this year or last year?

Dr. MAYER. It was earlier this year, but I have never been before the Agriculture Committee.

Senator DOLE. Have you testified on the House side?

Dr. MAYER. Yes; I have.

Senator DOLE. When was that?

Dr. MAYER. About 2 or 3 weeks ago.

Senator DOLE. But this is the first year that you have taken a real interest, I guess because of your chairmanship of this committee on nutrition, in legislation?

Dr. MAYER. Oh, no.

Senator DOLE. Have you been interested in legislation before now?

Dr. MAYER. Well, I have been interested in legislation as I think all nutritionists have, but I have not actively tried to—well, I have written to various Senators before, but I have never been before a committee even before this year. I would like incidentally not to give the impression that I am not in solidarity with Mr. Kramer.

For instance, Mr. Kramer has done a very careful study of the costs of various programs, in which I have no expertise, and which he has worked very hard on, which I hope you will give him a chance to briefly speak about.

Senator DOLE. I was just curious. We have a lot of people who are suddenly concerned about nutrition. We have had the problem for a long time. I wonder where everyone has been in the last 8 years or maybe before then.

Dr. MAYER. Senator, I think you are absolutely right to ask this question. I think that the one basic fact in which I think none of us in medicine and public health and nutrition can escape responsibility is that while the situation has existed for a great many years, all of us have been too busy surveying the situation in Ghana or India, and so on. I have done a lot of work, for instance, in West Africa. I have been in India several times, or doing research in rats, and

we have not spent enough time and spent enough attention on what was happening right here at home.

Now I have been involved in the past 5 years in trying to do something in Massachusetts, so to that extent, my conscience is a little bit at rest, but I should have started being busy on this 20 years ago.

Senator DOLE. I think some are more busy on it now than they have been in the last 8 years, but I think perhaps you point out a very real problem we all have, or at least a fault we all have. We have turned our backs and said that someone else will do it or Congress will take care of it.

Dr. MAYER. Yes.

Senator DOLE. This is true in Kansas as well as Massachusetts.

The CHAIRMAN. Any further questions?

Senator JORDAN?

Senator JORDAN. Mr. Chairman, I would like to just ask a few questions for plain information.

Dr. MAYER. Yes, sir.

Senator JORDAN. Are vitamins a necessary part of our diet to get this nutritional value that we are talking about?

Dr. MAYER. Yes, sir.

Do you want to elaborate?

Senator JORDAN. Well, finish answering my questions and then maybe you won't need to elaborate it. I am thinking about the eating habits of people now. I am talking about the vast majority of people of all ranks of our society, and all levels of income. Soft drinks today have one of the largest consumption rates of any item being sold on the American market. The advertising has gotten so effective that soft drinks almost take the place of water in a great many homes. Now we have diet colas, we have diet all sorts of things, which of course takes the sugar out of it. Would it be possible or feasible to put a very small amount of vitamins in all soft drinks? You would automatically reach a large number of people. I know people in my own village who use a lot of Coca-Cola, Pepsi Cola and Mountain Dew. That is not whisky, that is a mountain drink, and it is good too.

The CHAIRMAN. You mean it is whisky?

Senator JORDAN. No; it is known as Mountain Dew. But all of those drinks, could they be fortified in this way? They would automatically reach many people, because they are being used by infants right on up.

Dr. MAYER. Senator, I think my answer is going to be yes and no. I think that we must remember that there are perhaps 60 substances that we need, 10 or so vitamins, 20 or 30 minerals, 10 or 12 amino acids, and so on, and so I think we do not want to give people a sense of false security in that by putting vitamins back say, in the Coke, give them the feeling that they can drink the soft drink and not worry about a thing.

On the other hand, I agree with you. I think the amounts of soft drink which are consumed by children are so horrendous that I think that at the very least that amount of vitamin which is specifically required to metabolize the sugar in that soft drink could be included. You know if you drink a soft drink containing sugar, this will increase your need for Vitamin B-1, while at the very least there should be enough vitamin B-1 in the soft drink to take care of the soft drink, and not be an additional burden.

But I think that it still would not be obviously a substitute for a decent diet.

Senator JORDAN. It would not be a total diet?

Dr. MAYER. No.

Senator JORDAN. What about iron? Someone testified that lack of iron in our food and particularly in pregnant women and in children was one of the great deficiencies. Is that true?

Dr. MAYER. Yes; iron deficiency anemia is very widespread in our population. We have a lot of young women, and a lot of women whose hemoglobin is low. I may add again that the fault is partly the nutritionists, who for an extraordinary period of time equaled the requirements for iron for men and women, even though it was quite obvious that during menstruation age, women obviously have greater requirements for iron than men because they lose blood every month. This is now recognized. The requirement for women is known to be higher than that for men. Unfortunately there are many foods that contain iron that women have not been educated to like. For instance, most American women do not like liver. Eggs are high in cholesterol. They are a bit dangerous in large amounts for middle-aged men, but women are protected by their hormones, and women can eat eggs and get iron from them without any harm. Bread should be enriched with iron.

Senator JORDAN. Bread?

Dr. MAYER. Bread. A great deal of flour is, but more and more of the flour is not. And people ought to recognize that bread is not the great threat to the figure that people think it is. A great many women see bread as a source of enormous amounts of calories, which it really is not, because it depends what you put on the bread. They will not eat a slice of bread because it has 60 or 70 calories, but they will eat a slice of meat which is 2 or 300 calories. Bread is a decent source of iron but people just do not eat it.

Senator JORDAN. Is there some sort of rule in the Department of Agriculture that meal and certain other commodities distributed have to be fortified?

Dr. MAYER. I think—yes.

Senator JORDAN. Didn't this pass out of this committee several years ago, Mr. Chairman, relating to cornmeal and certain other things?

The CHAIRMAN. That was for distribution of food abroad and the school lunch program.

Senator JORDAN. Abroad it had to be fortified?

The CHAIRMAN. Yes.

Senator JORDAN. Why not fortify it at home if it can be done cheaply?

Dr. MAYER. During the war cornmeal was fortified I think, Mr. Chairman.

The CHAIRMAN. Yes.

Senator JORDAN. That is what I was thinking of.

The CHAIRMAN. Yes.

Senator JORDAN. What is wrong with this CSM—that is cornmeal and soybeans? The soybean is recognized as a very fine nutrient, and it has a great deal of things that you need in the diet. The Japanese people as you well know eat a tremendous amount of soybeans, cooked in many different ways.

Dr. MAYER. In CSM though, I think the oil is essentially extracted. The soybean there is mostly a source of protein.

Senator JORDAN. It is the soybean meal then rather than the oil?

Dr. MAYER. But you are right. I personally think we have been very lax in not enriching all of our flour and all of our corn, and I also think that with Dr. Schaeffer's team uncovering a great deal of goiter in areas where we thought goiter had disappeared, I see no reason why salt should not be iodized throughout the country with un-iodized salt being available for special cases, if somebody for one reason or another ought not to get it. But I think we do have large scale measures to eliminate certain types of malnutrition and I think we should use them.

Senator JORDAN. That question you brought about a while ago as to goiter coming back, is iodine harmful to some people or would it hurt if it were in all of our salt diet?

Dr. MAYER. There are very few people who are recognized medical cases who ought not to get additional iodine. Those people are known to their doctor, and those are the people who ought to be put on non-iodized salt. There is no reason to penalize the whole population for a very small fraction of 1 percent that should be on something else.

The CHAIRMAN. Are there any further questions of the doctor?

Thank you very much, sir.

Mr. Kramer.

Senator CURTIS. I want to ask one question.

Reading from this document, and I will just read one paragraph:

Following a series of newspaper reports suggesting that the Administration was placing emphasis on combatting inflation at the expense of fighting hunger and malnutrition, intimations that Dr. Arthur Burns, a conservative Eisenhoweresque economist, now counsellor to the President, had been powerfully instrumental in scuttling Food Help for the Needy; requests by Senator George McGovern, Democrat, South Dakota, that the USDA Secretary Hardin and HEW Secretary Finch appear on May 7 before the Senate Select Committee on Nutrition and Human Needs to explain what had become of their proposals for reform of Federal food assistance; and press leaks both of the March 17 report on and recommendations aimed at the problems of poverty-related malnutrition made by the Urban Affairs Council's Food and Nutrition Committee as well as the March 17 memorandum to the President by Daniel P. Moynihan, Assistant for Urban Affairs, on the troubled question of malnutrition and mental retardation.

I just have one question and then you can supply it for the record.

I would like to have a list of the foundations that paid for this report.

Mr. KRAMER. Can I respond?

The CHAIRMAN. You are the witness now. You proceed.

Mr. KRAMER. I know you are anxious to get at me.

Senator CURTIS. Oh, no. I sit on the Finance Committee and we have to wrestle with foundations, and I love a political speech. I make a lot of them myself. But all I want now, my question is simple and you can put it in the record, I want a list of the foundations that paid for that.

Mr. KRAMER. Let me start out by saying that this—and I know Senator Dole indicated earlier that this was a statement from the Democratic National Committee—this is a policy document and not a political document, and I think that record should be made very

clear. I think if you read it carefully, and there are 60 other pages besides the first paragraph, you will see that we commend most highly the recommendations made by the Urban Affairs Council upon which Mr. Finch sits and Mr. Hardin, and the recommendations which are now currently being analyzed by the Bureau of the Budget, a special task force studying the social costs of hunger and malnutrition and what social benefits might be from putting a lot of money, not just \$270 million extra, into solving it. Those are Republican dominated.

Now I am not appearing here in any political context. I think that very clearly Secretary Freeman is far more deserving of being criticized for his programs than Secretary Hardin. Secretary Hardin has made a step in the right direction.

What we are saying is that through the public media he is trying to give the American public an impression that the problem is about to be solved, without being honest, and I use the word "honest" about the real dimensions of the need, which I have analyzed here and will present to you, and about the real dimensions of the money that you must authorize, if you are seriously going to fulfill the President's commitment.

The President's commitment is fine. What follows, and of course what has not followed for 3 weeks, is a bill indicating exactly what is going to be in there, but when it does follow, we are fairly certain from the statement today and the statement on May 6 that it will be totally unrelated to the need he states that he intends to meet. I could address myself to that and explain that to you.

Senator CURTIS. Mr. Chairman, it was not my intention to call an additional witness. I merely asked a simple question as to the list of those foundations.

The CHAIRMAN. He can provide that. Otherwise we will not let him put that document in.

Mr. KRAMER. I will certainly be glad to provide it.

The CHAIRMAN. I thought you would.

(The list is as follows:)

NATIONAL COUNCIL ON HUNGER AND
MALNUTRITION IN THE UNITED STATES,
Washington, D.C., May 29, 1969.

HON. ALLEN J. ELLENDER,
Chairman, U.S. Senate Committee on Agriculture and Forestry,
Washington, D.C.

DEAR SENATOR ELLENDER: When the National Council on Hunger and Malnutrition in the United States testified before your Committee on May 27, 1969, several members of the Committee expressed interest in learning the names of the groups and individuals who are sponsoring and financing the operations of the National Council in undertaking nation-wide volunteer monitoring and reform of and assistance to Federal food programs. The following is a list of those groups and individuals that are supporting us in these activities:

- The Alfred P. Sloan Foundation
- The National Council of Churches of Christ in America
- The Aaron E. Norman Fund
- Joint Foundation Support, Inc.
- The Metzenbaum Human Relations Fund
- Dwayne Andreas
- United Automobile Workers Union
- The Field Foundation
- The Ford Foundation
- The Irwin-Sweeney-Miller Foundation

I trust that this is responsive to the inquiry.

Sincerely yours,

JOHN R. KRAMER, *Executive Director.*

Senator CURTIS. What I meant, Mr. Chairman, I did not see his name on here.

Senator HOLLAND. Yes, his name is there.

Mr. KRAMER. My name is on there, I believe.

Senator HOLLAND. John Kramer, his name follows on the same line.

The CHAIRMAN. Executive director.

Senator HOLLAND. The same line as Dr. Mayer.

Senator CURTIS. I see. I have no objection to his testifying but I did not intend by my question to upset the schedule.

The CHAIRMAN. You are the executive director?

Mr. KRAMER. Yes, I am.

The CHAIRMAN. Of the National Council on Hunger and Malnutrition?

Mr. KRAMER. That is correct. I would like to submit for the record first a letter that we received, that Dr. Mayer received on May 19, 1969, from the President, in response to a letter that we had written to him on May 2 criticizing what at that stage seemed to be a lack of any hunger program. On May 6 the hunger program was announced. We take no credit for that, but we would like to show you what the President responded to us with, and I will submit that for the record.

The CHAIRMAN. Without objection.

(The letter referred to follows:)

THE WHITE HOUSE,
Washington, May 19, 1969.

Dr. JEAN MAYER,
Professor of Nutrition,
Harvard University School of Public Health,
Boston, Mass.

DEAR DR. MAYER: I greatly appreciated your generous offer of support on behalf of the National Council on Hunger and Malnutrition. We shall need the assistance and the encouragement of every American in order to achieve our goal of eliminating hunger and malnutrition in our people.

As you know, the family food assistance programs are only a part of the national effort to improve nutrition among children and low-income families. We expect to move vigorously and quickly to expand food service programs for children, particularly those from families with low incomes. However, at least three approaches will be taken simultaneously: improved nutrition for children in school and in other groups; improved nutrition for families through the food stamp and commodity donation programs; and a concerted effort to educate families about nutrition.

Your support and your participation in these efforts is very important for their success and particularly welcome.

With my best wishes,
Sincerely,

RICHARD NIXON.

Mr. KRAMER. In addition, in support of my statement I would like to present an appendix A, this document, "Action Report," and as an appendix B a rather complex but, if you follow me through, and I will come to the conclusions in them, a series of tables indicating to you what the various costs might be for various food stamp programs, if, in fact, everybody that is eligible was reached by the program in every county in the United States rather than the way it is done at present.

I will shorten my statement and hit some highlights because I know the time is rapidly running out.

The CHAIRMAN. Where did you get your facts as to the number of people eligible?

Mr. KRAMER. The tables, and I can explain how that was done, it will take some time, they are based on April 19, 1969, data, from the Bureau of the Census, which indicate the distribution of families by family size according to income classes throughout the United States. I believe that is their estimates for 1967. And against them we have shown what the estimated cost of food at home would be under the economy food plan.

Now, that is a very inadequate food plan, but that is the one that President Nixon is basing his hunger program on. Senator McGovern is basing his on the low-cost food plan, which is a bit up the scale, \$1,440 for a family of four; that is, as opposed to \$1,200. But what we tried to do was to see what would happen, and I will discuss some of these statistics, if you made everybody put a varying level of their income into food, and then gave them the difference up to \$1,200 worth of stamps. For instance, if they had to put 17 percent in, we have calculated that. That is what the average American family puts in.

The **CHAIRMAN.** Off the record.

(Discussion off the record.)

The **CHAIRMAN.** Let us get back on the record.

Proceed.

Mr. KRAMER. We have done this for 20 percent of income, 25 percent of income, which is the Talmadge and part of the McGovern bills, 30 percent of the income which seems to be the Nixon proposals, and I think maybe I can start by telling you what the results of those are. Those are the tables 10 and 11. I read from my testimony on this.

We must understand what the past and present administrations apparently have not. Feeding those who require Federal assistance to obtain a minimally adequate diet cannot be done by requesting substantial moneys and thereafter not even using what you have been given.

There I have reference to the fact that although \$280 million have been appropriated this year for food stamps, the Secretary of Agriculture will turn back \$20 million of those dollars to the Treasury, and those \$20 million in food stamps now that he is not going to use this year would well feed 70,000 Americans who are not going to get food stamps because of that decision.

That decision was apparently made in light of the limitation on next year's authorization. They felt that spending \$260 million this year would mean at an annualized rate next year it would reach \$333 million which is just \$7 million short of \$340 million, which is the authorization level, and if they, therefore, spent at \$280 million they would exceed on an annualized basis next year's authorization, which is another good argument for making the authorization either extremely high or open ended.

But the plain fact is that on the basis of the most recent available data from the Census Bureau and the Department of Agriculture, and the calculations we have made in this appendix B that are contained in the 26 pages of tables therein, if every household and unrelated individual in the United States were compelled to spend 30 percent of its or his income for food, 29,645,000 persons could not buy the economy food plan without some Federal aid, varying from sizable to slight.

Now, you have heard testimony from time to time about 10 or 15 million malnourished people. This means that if there are over 29.9

million people in this country who, if they had to take 30 percent of their paycheck out of their welfare check or whatever source of income they had, could not purchase the diet President Nixon says he will give them with food stamps. Now, he is talking about serving a maximum of 5 million people next year, and the question is what happens to the other 25 million.

Now, at the 25-percent input level which has been recommended by Senator Talmadge and cosponsored by Senator Jordan, and I think is a very fine recommendation, Senator McGovern also has that in his bill, you have to put in only 25 percent of your posttax income, at that level 40,592,000 people, exactly one-fifth of the Nation (we are back to President Roosevelt) would be ill fed enough to turn to you for help. They would need some form of stamps. Some of them, as you will see from the tables, would not need many stamps. They might need \$10 or \$15 a month, some even less. Some, of course, in the free food stamp level at the bottom would need \$1,200 worth of stamps. But there would be one-fifth of this Nation who financially cannot now afford, if they put 25 percent of their income into food, to buy a proper subsistence-level diet. Now, that is not to say that 40 million people are going malnourished. That is to say that in that 40 million, many, many of them have to stint on other needs, if they are going to satisfy minimal food needs. Something else has to go, whether it is shoes for children or any other kinds of human needs, whether it is sanitation, whether it is all of the other range of subsistence items in the budget.

Now, I will go back and quickly run through my testimony, if I may.

Four days of testimony demonstrating the surgery that must be performed on the food stamp program if it is, for the first time, to guarantee the nutrition of those it is supposed to serve, you have endured with patience, much interest and, presumably, a mounting will to act.

We have listed on the first two pages of our statement what we think the testimony before you will reveal about what needs to be done with the food stamp program including, of course, the testimony of Dr. Mayer.

The time, therefore, has come to talk about the purpose of this exercise. It may sound simple and obvious to state and restate that you are carefully examining the various legislative proposals so that the product you ultimately report would be the version best designed to assure every American family an adequate diet regardless of the ability to afford it. It may be simple and obvious, but it should govern your actions. We know you have not convened to devise the least meaningful reform of the program you could possibly get away with to barter in exchange for guaranteed passage of commodity bills when the need arises.

We know that you have not invited all of these fine witnesses with the object of discovering the cheapest way to silence the increasing public demand that the hungry and malnourished receive help. You are here—and the alert public recognizes it—with the sincere intent of revising this program so that it can operate effectively to eradicate this program so that it can operate effectively to eradicate a basic social injustice. That is again the Nixon bill, sealing eligibility levels—

Senator DOLE. Do you prefer the Nixon bill? I haven't seen it.

Mr. KRAMER. It is the 30 percent level testified to today.

Senator DOLE. I think he indicated this morning it was going to be a graduated schedule.

Mr. KRAMER. This is the outer level. This is actually less money than it would cost under the Nixon bill, I think you will see.

Senator CURTIS. It is an improvement over the present program.

Mr. KRAMER. Oh, yes, but even the 30 percent at a maximum, Senator Dole, and of course you could put it down lower, it will cost more, if a 30 percent outlay if everybody participated in every county in the country to fit into the eligibility standards and then if you gave free food stamps to everybody whose income is under \$80 a month, the cost would be \$3.87 billion, but if you limited the free food stamps and kept the level at 30 percent, to families living with incomes less than 33 cents a person a day, that is the Talmadge bill, that is \$40 a month, it works out to 33 cents of income, per capita income per day, or the Nixon bill which is 25 cents of income, that is a quarter per capita income per person per day, \$30 a month for a family of four, then the cost would be in the area of \$3.3 billion. Of course we are talking next year about a food stamp bill that is going to cost \$610 million or one-fifth of that need and for the following year a food stamp bill that would cost \$1.3 billion, again \$2 billion less than is needed to meet the total need set on the standards of the President's bill. If you follow the Talmadge and McGovern standards, which are more expensive, the comparable Federal food bills would amount to \$4.8 billion if you gave lots of free food stamps or if you limited the food stamps to \$4.3 billion. Again on that basis, on the Talmadge-McGovern basis, the Nixon bill next year will meet one-seventh of the financial need for food stamps on the standards of that very bill.

All of these figures are based on replacement of commodity donations by food stamps in every county in the country and maximum participation, an ideal that is unattainable only if administrators make it so. President Nixon's proposal, although it does not prominently disclose the facts to warn the gullible public, would apply to only part of the country for part of 1970 and even then relies on under 50 percent participation by potentially eligible persons with per capita income in excess of \$300 per year.

That 50 percent figure is derived from the Urban Affairs Council calculation on which that program is based.

Senator DOLE. But you are using the greatest number of people you can find anywhere to arrive at your conclusions.

Mr. KRAMER. Yes, I am saying that this is what the total need is. Anything you do less than that you cannot—

Senator DOLE. Who determines the total need? It is based on your determination?

Mr. KRAMER. No, not mine. This is nothing political or special. This is just simply calculations on a calculating machine that the Bureau of the Budget has done and they estimate the food gap pretty much the same as we have done. They have not publicly presented those figures and they probably will not for quite some time, but I think that if and when they do, and the Bureau of the Budget sometimes does not make things very public, that you will find that their figures are not substantially different from ours. In fact, we are talking about a minimum

of additional food stamp expenditures of approximately \$2.5 billion over and above what President Nixon proposes for 1970.

Senator DOLE. You offer some general suggestions at the outset. Do you offer any specific amendments to any proposal now pending before this committee?

Mr. KRAMER. The specifics of the proposal are contained in the very last pages of Dr. Mayer's testimony and the very first two pages of mine, but the specifics are contained in the bills.

Senator DOLE. These are not specifics. These are just editorial comments that you dreamed up at the office.

Mr. KRAMER. I do not know about dreaming up but I thought about them and they are there. In addition we have prepared and we gave to your counsel several weeks ago in action reports a table perhaps a little bit more detailed than his comparing all the bills, and it is not a loaded table. It is a factual table, and it also contains a table which you do not have apparently, although Senator Curtis had some of it, indicating at various income levels what precisely the figures are you would have to put it under all these bills and what you would get out; we have about five pages of that that you can take a look at and see how it would affect various families.

Senator DOLE. But again you do not have any amendments to offer at this time or any suggestions?

Mr. KRAMER. No, those have already been made by Dr. Mayer of the Council, the specific proposals. I was attempting to direct myself to a general cross picture so you can understand the perspective, the total perspective.

Senator CURTIS. What is the total cost you suggest on an annual basis?

Mr. KRAMER. On an annual basis if you are talking about the—

Senator CURTIS. No, I am not talking about anything. I am asking you if we are to meet the nutrition problem that exists for people who cannot help themselves, how much are you recommending?

Mr. KRAMER. I would say this. On table 11, appendix B, which sets it out very clearly, and it is also in the action report, I would recommend if I were asked that the poor be required to spend no more than the average American consumer spends of his disposable income on food, which is 17 percent, 17.2 percent.

Senator CURTIS. No, no, I want the dollar amount.

Mr. KRAMER.. I am coming to it, what it is based on and that they also receive the low cost food plan which is \$1,440 a year, and the dollar amount for that program for a year for everybody in the country is \$8.6 billion, 8,616,433,561.

Senator CURTIS. When you break that down, that 8.6 billion dollars, will you submit for the record the amount of that that would go to the State of Nebraska and the number of people that your calculation shows ought to have it?

Mr. KRAMER. Let me say this. On the basis of the census data, which I am quite familiar with, there is not for 1968 or even for a recent year a breakdown by family size; we are talking about how many families of five, with three children, are at the level of between \$1,000 and \$2,000, between \$2,000 and \$3,000, State by State. That breakdown is an estimate of the Census Bureau which it has done nationally. My estimations on a State level would have to be far rougher, but I could

do it without having the finesse or the refinement of the tables presented here simply because that data in the Census Bureau does not exist at the present time. They just got it out nationally, and they may never—I do not think they are actually working on it on a State-by-State basis for 1968.

Senator CURTIS. Do the best you can.

Mr. KRAMER. I will be delighted to do so.

Senator HOLLAND. Mr. Chairman, I have to leave. May I ask the witness a question?

The CHAIRMAN. Yes.

Senator HOLLAND. What is your profession, Mr. Kramer?

Mr. KRAMER. Sir, I am a lawyer and in fact I have been a lawyer for such interests as the railroads of the United States on behalf of them with respect to labor law, various steamship companies. I come from a legal background that would be more traditional of a Washington lawyer.

Senator HOLLAND. What is your education, sir?

Mr. KRAMER. I was educated at Harvard College where I also taught English, and I was a Harvard lawyer and I went to Cambridge University in England as well.

Senator HOLLAND. What is your present employment?

Mr. KRAMER. My present employment is on leave from my law firm as executive director of the National Council on Hunger.

Senator HOLLAND. Are you an expert on nutrition?

Mr. KRAMER. No, I am not an expert on nutrition.

Senator HOLLAND. Have you had any educational background in nutrition?

Mr. KRAMER. I have done considerable reading under Dr. Mayer's tutelage of various nutrition books but I would hesitate to give an answer in the field of nutrition. I do not consider myself qualified in that field.

Senator HOLLAND. Thank you, sir.

Senator DOLE. Mr. Chairman, I have to go too, and I am sorry. I have not had a chance to read the entire catalog but I have looked through it. You will furnish for the record then the identity of the foundation that will be paying your salary or are you a volunteer?

Mr. KRAMER. I am a partial volunteer. I took a salary cut but I am a salaried employee.

Senator DOLE. You will have a staff of 14?

Mr. KRAMER. We will have a staff of 14. Let me explain primarily what we do. We obviously do not come up here and testify. The staffs, some of whom are in the rear of the audience, are primarily women and they are out working with volunteer groups across the country trying to get volunteer groups to help the program to do precisely the things I know you are interested in and have expressed interest in. Last week we had a conference of about 25 to 30 women's groups, about 500 women in Nashville, Tenn., from 50 counties in the middle of Tennessee, and we are trying to do this, talk about what volunteers can do. We are currently preparing, with the assistance of the previous Administrator of all of the Federal food programs, Mr. Rodney Leonard, a guide book that will be distributed through religious and other service organizations telling them what precise programs volunteers can undertake.

Senator DOLE. How old is this committee? Has it been going on for years?

Mr. KRAMER. It was actually formed by Dr. Mayer in February.

Senator DOLE. Of what year?

Mr. KRAMER. Of this year. In December and January the Council was constituted.

Senator DOLE. There are no Federal funds involved?

Mr. KRAMER. Oh, no, not a penny of Federal money.

Senator DOLE. You do not work for CBS?

Mr. KRAMER. No, I have not appeared on television to my knowledge in recent years.

Senator DOLE. I have had a chance to scan your study, and there is some good material in it. I do not want to be critical on a political basis but I can see it is highly political and of course you have that right, although I would say as I have said before, that it is fine to find all these people who suddenly become concerned about the problems of all the people since January. You have not testified in the past 8 years, have you, on this great problem in America?

Mr. KRAMER. I have not, sir, no.

Senator DOLE. Have you been concerned about it prior to February of this year?

Mr. KRAMER. Yes, I had a hand, a small hand, in writing a document that part of the other chamber does not approve, but it is called "Hunger U.S.A." I did some work in the writing of that.

Senator DOLE. That was mentioned in the recent House report.

Mr. KRAMER. Yes, it was, I do not think correctly or adequately so.

Senator DOLE. I have not read it.

Mr. KRAMER. I used to be a former prosecutor and I have great admiration for the FBI in the field of criminal law but not in the field of social power.

Senator DOLE. But this is your first real involvement in this area?

Mr. KRAMER. Yes. And I cannot say that I am any better than anybody in this room at the problems of the floor.

Senator DOLE. Now you just started off in February. Have you reviewed the history of all these programs and how they have been operating and what progress we have made in the past 8 years? I think Secretary Freeman did a lot.

Mr. KRAMER. Oh, yes. I want to be fair. I think everybody is here with good intentions.

Senator DOLE. Right.

Mr. KRAMER. I think we have made a lot of progress. But I think what we have to do is watch the rhetoric; maybe I have to watch mine.

Senator DOLE. Right.

Mr. KRAMER. To make sure we do not overstate what we are doing. I think that the Department has to be a little more honest about how many counties. I think they told you how many counties are listed on the program, but I think that you would find if you asked them again how many counties bonus stamps were distributed in last month you would find the count about 200 short of what in fact they said had the program. I think we have to be precise in this field and I think that is what I conceive of my job as being.

One of the things I said in this statement is that the Department up to now, I do not know why, has really been monitoring the participants in the programs instead of the programs themselves.

Senator CURTIS. On the question of being precise, would you supply or furnish what these volunteer groups that you are organizing over the country, what they do?

Mr. KRAMER. What they will do? We are not organizing—let me put it this way. These are groups already in existence who write to us saying: What can we do to help?

Senator DOLE. What kinds of groups are they, garden clubs?

Mr. KRAMER. Garden clubs, yes, Church Women United. We found women's groups to be the biggest source of help and they are very active and very interested. The thing I document here is that they have found that the programs themselves warn away volunteers. This is the sad thing. They talk about inviting them in but you cannot distribute commodities. You can transport people to get to the commodity depot, which is one program, but you cannot send the commodities out unless in fact you are bonded which means they distrust the honesty of church groups. They think they are going to have a black market in surplus commodities.

Senator CURTIS. What do these committees do?

Mr. KRAMER. They do whatever project seems best to them at the local level. We do not tell them what to do.

Senator DOLE. Specifically?

Mr. KRAMER. Transporting people to the commodities.

Senator DOLE. They have done this?

Mr. KRAMER. They are starting to do it all over the country. We have been in operation since February. The girls have been on the road since March.

Senator DOLE. This may be why Mr. Hardin does not have all the answers either. He has only been in the operation since January. Just let me say it points up again the need for all of us to pay a little more attention to the problem of nutrition, but I do not appreciate the indictment of this administration in the first 3 months or the indictment of the former administration in the last 8 years. I worked closely with Secretary Freeman, also. It is commendable that you have taken interest in this very grave problem. We all must do more, but if we are going to stand around and indict each other, we are not going to solve the problem.

The CHAIRMAN. Senator Dole, the doctor here wants to correct an answer he gave you a while ago. He said it was erroneous. He wants to correct it. I am sure the committee wants to give him that privilege.

Proceed, Doctor.

Dr. MAYER. Thank you, sir.

Senator, I think now that I have heard more of your questions, I think I did not give you a proper answer to your question. I wanted to point out that as far as I am concerned, I have been, while I have not been before Senate committees before, I have been in disagreement with the previous administration and particularly with Secretary Freeman on several points over a number of years, and had some correspondence. As a matter of fact we had an exchange in the New York Times on this point.

The last thing we want to do in this Council on Hunger and Malnutrition is to be a partisan committee.

Senator DOLE. Right. I do not think we ought to be.

Dr. MAYER. I think this is an American problem. It is not a Democratic or a Republican problem. I think we all have to work together. I pointed out the responsibility of the nutritionists and of the medical profession was probably the heaviest of any by not calling attention to what had been done before, not calling attention before to the problem, and I think the last thing that is going to get us anywhere, I agree with you, is to indict the administration particularly before they have had a chance to get started.

At the same time I think it is very much our feeling that no administration, and I think this is in part the point that our chairman raised before, I think no administration acting from Washington can solve the problem without an enlightened public opinion, and without a great deal of work at the local level.

One of the things, it seems to me, that we need to do is to have our people know more of what programs are available now.

Senator DOLE. I certainly agree. In fact in our small State of Kansas we have a volunteer committee of our own, because we know the problem is nationwide, as you said earlier in your testimony, and I do not know whether they are all Republicans or Democrats. I do not care. We have the problem. In fact, our chairman has been one of the leaders for a long time, before I was here, in trying to alleviate hunger or malnutrition in America. I would also add that we could spend \$8 billion on food stamps, as Mr. Kramer recommends, and still not solve the problem.

We may make some inroads, but I am convinced that money itself may not be the whole answer. The worst thing we can do is start being divisive on a partisan or any other basis with reference to the question of hunger. I am not here for that purpose and I know you are not either.

Dr. MAYER. At the same time I think Mr. Kramer is right in saying that this will cost a lot of money.

Senator DOLE. Right.

Dr. MAYER. Which ought to be good for agriculture.

Senator DOLE. The best part of his statement is the fact that he has people around the country concerned and they want to do something. They have not done anything yet just as you indicted someone else here for not doing anything. They have not been in business very long. Maybe in 3 or 4 months they will have done something and we can compare what they have done with what others have done. Their activities are helpful and we all must take an interest in the problem.

Mr. KRAMER. I would like to submit not for this immediate record but copies of the guide books when they come out.

Senator DOLE. Right. It may provide some ideas for our committee.

The CHAIRMAN. You might turn that in to the committee and it will be used by whoever desires to, who is a member of the committee.

Mr. KRAMER. I would only like to point out very briefly, I know that time is running out, that when we talk about inflation here, there have been lots of recent studies particularly something called the farm economic review, indicating that the supply of food is not static. The supply is expandable and that putting money into the stamps is

perhaps the less inflationary expenditure you might make vis-a-vis a commodity of social concern in the country.

I think in particular this committee should be aware that \$4 billion goes in every year to feeding the Armed Forces of the United States. We assume that 3,465 million military people need to be in good condition with food to fight. I think there is no question about that. No one will begrudge them their \$4 billion worth of food. But at the same time the poor are getting approximately \$1.4 billion, and there are approximately nine times as many of them.

Senator DOLE. Are you convinced as I asked Secretary Hardin, that the food stamp program is the answer?

Mr. KRAMER. I personally, and I am not going to speak for the Council on this, am convinced that income maintenance is part of the answer, and that food stamps probably ultimately are not. I think Secretary Finch—I am in agreement with Secretary Finch on that.

Senator DOLE. The reason I asked, we are about to launch into or are about to expand a program, and if we are going to beat a retreat from that program a few years from now we ought to discuss some of the alternatives beforehand. There have been poor people in our field hearings, who indicated that this is an unsatisfactory program but apparently we are going to force it on them whether they want it or not.

Mr. KRAMER. I would suggest then that the committee in viewing all of the various proposals think in terms of one cardinal rule. I think perhaps you are reaching that rule, which is that whatever program is set up should be set up in such a way that it could be instantly taken down, so that it would not be built into the structure and impossible to remove at some near point in the future.

I think since time is flying I will submit the rest, unless you have other questions.

(The prepared statement of Mr. Kramer follows:)

Mr. Chairman and distinguished committee members, four days of testimony demonstrating the surgery that must be performed on the food stamp program if it is, for the first time, to guarantee the nutrition of those it is supposed to serve have you endured with patience, much interest, and, presumably, a mounting will to act. By now you have been made dramatically aware through testimony here and the crescendo of evidence in the newspapers and on the radio and television locally as well as nationally that both the program and the poor will be malnourished unless you approve a substantial increase in potential funding, hopefully by means of an open-ended authorization. By now you realize—

That the total amount of stamps provided through bonus coupons must be equivalent to the power to purchase an adequate diet if the program is not to continue warranting that no participant will ever get enough to eat;

That the required purchase price must be set low enough to encourage 100% participation, not to treat those most in need as if they were some untouchable class of consumers up to 50% of whose wages and other income must be federally garnished to pay for food stamps;

that Federal standards of eligibility are essential to deprive state and local welfare officials of their all-too-alienable right to discriminate against poor people who don't know their proper station;

that permitting the poor to become eligible by declaring their own need will not only acknowledge their human dignity, but also save you more from discontinuing maintenance of local staffs of investigators and eligibility calculators to harass the poor with forms and inquiries than you might lose from petty chiseling;

that every aspect of the program must be rendered more accessible, which means dismantling the prevailing obstacle course that Darwin-like relies on

inconveniences of time and place to weed out all but the fittest and most stubborn of the weak and dispossessed ;

that commodity distribution occurring in counties simultaneously with the issuance of stamps is essential to make certain that no one has his right to food terminated because of temporary dips in income or emergency pressures (e.g. medical) on the allocation of already scarce resources ; and

that state and local welfare agencies concerned only with preserving their own lackadaisical jobs and their moral superiority to those whose survival is dependent upon "handouts" can no longer be allowed to stand in the grocery store door and bar entry to the poor.

By now you have learned all of the above and more. By now you are probably fed up with listening to the pros and cons of specific suggestions to remove this feature of graft or that one—almost as fed up as the poor are unfed. The alternatives you confront are reasonably clear. Your counsel has outlined them for you. The National Council on Hunger and Malnutrition in the United States has prepared a similar table in the newsletter we distribute to the thousands of persons in this country who take an active concern in what is transpiring here, which we append here as Appendix A to this statement.

The time, therefore, has come to talk of the purpose of this exercise. It may sound simple and obvious to state and restate that you are carefully examining the various legislative proposals so that the product you ultimately report within the next few weeks will be the version best designed to assure every American family an adequate diet regardless of the ability to afford it. It may be simple and obvious, but it should govern your actions. We know you have not convened to devise the least meaningful reform of the program you could possibly get away with to barter in exchange for guaranteed passage of commodity bills when the need arises. We know that you have not invited all of these fine witnesses with the object of discovering the cheapest way to silence the increasing public demand that the hungry and malnourished receive help. You are here—and the alert public recognizes it—with the sincere intent of revising this program so that it can operate effectively to eradicate a basic social injustice.

That attitude makes a big difference. It means, to begin with, that you will be realistic in appraising the true dimensions of need and neither attempt to deceive yourselves with apparently large figures unrelated to the full extent of the problem nor to seduce the impoverished with grandiose announcements masking a lack of substance. The incumbent Administration blows its trumpet loudly to declare all-out war on hunger and then, when it thinks no one is looking, quietly slips \$20 million in undistributed bonus coupons back to the Treasury by the coming June 30th, giving a feeble bureaucratic excuse for its failure to do its job. Those funds which you authorized and appropriated would have fed, and fed well, 70,000 persons for a year. You agreed with your Appropriations Committee, that the money was needed. The Secretary, who just testified, doesn't seem to be on the same wave-length as you.

You must understand what the past and present Administrations apparently have not. Feeding those who require Federal assistance to obtain a minimally adequate diet cannot be done by requesting insubstantial monies and thereafter not even using what you have been given. The plain fact is that, on the basis of the most recent available data from the Census Bureau and the Department of Agriculture (USDA) and calculations we have made that are contained in the 26 pages of tables in Appendix B to this statement, if every household and unrelated individual in the United States were compelled to spend 30% of its or his income for food, 29,645,000 persons could not buy the Economy Food Plan without some Federal aid, varying from sizeable to slight. *At the 25% input level recommended by Senators Talmadge and McGovern, 40,592,000 persons, exactly one-fifth of the nation, would be ill-fed enough to turn to you for help.* Those numbers are accurate and they are startling. They delineate the enormous perimeter within which you can expect to find some level of malnutrition in the absence of government programs to overcome the food gap.

The cost of meeting this need must not be underestimated to delude you into believing the solution is going to be inexpensive or to allow the Executive Branch to pay the same vicious game it has played during the past five or more years of raising the expectations of the poor, knowing all the while that they will not ask for the funds to satisfy them. If a 30% outlay of disposable income were to be required, ceiling eligibility levels related to the cost of the Economy Food Plan (in itself a highly questionable standard), and free stamps made available to those with annual incomes under the \$1,000 level, approximately \$3.87 bil-

lion would be required annually to finance the food stamp program. This would be in the area of \$3.3 billion if free stamps were to be limited to those living in families with incomes less than \$0.33 per person per day (as Senator Talmadge's bill would have it), or \$0.25 per person per day (as the Administration would prefer). On an assumption of 25% of post-tax income disbursed for food, the comparable Federal food bills would amount to \$4.857 billion or \$4.3 billion with diminished free stamps.

All of these figures are based on replacement of commodity donations by food stamps in every county in the country and maximum participation, an ideal that is unattainable only if administrators make it so. President Nixon's proposal, although it does not prominently disclose the facts to warn the gullible public, would apply to only part of the country for part of 1970 and even then relies on under 50% participation by potentially eligible persons with per capita income in excess of \$300 per year. The net additional cost of the programs can be derived by subtracting the presently contemplated expenditures on family feeding in fiscal 1970, or \$739.5 million. In any event, \$2.5 billion is the floor for additional food stamp expenditures if you are serious about feeding the poor.

These costs are undeniably high, and equally undeniably, they must be met. The budget can stand solid food in place of the vast bulk of water that comprises the defense component. Openly providing guaranteed food for the poor is certainly more praiseworthy than secretly providing a guaranteed profit and stable stock prices for negligent, inefficient contractors. "Inflation" is a myth in this context. The very pensioners and aged you wish to safeguard are the ones who would benefit most from food aid. Food is not in short supply. In 1968 the increase in the supply of farm food commodities was greater than the increase in annual utilization of those commodities, yielding a 7% increase in the end-of-year stocks of food commodities. Building a demand for what is so readily available will not raise prices substantially. The only multiplier effect of such expenditures would be to multiply the human economy of the United States, our social productivity and our domestic tranquility. Several billion dollars judiciously invested in food will produce greater social returns with less inflationary implications than any comparable outlay for other domestic concerns.

At this moment a special task force in the Bureau of the Budget is undertaking a cost-benefit analysis of hunger and malnutrition in the United States, seeking to determine both the social costs attendant upon the nutrition problem of the poor (or social benefits to be derived from better nutrition) and the expense of alternative courses of action aimed at eliminating it. Although the task force has yet to arrive at definitive conclusions as to the social costs, at a minimum, there is agreement that improved nutrition would enlarge the number of persons in the work force by decreasing infant mortality, increase the number of days worked per person by reducing absenteeism through preventing or mitigating the severity of diseases, and enhance daily output by helping physical productivity and motivation. When the complex calculations underlying these generalizations are ultimately performed, the ratio between these social benefits and any of the cost levels set forth above will be found to be overwhelmingly in favor of extensive and expensive social action to end malnutrition.

This indicates that present projected levels of authorization, whether they are the \$610 million for Fiscal Year 1970 and \$1.3 billion for 1971 of the President or the \$525 million for 1970 and \$900 million for 1971 of Senator Talmadge, are drastically understated.

We could join with so many public figures who have emphasized and will continue to emphasize the paradox of billions for bombers and nickels for nutrition. But we would rather request that you consider granting to the poor what the farmers always demand and you invariably give them—parity.

The budget for 1970 contains approximately \$4 billion for feeding some 3,465,000 military personnel, including \$1.7 billion to cover the food bill (\$1.1 billion in central procurement) and \$2.3 billion to pay for labor and equipment. We willingly spend considerably over \$1,100 per person per year to keep each of our soldiers, sailors, fliers, and marines in tiptop fighting condition, without questioning whether there is a provable relationship between good nutrition and desirable productivity. Yet our 22 million poor, whose strengths we must also maintain to preserve our nation have first to prove that they should be fed by demonstrating the deleterious mental and physical impact of malnutrition and thereafter may divide an estimated \$1.226 billion of Federal food assistance (\$956 million in the budget plus \$270 million to be reprogrammed). The Nixon budget would allegedly serve only 16 million of them, which includes a double count of

children eating lunch and in families receiving stamps or commodities. The poor would gladly see to the labor and equipment required for meal preparation, if we would only give them the same \$1.32 allowance per day we furnish the men in our armed services, for food, instead of the present \$77 a year or 21 cents a day.

Realism as to the scope of what must be done and how much it will take must be reinforced with honesty in expressing precisely what one intends to do to fulfill food needs. Nothing is more socially dangerous than false advertising beamed at the poor. To promise an historic breakthrough of free food stamps to the poor in two counties in South Carolina by means of all available media and then to deliver stamps only to a handful of families at an annual cost of a GS-5's salary is to toy with emotional dynamite. To tell all the pregnant and lactating mothers and preschool-aged children in America to come and pick up their "special" supplemental nutrition package and then proceed to hand out the same old surplus commodities void of any significant fortification or enrichment and then only if the women get medical as well as welfare certification from medical personnel who have in the past been even less anxious to help the poor than welfare officials is a betrayal of the confidence of eager, unsuspecting citizens. This kind of tactic, which is the staple of USDA action, is unconscionable and must be halted forthwith. From now on the announcement should fit the program and both should be substantial. For that is what you are convened to do—help, not hamper; enlighten, not trick.

The attitude we know you have adopted of seeking to end hunger and poverty-induced malnutrition (not to mention the malnutrition of the middle-class that derives from ignorance and fixed food habits) means that you will be concerned with monitoring the programs, not the participants. The shoe is on the other foot now. USDA is much more interested in seeing that no poor person gets a chance to create a black market in surplus commodities that are by definition non-sellable than it is in making sure that the poor get easy access to all 22 commodities wherever they may live, instead of having to arrange for transportation to travel 16 miles one day each month to get to the depot at the set hour to pick up 100-plus pounds of 12 or 14 items, which last 2 weeks at best unless the bugs beat the people to them.

For too long have suspicion and distrust of the malnourished soured the little help they have been granted. Suspicion and distrust are incompatible with genuine desire to aid the unfortunate. The Golden Rule fits like a glove: If you don't want the public naturally to assume that you are likely to fritter away the salary the public pays you on liquor or other delights of the flesh in the absence of stringent restrictions on your expenditures, then you may not always take it for granted that the poor will squander the assistance you furnish.

Now is the time for this Committee to declare that it is the individuals who administer program operations and not those who benefit from them who must be closely watched. They must be watched to see that they adopt and act with an appropriate sense of urgency so that there can be no repetition of the present intolerable situation in which appropriated funds remain unspent and of 235 counties acclaimed in December as about to receive food stamps, only 36 are actually in business as of March. Some people don't appear to be worried about performing their jobs with dispatch or compassionate concern for those they were hired to serve. It is those people who deserve to be monitored.

The USDA is not noticeably active in this connection. There is no on-going activity specifically aimed at increasing participation in the present food stamp program, although we hope that the nutrition aides will evangelize. Just yesterday the *Washington Post* made public an internal USDA survey of the irrational eligibility requirements localities impose before distributing Federal commodities. USDA had neither revealed these rules so that the public might react or take any affirmative steps itself to remedy the atrocities. Violations of the school lunch regulations published in October and effective in February requiring the publication of an objective, uniform policy on who will be eligible for a free or reduced price lunch in a particular school district and commanding the end to mechanisms that spotlight who eats for free are legion. What action is USDA taking to enforce its own rules? The silence thunders. Court suits are being and will continue to be filed by private parties to secure these rights, while USDA fiddles with the definitions of a Type A lunch.

Against this background of lethargy what guarantee can there be that, even if you improve the program (as we know you will) to make it as accessible and attractive as possible, participation levels will not be kept at their present miniscule level by Federal acquiescence in local imposition of illegal and/or immoral

barriers to access. When there is a question of whether feed grain payments should continue to be made in advance, USDA acts with alacrity. When the question is feeding the poor, USDA dozes and dots every bureaucratic "i" before sluggishly reacting. The cattle prod of outraged public opinion is the only stimulus to which USDA has ever responded.

Finally, once you agree that the food stamp program must be improved to feed those it was designed to feed, you will appreciate not only the need to be realistic in appraising the dimensions of the problem and the need to avoid overstatement of the steps being taken to correct it and the need to monitor the programs and their managers rather than their participants, you will also realize the importance of enlisting every available, interested citizen in making his contribution of time and energy to ensure the success of the food stamp program. That is a great part of what this National Council is all about. Most of our resources and personnel are devoted to galvanizing private groups and individuals on a nationwide basis to explore the local efficacy of Federal food assistance efforts and, after evaluating them, to work with local officials in overcoming deficiencies and to supply private resources to fill program gaps.

If we are successful, it will be quite a volte-face from what obtains today. There are hundreds of thousands of men, but primarily women all over this country organized in church groups, youth groups, social clubs, and various other associations or acting as independent individuals who have enthusiastically expressed their desire to offer their services in behalf of the less fortunate. We have heard the refrain "I want to help" wherever we go and whenever we open our daily mail.

But USDA and food program legislation, rather than paving the way for this volunteer army to facilitate the distribution process that is at the crux of the problem, instead do their utmost to place hurdles in the way of private citizen participation or turn their backs on local discouragement of volunteerism. Perhaps the bureaucrats are afraid of being shown up. Perhaps they feel it is too much trouble to train and advise the amateurs how to achieve what the professionals fail to accomplish. No matter what the reason, the results are unfortunate. If you want to distribute commodities from satellite depots or mobile units, you must be bonded because your honesty is doubted and negotiate an obstacle course of clearances. If you want to certify families as eligible, you have patiently to await the crumbling of the wall of accreditation thrown up by the welfare agencies. If you want to keep the stamp issuing offices open on a regular basis on weekends or in the evening, you had best seek some other outlet for your idealism. USDA's and local welfare's absolute control over the programs is thereby assured. So is their failure. You have a unique opportunity to end this state of affairs and rewrite the food stamp legislation to invite the volunteer in rather than shut him, and more likely her, out.

To demand the above may be to demand a lot. We can seek no less if we truly wish to employ the food stamp program to assure every American family an adequate diet.

The CHAIRMAN. Will you submit for the record that portion of your presentation that you have been speaking from?

Mr. KRAMER. Oh, yes; I am sorry. This is my formal statement.

The CHAIRMAN. The rest of the statistics will be filed with the committee. We do not want to duplicate, but we will look into the statistics and if they are not duplications, that we already have, why we will put them in the record.

Mr. KRAMER. Thank you very much, sir.

The CHAIRMAN. Mr. Graham.

You may proceed, sir.

STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE REPRESENTATIVE, NATIONAL FARMERS ORGANIZATION

Mr. GRAHAM. I am Harry L. Graham, the legislative representative of the National Farmers Organization.

I think the National Farmers Organization is no different from any other group of farmers. They are concerned with the nutrition of peo-

ple. I do not think their interest in this program is entirely selfish, although there are some ramifications in that direction in that it might increase food usage, but probably not enough to make any substantial contribution to answering the problem caused by the ability of farmers to produce in surplus.

I do not know any farmers anywhere who would not rather be producing and using their production to feed people than not producing and not feeding people. This is just a normal attitude of farmers all over the country.

We have looked at the various bills that have been submitted to the committee. There are, of course, some very difficult problems that have to wrestle with, such as the problem of how much money is available, the problem of who spends it and how it is spent, and these are not going to be easy to answer. We are not going to try to tell you that we have all the knowledge and on how this should be done.

We have great respect for the ability of the committee to weigh the factors that are presented and to come up with good judgment. We would on the face of it I think prefer in the terms of the funds that are to be appropriated, the approach of Senator Mondale in S. 6. It uses some additional funds that are not necessarily right out of the tax area, especially the 32 funds.

The CHAIRMAN. For your information, are you familiar with section 32 funds?

Mr. GRAHAM. Yes.

The CHAIRMAN. Do you know what that money should be used for?

Mr. GRAHAM. Yes; I do know what it is supposed to be used for.

The CHAIRMAN. Why should it not go back to the Treasury if it is not used to take off surpluses and commodities that are not supported?

Mr. GRAHAM. I do not think it should go back to the Treasury. I do not think that was the intention of it in the beginning.

The CHAIRMAN. That is what the law provides.

Mr. GRAHAM. Yes.

The CHAIRMAN. That is where it ought to go, go back and then be reappropriated.

Mr. GRAHAM. Well, what I am saying is that where you are caught with the need of appropriating money from what might be an increase in taxes or something of that kind, the use of some of the money that is not being used at the present time seems to me to be desirable. Frankly, I do not think that this money has been used as much as it should have been for the purposes of section 32 in the past few years. I remember an Assistant Secretary saying in terms of one small commodity "I only had \$13 million and I did not think I could do anything with that so I did not spend it." But I think the purpose was for him to spend it when it was appropriated that way and listed that way. We are going to have to use some of the money we have got. What I am trying to say is this, that it is going to be a pretty expensive proposition, and we are going to have to look everywhere we can for money.

The CHAIRMAN. But all of that money, though, comes from the Treasury.

Mr. GRAHAM. Yes.

The CHAIRMAN. It is due there, and what we have done was to set aside a part of it, in order to buy any commodity that is in surplus that is not supported.

Mr. GRAHAM. Isn't the source of that money the tariffs that we receive?

The CHAIRMAN. Yes; but that usually goes to the Treasury.

Mr. GRAHAM. Yes.

The CHAIRMAN. It makes up your general fund.

Mr. GRAHAM. It is an allocation from funds that otherwise go to the Treasury.

The CHAIRMAN. For specific use.

Mr. GRAHAM. Right.

The CHAIRMAN. And after that specific use is accommodated, then it goes back to the Treasury, and then may be reappropriated for other purposes.

Mr. GRAHAM. Well, what I am trying to say is that you have a right to suggest where it is going to be appropriated from, and how it is going to be used. This is one source of money that does not originate in taxes against the people of the United States. This is the only point I am trying to make. I do not care whether you use it or not, but we think this should be one of the considerations in trying to figure out where the money is going to come from, because this is a problem. I think it may be the stickiest problem we have.

The cost that the recipient should bear has all kinds of answers. I serve on a couple of national commissions on this problem, and I have listened to various answers and these suggestions. It seems to me that one of the problems is, whether it is Friedman or whoever it is, they have generally used kind of a straight line approach to the problem of contributions that the individual might make, or that the State might make. We have talked this over in our board, and we did wrestle with this problem. It seems to the NFO that this should not be a straight line but a curve, in which for some time, as we get from these very minimum incomes up to something that will at least give them half a chance to have decent housing and clothes, that the contribution the individual makes up to this point should be very very small, and after you reach a specified point, then it should increase more rapidly.

I think we kind of defeat our purposes by taking a straight line, if somebody makes \$30 a month we will give him so many stamps and if he makes \$40 we will give him an additional amount, and go right on a straight line proposition from there on.

I think the value of the coupons should be enough to provide an adequate diet. This is the argument between the administration and Senator McGovern. Whether it should be \$100 or \$120 a month is not a question which can be answered by me. I think there has to be some kind of regional adjustment on this because there is no question but what \$100 a month will buy a great deal more in some places than \$120 will buy in others.

This is one of the sticky problems also.

I think the McGovern bill, in administration, makes a little more sense to us than the others, but not very much. The Mondale bill, which calls for administration by Federal, State and private agencies without State request, goes a good deal of the way which Mr. McGovern goes.

In the terms of the local administration, and also in terms of the issuance of coupons, which is one of the problems that is before the committee, it seems to us that the existing USDA agencies could play

a rather important part. They probably are set up with more standardization in terms of staff personnel, training, et cetera, than any existing agency we have that goes across the board in all the States, in all the counties, especially the Extension Service.

We would argue also that when it comes to the information assistance, and all of these bills encourage nutrition and home economics education, that it does not seem to us to be wise to try to build a whole new system of nutritional education when we have today, through the use, we are not using it as well as we should, but through the use of the Home Economic Division of the Extension Service, the ability to translate the nutritional knowledge which is discovered which the State colleges of agriculture in their schools of nutrition. They have the ability to transfer this knowledge from the university level out into the use level. It is for this reason we are also very much opposed to any attempt to move this program out of the Department of Agriculture, because if it was, you would have to move the whole nutritional educational system out of the agriculture colleges.

Now I am not claiming that the Home Economics Department always in all the counties are doing as good a job as they should. I think it has often bogged down in the social strata of the counties in which they live. Nor am I making any suggestion that they are adequately staffed at the present time to do the job that needs to be done.

What I am saying is they have a basis of knowledge, a fundamental basis of knowledge, and a knowledge of how to apply the information they get to the country. If we can motivate some of them a little better and maybe staff them out a little better, I think we can solve this problem of nutrition education cheaper than if we start trying to build a whole new agency.

The CHAIRMAN. I think that is the view of most of the members of the committee.

Mr. GRAHAM. I am sure it is.

The CHAIRMAN. That we take the program as it has now been administered, and improve on it. I understand that the Department of Agriculture is going to create a special department, but use the same people in the department that are now administering the program.

Mr. GRAHAM. We favor that.

The CHAIRMAN. So it will not mean an additional amount of people.

Mr. GRAHAM. Yes.

The CHAIRMAN. And then on the other hand I am very hopeful, as the Secretary, Secretary Hardin said this morning, that there will be more cooperation between the various departments like Welfare and HEW and the others to carry on this program on a cooperative basis.

Mr. GRAHAM. I think this is the only answer that we have.

The CHAIRMAN. Yes.

Mr. GRAHAM. And obviously there has got to be some lifting up of the priorities in terms of the organization within the USDA, but I do not think it has to be done out across the field. It is right here in the administration at the beginning.

May I make just one more comment, and that is on the kind of food that should be available from the use of the food stamps, and that is

generally we would favor the continuation of the present guidelines on it.

I think there is a point to be made for these very low income groups that there should be some items included that take care of sanitation, personal cleanliness, that type of thing, soap for instance. I would add to the list though, and I was particularly reminded of this last night, I was at a grocery store. I am not sure that this kind of a program should be used to purchase pet food or something of that kind. I did notice that in our grocery store and it is a big one, more than 5 percent of the total shelf space was occupied by pet foods of one kind or another, which is more expensive than the foods, in terms of pounds, the price per pound than food that a lot of humans eat. I do not dislike pets, we have our own, but when this kind of a program is used, it seems to me that we ought to make it be used for the purposes for which it is designed, and that is the adequate nutrition of men and women, boys and girls in this country, and that would eliminate a number of things that the present law already eliminates.

That is all I want to say right now, Mr. Chairman, and I hope to submit a statement for the record.

The CHAIRMAN. Thank you very much, Mr. Graham.

This will conclude the hearings. We have had 4 days of hearings, and people from all over the country have testified, and those who have requested permission to testify have testified.

Is there anybody else who desires to be heard?

(No response.)

The CHAIRMAN. If not the committee will stand in adjournment, and permission will be granted to anyone who desires to file statements up to June 3d at 12 noon.

(Whereupon, at 11:05 a.m., the committee adjourned, to reconvene subject to the call of the Chair.)

(Additional statements filed for the record are as follows:)

STATEMENT OF HON. EDMUND S. MUSKIE, A U.S. SENATOR FROM THE STATE OF MAINE

Mr. Chairman, I am pleased to have this opportunity to testify in support of S. 1014, the Food Stamp Reform Act of 1969.

For five months the Select Committee on Nutrition and Human Needs has been investigating the problems of hunger and malnutrition in the United States. The Committee has found that millions of hungry Americans have access to neither the food stamp program nor the donated commodities program. It has been discovered that adult lives are blighted by the irreparable damage suffered in childhood through lack of a proper diet.

Our present food stamp program, although well-intentioned, has proven to be inadequate. Too many poor people cannot afford food stamps. Too many eligible people have no transportation to the stamp distribution center, a particular handicap in rural areas. Several items—soap, detergent, toilet articles—directly concerned with health cannot be purchased with food stamps. Furthermore, many counties and communities in the United States have refused to participate in either the food stamp or donated commodities programs. Thus, the poor in those areas are excluded from any type of food assistance programs.

The Food Stamp Reform Act of 1969 will—

Provide free stamps to families with incomes of less than \$50 a month.

Lower the purchase price of stamps for poor families earning over \$80 a month by 15 to 30%.

Permit operation of the donated commodities and food stamp program simultaneously in the same area.

Provide for the administration of local voluntary agencies to administer the food stamp program in instances where State or local welfare departments fail to accept responsibility for administering the program.

Each of these innovations in the food stamp program is a major improvement and should enable every needy family to participate in a food stamp program.

In my own State of Maine, welfare officials have had many years of experience with the Donated Commodity Distribution Program, the oldest of our food programs to low-income families. In the month of April 1959, 62,500 individuals received surplus foods under this program. In 1968, less than 15,000 persons were participating in the program. This decline is caused by municipalities which do not wish to pay the costs of transporting the surplus foods, or contend with the storage problems and required record-keeping. Many small communities in Maine are unable to meet these requirements under the program.

The 1960 Census indicates that in Maine we have 124,650 families with incomes of less than \$5,000 a year. It has been estimated that of this number 41,000 families are eligible for either the food stamp or donated commodity programs. In addition, 26,000 single individuals are eligible for these two programs. In January 1969, 32,907 families of a total of 43,000 families receiving public assistance were participating in a federal food program in Maine.

I would like to introduce at this point a chart compiled by the National Council on Hunger and Malnutrition in the United States which delineates by county the number of families in Maine participating in Federal food programs.

Mr. Chairman, at the present time only one county in Maine administers a food stamp program. Under present Federal regulations, this county cannot use the donated commodities distribution program. This either/or approach has been a decided deterrent to the needy people of Maine in utilizing Federal food programs. Public officials and welfare recipients have raised their voices in disapproval of this restriction. For instance, in the fall of 1968, the Secretary of Agriculture announced that Sagadahoc County in Maine would be added to the list of counties eligible for the food stamp program. But under our present system, the donated commodities distribution program would be discontinued. The welfare recipients strongly objected to this decision. They preferred the commodity distribution program because of the high cost of the food stamp program.

A survey showed that in 1968 it cost the City of Bath \$2,300 to distribute commodities to 400 recipients. Taking 10 sample families, it would cost the town \$2,800 to supplement their incomes so that these families would afford the stamps. It was estimated that the total cost of supplementing the incomes of all eligible persons in the City of Bath would be approximately \$10,000.

The Food Stamp Reform Act of 1969 recognizes that among food program recipients there are differences as to the relative merits of the two programs of food for the needy. This is a most important change to our existing programs. For instance, the ready cash of seasonal workers varies with the season. A seasonal laborer might be able to purchase stamps during the months he is employed. But in the off-season he would be without funds and he and his family would suffer from the absence of a free food stamp program. S. 2014 will correct this deficiency by providing free stamps to those poverty-stricken families whose incomes are extremely low, and by lowering the purchase price of stamps for other poor families.

Officials in Androscoggin County in Maine who have worked with the pilot food stamp program are emphatic in their endorsement of the program. They have stressed that less humiliation is experienced by recipients than lining up outside a town office for distribution of surplus commodities. There is greater independence and selectivity in the choice of foods with the stamp program. Town officials are relieved of the burden of distribution and accountability of commodity products.

The high cost of stamps, the lack of budgeting knowledge and consumer and nutrition education are weaknesses in the present food stamp program. S. 2014 requires that participants in the program receive the instruction they must have to insure that they are able to purchase nutritious foods with the coupons they receive.

The poor and needy of Maine and the nation should be able to choose and to alternate between our Federal food programs so that maximum benefit can be derived from each.

President Nixon in his May 6, 1969 message to the Congress stated, "The moment is at hand to put an end to hunger in America itself for all time". But he has recommended a delay in implementing an improved food program until 1970. I feel strongly that the time is now for the Congress to take the initiative and improve our programs to feed our undernourished and hungry Americans. I hope this Committee will give unanimous approval and endorsement of S. 2014, the Food Stamp Reform Act of 1969.

MAINE

(A)	(B)	(C)		(D)	(E)		(F)		(G)	(H)
		Estimated population 1 (1966)	Percent of families in poverty 2 (1966)		Public assistance recipients (February 1968) 3		Participants in Federal food programs (December 1968) 4				Family feeding funds, fiscal 1968 5	Child feeding funds, fiscal 1968 6
County				Number	Percent of population	Number	January 1969	Percent of population		
Androscoggin (FS) 7		89,500	13.7	3,423	3.82	2,738	2,860	3.05	\$130,904	\$253,328
Aroostook (CD)		106,100	26.4	6,616	6.23	6,745	8,202	6.35	130,059	388,979
Cumberland (CD)		191,100	11.8	8,333	4.36	4,923	5,268	2.57	96,563	\$341,520
Franklin (CD)		19,600	17.8	820	4.18	206	210	1.05	4,250	71,722
Hancock (CD)		31,900	19.2	1,460	4.57	1,038	1,190	3.25	7,880	96,105
Kennebec (CD)		92,000	14.5	4,251	4.62	2,919	2,919	3.17	24,436	\$199,605
Knox (CD)		25,700	19.3	1,573	6.12	1,996	1,996	6.97	40,107	72,102
Lincoln (CD)		18,300	20.1	763	4.16	286	327	1.56	4,574	55,941
Oxford (CD)		45,000	14.3	1,525	3.38	512	979	1.13	12,395	90,824
Penobscot (CD)		130,800	14.9	4,018	3.07	2,863	2,907	2.18	52,826	277,924
Piscataquis (CD)		19,200	17.7	737	3.83	1,003	819	5.22	42,483	42,483
Sagadahoc (CD)		22,800	15.0	906	3.97	971	973	4.25	23,787	34,754
Somerset (CD)		40,900	17.5	2,364	5.77	188	219	0.45	5,519	\$105,079
Waldo (CD)		22,100	22.0	1,109	5.01	253	482	1.14	8,086	43,000
Washington (CD)		30,600	28.0	2,175	7.10	856	1,371	2.79	19,625	\$62,624
York (CD)		104,400	14.1	2,935	2.81	1,747	2,085	1.67	41,051	\$282,452

¹ Based on Office of Economic Opportunity (OEO) community profile data.

² Based on OEO community profile data.

³ Based on U.S. Department of Health, Education, and Welfare, Social Rehabilitation Service February 1968 statistics on recipients of public assistance (aged, blind, disabled, aid to families with dependent children, general).

⁴ Based on U.S. Department of Agriculture data.

⁵ Based on OEO Federal outlay data. Refers only to commodity distribution and/or food stamp programs.

⁶ Includes food donations to schools, funds for school lunch, commodity procurements, nonfood assistance, and, where applicable, school breakfast.

⁷ Next to the name of each county there appears in parentheses the name of the family feeding program now in effect: CD—Commodity distribution; FS—Food stamps.

⁸ Including B.

STATEMENT OF BILL BURSON, DIRECTOR, GEORGIA DEPARTMENT OF FAMILY AND CHILDREN SERVICES AND DIRECTOR, GEORGIA OFFICE OF ECONOMIC OPPORTUNITY, ATLANTA, GA.

The Georgia Department of Family and Children Services oversees the administration of the full range of public assistance programs by the 159 counties of Georgia, including the certification of eligible citizens to receive surplus commodities or to purchase Food Stamps in counties having one or the other of those programs.

A current breakdown of Georgia's food programs is as follows :

Seventy-eight counties are operating Commodity Distribution Programs—42 of these financed through the Office of Economic Opportunity, 22 by the counties themselves, 10 by grants made to the county by the U.S. Department of Agriculture and 4 directly by the U.S. Department of Agriculture.

Eighty counties presently are issuing Food Stamps.

According to statistics of the Consumer and Marketing Service, during April 1969, 173,400 persons in 18 counties received surplus commodities in Georgia and 73,849 persons in 80 counties purchased Food Stamps.

This represents considerable improvement over the situation which existed July 1, 1967. At that time 143,120 Georgians in 66 counties were receiving surplus commodities and 19,553 were buying Food Stamps in 24 additional counties. There were no programs in the 69 other counties.

Today every county in Georgia has a food program with the exception of Troup County where officials have failed to take the necessary action to establish a food program.

There is, at this moment, a case pending in Federal Court seeking civil action for injunctive and declaratory relief on the grounds that residency in Troup County denies the needy of due process and equal protection of the laws guaranteed by the 5th and 14th Amendments to the Constitution and of rights conferred by Federal statutes created in the Food Stamp and Commodity Distribution Programs.

The Department of Family and Children Services concurs in the point made by critics of the Commodity Distribution Program and the Food Stamp Program that neither fully meets the needs of today's hungry citizens. Both are needed meet the full spectrum of food need in a community.

The Secretary of Agriculture and his subordinates in the Consumer and Marketing Service are to be commended for their vigorous, imaginative and effective efforts to improve present programs within the framework of existing legislative authority and appropriations.

They have demonstrated a great sensitivity to and understanding of the problems in Georgia and have assisted and cooperated with this Department far beyond the requirements of their jobs. They have gone with representatives of the Department time and again to the holdout counties and they have utilized every resource at their command to get food programs accepted and underway where there were none before.

Many of the smaller counties are in bad financial straits and it is difficult for them to raise even the few thousand dollars a year necessary to pay distribution costs for surplus commodities or issuance costs for Food Stamps. There are counties operating their own food programs which would not be doing so were it not for former Secretary Freeman's willingness to sign contracts with them to reimburse full costs of distributing surplus commodities. These are poor counties which could not afford the cost of operating Commodity Distribution Programs at their own expense.

The U.S. Department of Agriculture is to be commended for adding additional commodities to the list of foods for free distribution—items such as canned fruit juices, dehydrated potatoes, canned vegetables and meats. This has made it possible for the poor who depend solely upon surplus commodities to have more-nearly balanced diets.

The U.S. Department of Agriculture's innovations in the Food Stamp Program have been beneficial in expanding participation in it—particularly the half-price arrangement for first month of purchase and the reduction in minimum purchase requirements for families with income of less than \$70 per month.

The Commodity Distribution Program has its greatest advantage in the fact that it is free and more nearly reaches all the needy. But it has great drawbacks. It provides mainly staples which do not come close to a balanced diet and which cannot be used by the very young, the elderly and the sick who

require special diets. Over and above that the problem of transporting these heavy and bulky commodities is a very real and difficult one for people who do not have access to automobiles and who, very often, are feeble and sick.

The Food Stamp Program overcomes the disadvantages of the Commodity Distribution Program in that it allows the participant to buy his own food as he needs it and in accordance with diet requirements. It overcomes the transportation problem in that the recipient can buy in small quantities. It adds the further advantages of dignity and responsibility—dignity in that the individual buys his stamps at the bank and trades them at the grocery; responsibility in that the individual contributes a portion of the cost of his food.

But the Food Stamp Program has the great disadvantage of limiting participation because of the cost factor involved. Experience verifies that half as many people are fed through Food Stamps as with surplus commodities and that the smallest participation in the Food Stamp Program is by the welfare segment which has the greatest food need. Non-public assistance recipients—particularly those on Social Security—can see the advantages of the Food Stamp Program much more clearly than can those on public assistance.

The ideal solution to this would be to have both programs in all counties and to allow the recipients to choose the one in which they prefer to participate. Under such an arrangement, certification for one program could be accepted for transfer to the other program with reasonable notice.

The Department favors such a change as does the overwhelming majority of our County Directors in Georgia. More County Directors suggest this than any other single change they would like to see in food programs.

In the Food Stamp Program, the purchase requirements are too high.

The Old Age Assistance recipient receiving a maximum \$82 grant per month in Georgia must pay \$16 of that \$82 to get \$22 in Food Stamps. Considering the special diets required by the most elderly persons, \$22 is an inadequate amount for food.

The family on Aid to Families with Dependent Children with 10 persons and receiving a maximum \$154 grant per month in Georgia must pay \$66 of that \$154 to get \$118 in Food Stamps. That leaves only \$88 a month to meet all other needs, including housing, clothing, school costs, transportation, etc.

If these purchase requirements could be reduced to a maximum of 25% (as proposed by the Talmadge Bill) Georgia would experience an immediate and dramatic increase in participation in Food Stamp Programs by public assistance recipients. The aged citizen and the mother of dependent children just cannot see making such sizeable outlays from their meager monthly checks as are now required to purchase Food Stamps.

Georgia has a very serious problem in the issuance of Food Stamps. The County Departments have to rely mainly on banks to do this and, with the exception of national banks which are required to issue stamps, many state and local banks refuse to issue Food Stamps. A much better arrangement would be to have the stamps sold by the Post Office Department and that way they would be within easy reach of every eligible recipient on at least a five-day-a-week basis.

This coupled with authorization to deduct the cost of stamps from the monthly public assistance checks and mail the stamps along with the balance of the money payment would greatly relieve the issuance problem and expense to the county governments and make it easier for welfare recipients with transportation problems to participate in the program.

Finally, there is a great need for expanding the School Lunch Program. Too many needy children still are not being reached by it.

There is no excuse for every child in America not having a hot, nutritious lunch while at school. And we are robbing our nation by not making certain that all do—because the hungry child cannot study and learn in competition with his well-fed peers.

The Georgia Department of Family and Children Services strongly recommends legislative action permitting the use of Food Stamps by children of needy families to pay for school lunches.

The Georgia Department of Family and Children Services views its efforts to assure that the hungry are fed as nothing more than a beginning—albeit an essential beginning—in the reversal of the welfare cycle and the breaking of the poverty chain.

The beginning had to be made with food, however, because a man who is hungry cannot be expected to give attention to any problem other than that of assuaging his own hunger and children cannot achieve their full learning potential when their diets are inadequate.

WASHINGTON, D.C., May 26, 1969.

Hon. ALLEN J. ELLENDER,
Chairman, Senate Agriculture and Forestry Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR ELLENDER: We wish to take this means of expressing the views of the American Farm Bureau Federation with respect to bills now under consideration by your Committee dealing with extension and expansion of the food stamp and direct food distribution programs.

It is natural that Farm Bureau—a general farm organization of more than 1,796,000 families—maintains a continuing interest in sound and effective means by which overall food consumption can be increased and the nation's dietary habits can be improved.

At the same time, however, we also are concerned with the rapid pace at which the food stamp program is expanding and the characteristics of permanence which it has assumed. Started as a pilot project in 1961, the program has grown steadily in numbers of participants and in total cost to the federal government. Secretary of Agriculture Hardin testified on May 7 that participation in the food stamp and direct distribution programs during the month of February reached a total of 6.8 million persons. He added that only 440 counties and independent cities at that time did not have a food assistance program. Cost of food stamps to eligible participants has been reduced drastically, and it is apparent that stamps will be provided without charge to those in the lowest income brackets.

The original concept of the food stamp program was that it would provide a means of assisting needy individuals to supplement inadequate diets until they once again could become self-sufficient. In view of the nation's economic growth, it would appear appropriate that participation at some point would begin to level off and that at least some beneficiaries of the program would have taken advantage of opportunities arising out of a high level of employment and such programs as job training and special educational opportunities to the extent that they no longer required either food stamps or direct food distribution assistance.

The fact remains, however, that the program has continued to expand. As in the case of any program of this nature, expansion inevitably is accompanied by greater opportunities for abuse, waste, and inefficiencies in operation. We respectfully recommend that legislation authorizing expansion of the program include appropriate safeguards to prevent misuse of the food assistance program and to assure sound and efficient operation.

In testimony with respect to the 1970 budget, Farm Bureau did not propose any reduction in the \$340 million requested for operation of the food stamp program during the next fiscal year, nor did we oppose the \$225 million requested in the budget for fiscal 1969.

In view of requests for additional funds for 1970—even before the 1970 fiscal year begins—and announced intentions to expand the program even further in future years, it is obvious that food assistance has rapidly developed into a welfare program—with the cost still charged to the budget of the U.S. Department of Agriculture.

Voting delegates to the most recent annual meeting of the American Farm Bureau Federation, at Kansas City last December, took note of developments in this direction and unanimously adopted a statement of policy as follows:

"Currently the food stamp program is being charged to the agricultural budget even though it has developed into a welfare operation. We urge that it be transferred to the Department of Health, Education, and Welfare."

We appreciate this opportunity to advise you of our views on this subject, and we request that this communication be made a part of the current Committee hearing on this subject.

Sincerely,

MARVIN L. McLAIN,
Legislative Director,
American Farm Bureau Federation.

STATEMENT OF PATRICK B. HEALY, SECRETARY, NATIONAL MILK PRODUCERS
 FEDERATION

Mr. Chairman and members of the committee, the National Milk Producers Federation deeply appreciates the opportunity to testify on legislative proposals to improve and expand the Food Stamp Program.

The Federation represents American dairy farmers and the cooperatives which they own and operate. These cooperatives range from small groups of farmers to very large federated organizations. They operate throughout the continental United States and Alaska.

Today, the nation is expressing great concern over the need for reducing—and ultimately eliminating—any hunger, as well as malnutrition from this land.

The Food Stamp Program—as evidenced by plans and programs being developed by the Administration and members of Congress—will play a major role in the nation's campaign. Before this Committee are several bills to modify, expand, or otherwise amend the Food Stamp Program. These include: S. 6, S. 339, S. 1608, S. 1864 and S. 2014. Rather than evaluate such bills separately, I would like to comment upon major aspects of the program which, we believe, should be essential, integral features of any legislation approved by Congress.

SCOPE OF PROGRAM

Under present proposals, the Secretary of Agriculture—after initially increasing the budget for FY 1970 from \$280 million to \$340 million—now recommends approval of an additional \$270 million for the Food Stamp Plan. This would total about \$610 million for FY 1970.

At this time, the Federation is not in a position to evaluate dollarwise whether this is exactly the right amount of expenditure for expanding the program.

As a long-time supporter of the program, however, the Federation feels that the Food Stamp system can—and should—be effectively and fully utilized to eliminate malnourishment and undernutrition.

USDA ADMINISTRATION OF PROGRAM

Of national scope and complexity—involving, ultimately, every state and/or county in the nation—this program will require highly effective administration.

Historically, the U.S. Department of Agriculture has long been in the business—

Of developing agricultural policies and programs for production of food;

Of acquisition of food—for example, by purchases of the Commodity Credit Corporation under the Price Support Program;

Of distribution of food through the Food Stamp Plan, National School Lunch, and other programs; and

Of making milk available to school children under the School Milk Program.

Realistically, expansion of the Food Stamp Program will have a highly significant effect upon agricultural production and the farm economy. This will occur through increasing consumption of food and improvement in levels of nutrition for millions of people.

For these reasons, we believe that contrary to prevalent rumors—the administration of such food distribution programs should be retained within the Department of Agriculture.

EXPANSION OF NUTRITIONAL EDUCATION

Concurrent with expansion of the Food Stamp and other nutrition improvement programs, there is a need—

To obtain a more realistic, comprehensive picture of the degree of malnourishment and undernutrition not just among low-income people, but of all levels of society; and

To carry out an aggressive program of nutritional education (a) for recipients of food stamps; and (b) other economic levels on which evidence is accruing that malnutrition exists.

The components of a realistic program, fundamentally, must include:

(1) Development of effective communications with the hungry and needy people, themselves—in language they can understand—on how to obtain maximum benefit from the Food Stamp Program.

(2) Local people and community resources should be utilized to the maximum in both administration and educational processes. Secretary Hardin has indicated that he plans to recruit over 5,000 aids from low-income families to be trained to “tell the story” to their neighbors of good nutrition and how to get it.

(3) The educational program must be flexible enough to adapt to special dietary habits of people of different localities, nationalities, cultures, etc.

(4) There should be involvement of local professional resources such as hospital personnel; visiting home nurses of city and county health departments; home economists in the educational system; and county home demonstration agents of the USDA Extension Service.

(5) We are especially gratified by the interests of both Secretary Hardin of USDA and Secretary Finch of HEW in involving the private sector in the nutritional education program. This, we believe, is important—and can be extremely helpful—to the program.

For many years, the dairy industry—through its National Dairy Council—has been carrying on nutritional education programs in about 100 communities throughout the country. Qualified nutritionists work with schools, communities, mothers, civic organizations and many others in promoting better eating practices—not just for consumption of dairy foods—but to encourage balanced, healthful, nutritional diets. Currently, we are discussing with the Department of Agriculture how this already-established program may serve—and, we believe, effectively—in the nation's expanded efforts to improve nutrition.

COORDINATING FOOD STAMP AND DIRECT FOOD DISTRIBUTION PROGRAMS

Unfortunately, the Food Stamp Act of 1964 contains limitations that handicap food distribution programs.

Section 4(b) prohibits the use of both food stamps and direct food distribution programs in the same community. This Section reads:

"In areas where a Food Stamp Program is in effect, there shall be no distribution of federally owned foods to households under the authority of any other law except during emergency situations caused by a national or other disaster as determined by the Secretary."

In recent testimony,¹ Secretary of Agriculture Clifford Hardin expressed the desire and need for legal authority to administer, as necessary, both programs to feed hungry people. He stated:

"Legal authority will be requested to permit the Secretary of Agriculture to authorize operation of both a food stamp and direct distribution in the same county or city * * * where the Secretary determines that special needs demand such programs * * *."

The Federation has long advocated that a change should be made in this law to permit utilization of both programs in the same community.

We strongly urge, therefore, that the Congress amend Section 4(b) of the Food Stamp Act to authorize operation of both programs to meet the needs of low-income people. Foods acquired by the Commodity Credit Corporation (either through the Price Support Program or direct purchase) can be distributed along with the Food Stamp Plan without disrupting the local commercial market. By so doing, it would provide for maximum distribution of food to needy and low-income families.

SALT LAKE CITY, UTAH, April 30, 1969.

HON. WALLACE F. BENNETT,
U.S. Senator, Senate Office Building, Washington, D.C.

DEAR SENATOR BENNETT: You have undoubtedly become aware of some of the complaints that states are making with respect to the Food Stamp Program. We would like to direct some comments to you concerning this problem hoping that you will be sympathetic and willing to pursue this matter to make the Food Stamp Program more realistic for the state agencies which administer the program.

Since January, 1969, Utah has had a statewide Food Stamp Program. Our county office staffs have enthusiastically endorsed this program in preference to the Commodity Distribution Program. However, as we work with the program, we find that some problems become apparent and we have not been able to resolve them with the United States Department of Agriculture. There are three basic problems which we would like to comment on.

1. *The Rules for Eligibility in the Food Stamp Program Are Too Restrictive.*—Congress should coordinate this law with the Public Assistance titles of the Social Security Act so that the simplification of both substantive and procedural provisions can proceed in step together; e.g., the adoption of uniform income and resource disregard provisions, and use of simplified applications by affidavit

¹ Secretary Hardin's testimony on May 7, 1969, before the Select Committee on Nutrition and Human Needs of the U.S. Senate.

with only sample verification as meeting plan requirement eligibility provisions. This might be more feasible if the program were transferred from U.S.D.A. to H.E.W.

2. *Audits, Audit Follow-Ups and Administrative Reviews are Inordinately Time Consuming and Expensive.*—Some of the audits carried out by the U.S.D.A. deal with cases in which the participants were migrants without income and with very insignificant case income (less than a dollar—oftentimes only thirteen cents—a two-weeks minimum cash purchase requirement for a single person.) We don't believe it profitable to spend the time and administrative costs to rectify errors of such trifling amounts. It is our position that audit attention should be limited to fiscally significant items.

3. *There is a Lack of an Efficient and Economical Delivery System.*—The use of commercial banks and other agents as sales outlets for food stamps is a deteriorating procedure, and threatens to be an imminently critical problem. It is our position that the state should be authorized to set up a mail delivery system whereby public assistance recipients could have their monthly food stamp purchase requirements deducted from their monthly warrants and have the stamps mailed to their homes along with, or at the same time as, their monthly grants. It is also our position that the Postmaster General be authorized and required to utilize Post Offices including branches, annexes and substations as sales outlets for food stamps. It is our further position that the law should be amended to provide that the states, in acting as agents for the National Government in providing for food stamp sales outlets, should not be held financially liable for program losses due to theft, burglary, robbery or embezzlement of food stamps unless the facts prove malfeasance or misfeasance on the part of the state or their agents.

Sincerely yours,

RICHARD P. LINDSAY,
*Director, Division of Family Services,
Utah Department of Social Services.*

WASHINGTON, D.C., May 29, 1969.

U.S. SENATE COMMITTEE ON AGRICULTURE AND FORESTRY,
*Old Senate Office Building,
Washington, D.C.*

GENTLEMEN: The District of Columbia Food Stamp Advisory Committee has presented the enclosed testimony to the Senate Select Committee on Nutrition and Human Needs and the House Appropriations Committee, District of Columbia Subcommittee. The Committee also wishes to endorse testimony presented by the Health and Welfare Council Committee on Federal Legislation presented to your committee on May 23.

Sincerely,

THELMA V. RUTHERFORD,
*Chairman, District of Columbia
Food Stamp Advisory Committee.*

STATEMENT OF MARJORIE HARRIS, CHAIRMAN, LEGISLATIVE SUBCOMMITTEE, DISTRICT FOOD STAMP ADVISORY COMMITTEE, BEFORE THE SELECT COMMITTEE ON NUTRITION AND HUMAN NEEDS, APRIL 16, 1969

GENTLEMEN: I appreciate the opportunity to appear before you today. I am appearing not as an individual but on behalf of the Food Stamp Advisory Committee of the District of Columbia. The Committee was organized in July of 1965. It consists of 40 members representing 18 community organizations. It has been our task to study the operation of the Food Stamp Program here and to recommend improvements in it.

We are not doctors or nutritionists. We cannot speak technically of diet deficiencies. But we do know our city, its streets and its people. We know hunger is gnawing away here in the nation's capital.

We know babies are dying here because they and their mothers are malnourished. The shocking evidence of this is the fact that the District of Columbia, seat of the most powerful and richest nation on earth, has been shown in a study several years ago to have the highest rate of infant mortality in the country, except for the state of Mississippi.

We know that children are beginning school already badly or hopelessly retarded in their mental development because their families could not afford to feed them adequately during the first three or four critical years of their lives.

Thousands upon thousands of our older citizens, barely subsisting on meager monthly stipends, go without adequate food for days and weeks on end, growing weak and ill and, in too many cases, finally dying.

These facts, by themselves, are shocking and tragic. Unfortunately, they are made even more shocking and more tragic by the fact that a government sponsored food assistance program—the Food Stamp Program—which pretends to help these poor people feed themselves is a failure to most of them.

We estimate that conservatively over 100,000 persons would be eligible for the Food Stamp Program in the District of Columbia. At this moment, only some 30,000 persons are certified to participate, and of those only some 26,000 are actually using the stamps.

According to the Welfare Department's own estimate only about 39% of all its public assistance cases are participating in the Food Stamp Program—30% of those on old age assistance, 23% of those on aid to the blind, 48% of those receiving aid to dependent children, 32% of those receiving disability aid and 25% of those on general public assistance.

We can only guess at how many not on public assistance, not receiving any financial help, are eligible for the program but not taking part in it. We do know that as of last December only some 10,000 not receiving public assistance were buying stamps. There are many more than 10,000 poor in the District of Columbia.

Why is this program failing to help feed the hungry?

First and foremost, food stamps simply cost too much money. The purchase of food stamps should be lowered so that no one pays more than 17%. Let's look at some case histories of families who cannot afford to buy the stamps but who desperately need help.

(Recite the cases of the families.)

In most cases, people are paying so much for rent and heat and light, they do not have enough cash left for food stamps or clothes or transportation or emergencies—and emergencies afflict the poor more frequently than anybody else.

If families do scrimp to save the cash for the stamps, then they must often decide not to pay the rent or heat bill that month. They must decide that their children cannot have shoes and warm clothes in the winter. Without shoes the children cannot go to school and without warm clothes they become ill with coughs and colds.

These are impossible, destructive choices for families to make.

And, if they do make sacrifices to buy the stamps, they still do not get enough to feed themselves adequately for a month. They will go hungry for a week or ten days at the end of every month. Let's look at a comparison of what is recommended by the Department of Agriculture in its low cost food plan and what is supplied by the stamps.

(Cite sample family 1.)

The fact of the matter is that the Food Stamp Program has chronic period of hunger built right into it. So what sense does it make for a family to deprive itself of basic necessities besides food when the stamps still don't provide enough for them to feed themselves?

One of the reasons the stamps don't provide enough is that they make no allowance for the different need of different age groups. The Agriculture Department knows that a fourteen year old eats more than a four year old. (cite its table.) But the Food Stamp Program ignores this basic fact of life. Special allowance should be built into the program for children of different age groups.

We mentioned the infant mortality rate earlier. It is obvious that we have a special problem here. The Welfare Department recognized this and for a time was granting a special allowance for pregnant women and nursing mothers so that the Food Stamp Program would be more attractive to them.

The Department of Agriculture ordered the Welfare Department to do away with that allowance.

We mentioned the special problems of our older citizens, many of whom have health difficulties that require them to maintain special and more costly diets without which illness and death is almost certain. The Welfare Department recognized this problem and for a time was granting a special allowance for the elderly with health problems.

The Department of Agriculture ordered the Welfare Department to stop doing that.

We confess we cannot think of what purpose will be served by these restrictions except the saving of a few dollars. Certainly the health and well-being of the persons on the receiving end of this program will not be served.

Another reason people will not participate in this program is that it prevents them from buying basic items for personal hygiene and general sanitation. If they purchase the stamps then they have no cash left for bath soap, detergents, scrubbing power, toilet paper, tooth paste and mops among others. In other words, the Food Stamp Program tells people that if they want to eat then they must give up washing or brushing their teeth or washing the clothes that they probably can't even buy.

At this point, we would like to call the committee's attention to some of the problems which occur when the Food Stamp Program meets the public.

The first and most serious problem is the certification system itself.

When the Food Stamp Program first began there were only a few places where people could go to get certified for the stamps. The lines were long and thousands of people were turned away to come back another day. Recently the Welfare Department opened a number of decentralized offices throughout the city. Unfortunately, the lines are still long and people are still turned away. Nobody knows how many people who desperately needed this program never came back.

At times, the situation with the lines became so bad that if somebody wanted to be sure of getting seen on a particular day they would have to get to the certification office at 5:45 or 7 a.m. Anybody who came after 8:30 a.m. or 9 was simply too late.

We feel that if the number of certification officers cannot be increased that the decentralized offices should be eliminated. The idea of the decentralized offices is good but presently they are so understaffed that they are ineffective and create frustration.

If the Welfare Department cannot strengthen its service, perhaps the program should be placed under "separate management." To turn away as many customers as you serve, gives food stamps, welfare and neighborhood centers a bad name. Word of mouth by the thousands who have not been able to get certified may be doing more to keep this program from working than anything else.

The second problem is how people—if they are lucky to be seen for certification—are treated. We have heard of many cases where people have felt they were abused. It is not easy to ask for help. It takes courage to go to an office and tell a stranger personal facts about income, medical expense and family arrangements. If the Food Stamp Program is one of dignity, the customer must be treated with dignity at all times.

Perhaps the single greatest failure in the certification system concerns public assistance recipients. We have already shown what a low percentage of recipients are taking advantage of food stamps. This is especially hard to understand considering that all recipients of public assistance are automatically eligible for the program.

Caseworkers are supposed to inform each public assistance recipient that he is automatically eligible. Apparently, they do not do so. If they are informing them, then they are not doing a very good job of selling the program.

A third problem is recertification. Now, persons who are employed must be recertified every month, persons receiving statutory benefits such as veterans pensions and social security must be recertified every six months, and those with no income or irregular income must be recertified each month.

Certification officers spend so much time recertifying old customers that they do not reach enough new customers.

Provision should be made for construction workers and other workers with irregular incomes. Because the Food Stamp Program is based on regular income, those who do not have a fixed income cannot be put on the mailing list for food stamp certificates.

Persons with irregular and no income apply in person each month adding to already long waiting lines. Approximately, 1000 cases are assisted each month in this minimum purchase requirement group.

Recognizing that the Food Stamp Program was set up to stop handouts, to give the customer a chance to invest his own money in the purchase of food, we must face the fact that there are still people who have no money to invest. These people, and there are many of them, often need food immediately. For them the income based food stamp plan is not adequate. Food stamps, even in the zero income range, cost from 50 cents to three dollars. For these people, food stamps must be free. In the District, we also believe four emergency food banks, one located in each quadrant of the city—Southeast, Northeast, Northwest, and Southwest, should be set up to meet these needs.

More consumer aides are needed to teach people how to shop, how to budget and to give food demonstrations. Aides could make neighborhood visits, contact elderly shut-ins and explain the program. Consideration should be given to the development of benefit aides who would be trained to explain the wide range of government programs such as Food Stamps, Medicaid, etc. It is just as important for the customer to understand the program as it is for him to participate.

Table I.—Sample family a mother in work training program—weekly income of \$54 or \$216 per month—four children.

U.S. Department of Agriculture low-cost diet plan—Monthly costs

Mother, age 39.....	\$29. 20
Girl, age 14.....	32. 70
Boy, age 13.....	35. 60
Boy, age 11.....	30. 40
Boy, age 8.....	30. 40
Total	158. 30

This same woman received \$102 worth of food purchasing power with her food stamps, based on family size income and monthly income. This is \$56.30 less than what is recommended in the USDA low cost table and represents one-third less food.

TABLE A-1.—COST OF FOOD AT HOME

COST OF FOOD AT HOME ESTIMATED FOR FOOD PLANS AT 3 COST LEVELS, JUNE 1968, U.S. AVERAGE

Sex-age groups ²	Cost for 1 week			Cost for 1 month		
	Low-cost plan	Moderate cost plan	Liberal plan	Low-cost plan	Moderate cost plan	Liberal plan
FAMILIES						
Family of 2:						
20 to 35 years ³	\$16. 70	\$21. 10	\$25. 80	\$72. 40	\$91. 60	\$112. 10
55 to 75 years ³	13. 60	17. 70	21. 10	59. 30	76. 40	91. 40
Family of 4:						
Preschool children ⁴	24. 20	30. 70	37. 20	105. 10	133. 10	161. 30
Schoolchildren ⁵	28. 20	35. 90	43. 80	122. 30	155. 30	189. 80
INDIVIDUALS						
Children:						
Under 1 year.....	3. 20	4. 10	4. 50	14. 00	17. 60	19. 60
1 to 3 years.....	4. 10	5. 20	6. 20	17. 90	22. 40	26. 70
3 to 6 years.....	4. 90	6. 30	7. 50	21. 40	27. 40	32. 70
6 to 9 years.....	6. 00	7. 70	9. 50	26. 00	33. 20	41. 20
Girls:						
9 to 12 years.....	6. 80	8. 80	10. 20	29. 60	38. 00	44. 30
12 to 15 years.....	7. 50	9. 70	11. 70	32. 70	42. 10	50. 70
15 to 20 years.....	7. 70	9. 70	11. 40	33. 30	41. 80	49. 50
Boys:						
9 to 12 years.....	7. 00	9. 00	10. 80	30. 40	38. 80	46. 10
12 to 14 years.....	8. 20	10. 70	12. 70	35. 60	46. 40	55. 10
15 to 20 years.....	9. 50	12. 00	14. 40	41. 00	51. 80	62. 30
Women:						
20 to 35 years.....	7. 00	8. 90	10. 70	30. 50	38. 60	46. 30
35 to 55 years.....	6. 70	8. 60	10. 30	29. 20	37. 10	44. 69
55 to 75 years.....	5. 70	7. 40	8. 80	24. 80	31. 90	37. 90
Pregnant.....	8. 40	19. 40	12. 30	36. 30	45. 10	53. 10
Nursing.....	9. 80	12. 00	14. 00	42. 20	52. 10	60. 80
Men:						
20 to 35 years.....	8. 20	10. 30	12. 80	35. 30	44. 70	55. 60
35 to 55 years.....	7. 60	9. 60	11. 70	32. 80	41. 50	50. 60
55 to 75 years.....	6. 70	8. 70	10. 40	29. 10	37. 50	45. 20
75 years and over.....	6. 30	8. 30	10. 00	27. 20	36. 10	43. 40

¹ Estimates computed from quantities in food plans published in Family Economics Review, October 1964. Costs of the plans were 1st estimated by using average price per pound of each food group paid by urban survey families at 3 income levels in 1965. These prices were adjusted to current levels by use of Retail Food Prices by Cities, released by the Bureau of Labor Statistics.

² Persons of the 1st age listed up to but not including the 2d age.

³ 10 percent added for family size adjustment. For derivation of factors for adjustment, see Family Food Plans and Food Costs, USDA, HERR No. 20.

⁴ Man and woman, 20 to 35 years; children 1 to 3 and 3 to 6 years.

⁵ Man and woman, 20 to 35 years; child 6 to 9; and boy 9 to 12 years.

⁶ Costs giving for persons in families of 4. For other size families, adjust thus: 1 person, add 20 percent; 2 persons, add 10 percent; 3 persons, add 5 percent; 5 persons subtract 5 percent; 6 or more persons, subtract 10 percent.

Table 2.—Mother of six receiving \$227 Public Assistance payment. Her monthly shelter cost includes:

Rent -----	\$105.00
Gas heat -----	55.00
Electric -----	12.00
Water -----	3.30
Total -----	175.30

A hardship allowance permits shelter payments over 30 percent of the income to be deducted bringing her net income to \$119.80. She pays \$54 for \$108 worth of food stamps. However, the sum of \$175.30 and \$54 is \$229.30, which is \$2.30 more than her monthly income. If she paid her shelter bills and bought food stamps, she would have no cash remaining for clothing and transportation and other necessities for a family of seven.

Table 3.—Family of 10. Father earns \$58 take home pay as trash truck driver. The shelter costs are:

Rent -----	\$80
Electric -----	19
Heat -----	55
Total -----	154

Shelter hardship deduction brings the \$232 monthly income down to \$147.60. The family would pay \$66 for \$128 worth of food stamps. The total shelter and food stamp cost is \$220, leaving a cash surplus of \$12 for other costs—clothing, transportation, etc.

TESTIMONY OF THELMA V. RUTHERFORD, CHAIRMAN, DISTRICT OF COLUMBIA, FOOD STAMP ADVISORY COMMITTEE, BEFORE THE DISTRICT OF COLUMBIA SUBCOMMITTEE OF THE HOUSE APPROPRIATIONS COMMITTEE, MAY 20, 1969

Gentlemen, I am grateful for the opportunity to appear before you. As chairman of the Food Stamp Advisory Committee, I represent 18 groups specifically interested in the Food Stamp Program. Consumers are represented on the committee by a number of social agencies and neighborhood centers. Producers and administrators are also represented. A list of name is attached.

As you may know from reading the newspapers the Food Stamp program in the District of Columbia is not meeting the serious needs of the people. Waiting lines for food stamps have been exceptionally long during the past winter. Often enough people filled the waiting room by 8:30 in the morning to keep certification officers busy until closing time in the late afternoon.

In an effort to cut down all day waits for food stamp customers and to prevent turning away many other persons who by law are entitled to Food Stamps, several things have been done by the Department of Agriculture and the Department of Public Welfare to speed and simplify procedures. The Department of Public Welfare has added to the Food Stamp staff from other agency units, including eight additional Food Stamp certification officers and four supportive staff.

It is for the permanent authorization of these vital staff positions (twelve) that I recommend to you tonight. This is not emergency staff, by any means, it is needed permanently.

The Food Stamp program has only begun to reach the population which is eligible for the program, and the reason for this is lack of staff. Long lines and red tape discourage potential customers. After four years in operation close to 30,000 persons are participating in the program. A conservative estimate tells us that 120,000 persons should be participating. We are confident that with added staff and more rapid service more persons will apply. It may even be possible to be certified during a lunch hour instead of taking a day off from work.

With more staff it is hoped that a concerted effort can be made to reach out into the community and enroll more of our senior citizens. These folks are often not strong enough to travel long distances to reach certification offices and then sit in an overcrowded waiting room for hours. These senior citizens often live on the most meager incomes and have an acute need for the additional food purchasing power provided by food stamps. With an increased staff the Food Stamp Manager plans to send certification officers to residences for the elderly and to neighborhoods where they live in private apartment buildings. Many of

these old people are too proud to go any where near a welfare office to see if they are eligible for Food Stamps.

These eight additional Food Stamp certification officers will visit job training sites and enroll those who are eligible, saving them the time and expense of visiting certification offices.

Both political parties have presented programs to Congress which would liberalize the Food Stamp program and this new thrust will increase the number of customers to be served. The Food Stamp Advisory Committee believes it would be a disservice to the community to deny the request of the Welfare Department for twelve additional food stamp staff positions.

In closing I would like to call the committee's attention to the fact that each month more than 200,000 additional food dollars are spent in the District of Columbia because of the Food Stamp program. An expanded program can only bring more dollars into the District economy and more and better food to the District's neediest families.

FOOD STAMP ADVISORY COMMITTEE

United Planning Organization
Change, Inc.
Senior Citizens Clearing House
Urban League
Friendship House
Health and Welfare Council
Neighborhood Center No. 2
Southwest House

Southeast House
Martin Luther King Center
Welfare Rights Alliance
Safeway Stores
Dairy Council
Department of Public Health
Department of Public Welfare
United States Department of Agriculture

STATEMENT OF MRS. GRACE M. SHUGART, PRESIDENT, EXECUTIVE BOARD, AMERICAN DIETETIC ASSOCIATION

The American Dietetic Association is the professional organization of 20,000 dietitians and nutritionists who are responsible for the application of the scientific principles of nutrition, a discipline of health.

As recently as 1967 the Surgeon General of the United States Public Health Service stated: "We do not know the extent of malnutrition anywhere in the United States * * *." Since that time the Congress has approved funds for a National Nutrition Survey and preliminary findings have been published.

The survey of low-income persons discovered growth retardation in 3.5 percent of the children, anemia in 33 percent of the children under six years of age, enlarged thyroid in 5 percent of the total population, vitamin A deficiency in 33 percent of the children under six years of age, vitamin C deficiency in 12-16 percent of all age groups, and vitamin D deficiency in 4 percent of the children under six years of age. Some cases of severe malnutrition were discovered. Dr. Arnold Shaefer, the chief of the National Nutrition Survey, stated: "Our studies to date clearly indicate that there is malnutrition, and in our opinion, it occurs in an unexpectedly large proportion of our sample population."

What are the consequences of malnutrition? As a result of our failure to support an adequate nutrition research program, the consequences of malnutrition are not precisely known. But we do know that malnutrition exacts a heavy toll and that it is closely associated with high rates of infant mortality and with the inadequate physical and mental development of our citizens.

A recent report of the President's Committee on Mental Retardation states that: "Mounting evidence is pointing to an intimate relationship between diet and mental and nervous disorders."

This report also states that three-fourths of our nation's mentally retarded are to be found in isolated and impoverished areas. This is where hunger and malnutrition are most prevalent.

Malnutrition has also been related to such health problems as infant mortality. The United States ranks 14th among the nations of the world with respect to infant mortality rates.

Our country cannot afford these consequences. And it is ironic, indeed, to discover that hunger prevails in the United States at the same time that obesity is creating a major new opportunity for the production and distribution of low-calorie foods and beverages. This is the situation that confronts us, however, and so it is essential that recognition be given to all the facets of the complex problem of malnutrition.

Among the findings of the National Nutrition Survey is the fact that only eight percent of the families surveyed in Texas participated in either the food stamp or food donation program. A survey of Los Angeles County showed that only 35 percent of the Aid-For-Dependent-Children families were participating in the food stamp program, and only 15 percent of the adult public assistance recipients were participating. Less than one-fourth of the eligible welfare recipients in Baltimore were participating in the food stamp program in 1968.

Since the food stamp program is not reaching the people it should our Association fully supports the legislation that is proposed to amend the Food Stamp Act. The Committee is now considering S. 6, S. 1608, S. 1864, and S. 2014 as well as the proposal of President Nixon in his message on Hunger and Malnutrition in America.

All of these bills have a common objective—and one that this Association fully endorses—to make nutritionally adequate food available to all individuals and families.

Ideally, each individual and family should have the financial resources to afford a nutritionally adequate diet. To achieve this end will require a revision in the welfare program. Such a revision is under study in the Department of Health, Education, and Welfare. One disadvantage of the food stamp plan is the inherent stigma for the participants. The House of Representatives recently approved legislation to prohibit the identification of school children participating in the free lunch program. This Association fully supports such a prohibition. Still another disadvantage of the food stamp program is the restriction against most imported food. This restriction reflects agricultural policies rather than health policies and imposes a hardship in those locations where the imported product is not only cheaper but also more easily obtained.

Until welfare payments are more adequate, some supplementary welfare program for food assistance will be necessary. Such a program must be more efficient and effective than the food stamp program has been in the past. This Association recommends therefore that the Committee give careful consideration to improving administrative aspects of the food stamp program through uniform national standards for eligibility, certification, distribution of stamps, income levels, etc.

A major concern of this Association is that none of the proposals before the Committee give adequate attention to nutrition education. Both S. 6 and S. 2014 permit enlisting the voluntary cooperation of existing Federal, State, local or private agencies which carry out informational and educational programs for consumers to place special emphasis on nutrition counseling. Neither bill, however, provides for an authorization for appropriations for this purpose. This Association urges the Committee to give consideration to earmarking funds or providing for a certain percentage of food stamp funds to be used for financing nutritional training and education for program participants and employees. Such training and education should include long-term and short-term courses of instruction in such areas as food purchasing, meal planning and preparation, food storage and preservation, budgeting, applied nutrition, sanitation, psychology, family relations, and social welfare.

The problem of malnutrition in the United States will not be solved by a massive increase in food assistance in the absence of nutrition education.

Both S. 6 and S. 1864 provide for a committee that would be advisory to the Secretary of Agriculture. In S. 6 a Nutritional Food Assistance Commission would be established. In S. 1864 a National Nutrition Committee would be erected. This Association urges the Committee to give consideration to a Commission that would be advisory to the President to develop and promulgate national nutrition policies—a National Nutrition Advisory Commission. The membership of this Commission should include representatives of nutrition and dietetics, health, education, welfare, consumers, agriculture and the food industry. This Commission would have available to it the expertise in nutrition of the Department of Defense, the Department of Health, Education, and Welfare; the Department of Agriculture, and the Veterans Administration. Both the Department of Defense and the Veterans Administration finance outstanding research programs in the field of nutrition. To fully utilize and apply the results of this research an organizational entity should be established at a level commensurate with the responsibilities involved. The proposed Commission would also have available the advice and recommendations of the Food and Nutrition Board of the National Academy of Sciences—National Research Council.

In concluding, this Association takes this opportunity to express its appreciation to the Chairman and members of the Committee for their favorable consideration of the legislation to expand and improve the Food Stamp Act.

STATEMENT OF VERLIN L. NELSON, LEGISLATIVE REPRESENTATIVE, AMERICANS FOR DEMOCRATIC ACTION

America must cease swallowing the excuses of Federal, State, and local officials while millions of her citizens continue to suffer empty stomachs.

She must avoid the mental, physical, and attitudinal retardation of her citizens, young and old, through the immediate acceleration of nutritional programs.

Infants die pupils nod; the unemployed vegetate—all, to a degree, as a result of nutritional deficiency.

The National Institute of Neurological Diseases and Blindness, in its collaborative pre-natal project involving over 55,000 mothers, has reported that maternal malnutrition may be the single most important cause of a host of birth defects, from speech and hearing impediments to stunted intelligence.

It becomes evident, then, that our social well-being depends on our physical well-being. Well-fed children become more receptive students who, in turn, become more employable adults.

And yet statistics shock and photographs jar. We are convinced—convinced of the gross inadequacy of present Federal Food Assistance authorizations, appropriations, and administration.

1. Food Stamps whose value allows every low-income household to purchase a nutritionally adequate diet. This does not mean the Economy Food Plan. Eighty-three cents per person per day buys only hunger.

2. Food Stamps whose purchase price is within the economic range of low-income families—and free stamps for those who cannot otherwise afford them and still meet other basic needs, which means everyone in a family of four with a monthly income less than \$435.00.

3. Simultaneous operation of the Stamp and Commodity programs wherever only this combination will alleviate need.

4. Food assistance for all eligible low-income families, which means that USDA or a private agency should be responsible for distributing whenever local officials abdicate and that Federal cost-sharing with local agencies should be encouraged to overcome the excuse that lack of funds is the factor that prohibits meaningful outreach and a convenient, accessible program.

5. An affidavit, declaring need, as the sole test of eligibility.

To assure the above reforms we support S. 2014, the minimal legislation required if we are to address ourselves, unflinchingly, to the malnourished.

How can we continue to avert our faces when millions of our neighbors admit an inability to feed their families—and an equal inability to obtain food from local authorities?

In county after county token percentages of those who are eligibility are receiving token diets. The enrollments on the programs are miniscule; the programs themselves, a mockery.

With this knowledge we urge immediate passage of legislation that will minimize local barriers and maximize nutritional consumption. Only then will our needy find us convincing.

WASHINGTON, D.C., June 3, 1969.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate, Washington, D.C.

DEAR SENATOR ELLENDER: The American Public Welfare Association is pleased to express support for a large-scale expansion of the food stamp and direct distribution food services program provided for in proposals now under consideration by your committee. As between the food stamps and the direct distribution method, we strongly favor food stamps because of the wider range of items that can be obtained through this system, and also because of the better distribution and availability of goods.

We do not regard it as necessary in this present statement to cite any further evidence as to the need for the expansion of programs to provide additional food for large numbers of American families. This has been adequately documented from many sources.

This Association, over a long period of years, has repeatedly called for programs to meet this need. Our basic approach, however, has been to call for programs of financial assistance for those needy persons who are now not covered by any program, and for adequate assistance to those who are presently covered by one program or another. In this regard, one of our primary recommendations has been that the federal government participate in a program of general assistance, or to put it another way, to participate in assistance to all persons in need regardless of artificial categorical distinctions. We also favor a national minimum standard so that all persons in need will receive adequate assistance.

We are pleased to note that some progress has been made over the years in this direction. We still do not have a program of federal financial participation in general assistance, but at least some portions of the groups formerly receiving no assistance may now be included under other existing categorical programs. For example, when the category of Aid to the Permanently and Totally Disabled was established nearly twenty years ago, that in one stroke authorized assistance to many needy persons who theretofore had not been covered. Later the AFDC program was extended to cover families of unemployed parents. However, that program is still operative in less than half the states.

While we express our support for the expansion of the food stamp system we also wish to make it clear that we support this program as a short-term expedient because there seems to be no immediate alternative. We are in full agreement with the statement Secretary Hardin presented last month to the Senate Committee on Nutrition and Human Needs, when he said that the day must come when these food distribution programs will not be necessary, and that the proposed expansions should be so structured that they will adjust easily to possible changes in welfare programs. We also concur in the statement of HEW Secretary Finch when he said, "Over the long run a more basic answer to the problem of malnutrition—as with other problems associated with poverty—must be found in reform of our public assistance and employment programs. Cash income, not a succession of payments in kind, best preserves the dignity and freedom of choice of the individual to meet his own needs through the workings of the private market."

We have always entertained serious reservations as to the propriety or effectiveness of programs of a general nature which provide assistance in kind. While we recognize that many low-income families, even as many high-income families, do not know how to make proper use of the food resources available to them, we do not believe that distribution in kind is the real answer. We do believe that the educational programs now being conducted by the Department of Agriculture, and especially the experimental programs which make use of supervised non-professional assistants in local communities, offer a genuine resource that could be of inestimable value in providing assistance and instructions to low-income families, and is a much better alternative than going on forever placing restrictions upon the kind of assistance we extend to poor people because we do not trust their ability to handle their own affairs.

Thus, while we reaffirm our support for an expansion of the food stamp program, we believe that if it is to be retained in any form for the long term, it should be regarded as being supplemental to—something on top of—other basic programs and not as a bargain substitute.

We believe the logical extension of the direction pointed by Secretaries Hardin and Finch must lead inevitably to the consolidation of all assistance programs into a rationalized and coordinated approach. We recognize that initially the food assistance programs were appropriately placed in the Department of Agriculture because their primary purpose was to help stabilize the commodity market. We believe that the main purpose of the proposed expansion, especially with respect to food stamp program, is to make food available to needy persons. We find ourselves in agreement with the report of the House Agriculture Committee on the 1967 Food Stamp Amendments when it submitted the proposition that the food stamp program had already become a welfare program. It appears to us that the purpose served by the distribution of food stamps has only a remote relationship to the central mission of the Department of Agriculture, and that it is more clearly related to the programs under the jurisdiction of the Department of Health, Education, and Welfare.

On the basis and for the reasons we have outlined above we urge that the immediate and large-scale expansion of the food stamp program remain as a short-term expedient while other long range proposals are being developed.

Sincerely,

HAROLD HAGEN,
*Washington Representative,
American Public Welfare Association.*

WASHINGTON, D.C., June 3, 1969.

SENATE COMMITTEE ON AGRICULTURE,
*Old Senate Office Building,
Washington, D.C.:*

Family and child services the largest voluntary family agency in the District of Columbia wishes to record its strong support of the statement urging liberalization and improvement of food stamp legislation as presented before the Committee on Agriculture on May 23d by Markham Ball representing the Health and Welfare Council of the National Capitol Area. We feel the statistical analysis contained in this testimony confirms the serious inadequacy and ineffectiveness of the current program as it is operated in the District of Columbia.

Mrs. B. BERNEI BURGUNDER, Jr.,
President.

ATLANTA, GA., June 2, 1969.

U.S. SENATE COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.
(Attention of Mr. Cotys M. Mouser).

DEAR MR. MOUSER: This is in support of the statement of the Health and Welfare Council of the National Capital Area on Food Stamp legislation presented before your committee on May 23, 1969.

At a Food Stamp Conference in December, 1967, co-sponsored by the Community Council of the Atlanta, Inc., the Community Chest and the AFL-CIO, recommendations were made that are in line with S. 2104. Representatives of both public and private agencies felt that—

1. Minimum national standards should be established to cover all households whose disposable income falls below three times the cost of the USDA low cost food plan.

2. No eligible family should be required to pay more than 25% of its income for food stamps.

3. A flexible system of distribution should be established as appropriate so that it would be relatively simple procedures to obtain food stamps.

4. Wherever and whenever possible the recipients of the service should help implement it.

We would like to reemphasize the seriousness of the problem of hunger in our country and urge that appropriate legislation such as S 2014 be passed.

Sincerely,

DUANE W. BECK,
*Executive Director,
Community Council of the Atlanta Area.*

WASHINGTON, D.C., June 2, 1969.

HON. ALLEN J. ELLENDER,
*Chairman, Committee on Agriculture and Forestry,
U.S. Senate, Washington, D.C.*

DEAR SENATOR ELLENDER: The National Council of Farmer Cooperatives supports the principles of expanded domestic food aid programs to combat hunger and malnutrition in the United States, as proposed by S. 6, S. 1068, S. 1864, S. 2014 and by Secretary of Agriculture Hardin's statement before this Committee.

Although food stamp programs may not be the ultimate solution, since they do not necessarily provide the most nutritious and economical diets, they appear to be the most practical means of dealing with these urgent needs at present.

We hope that Congress and the Administration will continue to study these problems of hunger, in order to devise better ways of channeling our tremendous

agricultural productivity so that both our undernourished citizens and our underpaid farmers will gain maximum benefits.

The food stamp approach of supplementing diets through private commercial channels is a commendable one. The aim of minimizing the philosophy of the dole is well served by handling this program through the U.S. Department of Agriculture. This Department is well-equipped to handle a program of this type, not only by virtue of direct administrative experience but also because of its strong understanding of and ties with the private food distribution industry.

The proposals before this Committee represent well-considered efforts toward orderly expansion and improvement of effective ongoing food stamp programs. We commend this Committee for its prompt and thorough consideration of these bills, and ask that this statement be included as a part of the record of hearings on this subject.

Sincerely yours,

KENNETH D. NADEN,
Executive Vice President,
National Council of Farmer Cooperatives.





File with P.L. 91-671

GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

HEARINGS

BEFORE THE

COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

NINETY-FIRST CONGRESS

FIRST SESSION

JULY 15, 21, 22, 29, 30, 31, AUGUST 5, 6, 7, SEPTEMBER 3, 4, 5, 8, 9,
10, 11, 16, 24, AND OCTOBER 10, 1969

Serial Q
Part 1

Printed for the use of the Committee on Agriculture



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10, 11, 16, 24, AND OCTOBER 10, 1969

Serial Q
Part 1

Printed for the use of the Committee on Agriculture



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1969

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GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

TUESDAY, JULY 15, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m., in room 1301, Longworth House Office Building, the Honorable W. R. Poage (chairman) presiding.

Present: Representatives Poage, McMillan, Abernethy, Stubblefield, Purcell, O'Neal, Foley, de la Garza, Vigorito, Jones of North Carolina, Montgomery, Sisk, Alexander, Burlison, Lowenstein Rarick, Jones of Tennessee, Melcher, Belcher, Teague, May, Wampler, Goodling, Miller, Mathias, Mayne, Zwach, Price, Myers, Sebelius, McKneally, Mizell, and Resident Commissioner Córdova.

Also present: Christine S. Gallagher, clerk; William C. Black, general counsel; Hyde H. Murray, associate counsel; and L. T. Easley, staff consultant.

The CHAIRMAN. The committee will please come to order.

All those who can't find seats can stand in the doorways, I guess.

The committee is met this morning to begin the hearings on permanent legislation to affect both the production and the distribution of agricultural products, and to consider the distinction between the existing programs, both our production programs and our distribution programs, including food stamps.

A great many bills have been introduced concerning one or another phase of production and distribution of agricultural commodities. The Chair has introduced a bill which provides for the continuation of existing farm programs and food stamp programs without limitation on the amount of money to be appropriated for food stamps.

(The bill, H.R. 12430 introduced by Mr. Poage, follows:)

[H.R. 12430, 91st Cong., first sess.]

A BILL To maintain farm income, stabilize prices, assure adequate food, reduce surpluses, lower Government costs, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That this Act may be cited as the "Food and Agriculture Act of 1969."

SECTION 1. The Food and Agriculture Act of 1965, as amended, is amended—

(1) by deleting section 103.

(2) by deleting the entire sentence in section 201 (1) and substituting "By deleting the second sentence of section 703."

(3) by deleting "through 1970 crops" whenever it appears in sections 301, 302, 401(2), 401(3), 402(a) and 506 and substituting "and succeeding crops."

(4) by deleting "effective only for the 1966 through 1970 crops," and by

deleting "1967 through 1970" and substituting in lieu of the latter "succeeding" in section 402(b).

(5) by deleting "for the period August 1, 1966, through July 31, 1971," in section 404.

(6) by deleting "the calendar years 1966 through 1970" in section 405 and substituting "1966 and succeeding calendar years".

(7) by deleting "years 1966 through 1970" wherever it appears in sections 501 and 502 and substituting "year 1966 and succeeding calendar years".

(8) by deleting "in the calendar years 1964 through 1970" in section 501 and substituting "in 1964 and succeeding calendar years".

(9) by deleting "through 1970" in section 505 and substituting "and succeeding calendar years".

(10) by deleting "years 1967 through 1970" and substituting "year 1967 and succeeding calendar years" in section 506.

(11) by deleting "through the 1970" and substitute "and succeeding" in section 516.

(12) by deleting "during the calendar years 1965 through 1970" in section 602(a).

(13) by deleting "ending June 30, 1966, through June 30, 1969 or during the period June 30, 1969, through December 31, 1970," in section 602(k).

(14) by deleting "through 1970" and substituting "and succeeding crop years thereafter" in section 703(i).

(15) by deleting "through 1970" and substituting "and succeeding" in section 704.

(16) by deleting "1970" and substituting "succeeding years" in section 801.

SEC. 2. The Food Stamp Act of 1964, as amended, is amended—

(1) by deleting the sentence in section 7(b) and substituting the following: "Notwithstanding any other provision of law, households shall be charged such portion of the face value of the coupon allotment issued to them as is determined to be equivalent to their normal expenditure for food: *Provided, however,* That employment, service or public work equivalent in value to such charges shall be acceptable in lieu thereof when performed by adult members of the households for local governments under the supervision and direction of officials thereof and properly certified thereby. Payment for such services in food stamps shall not be considered income for any other purpose nor shall such persons be considered employees of local governments for any purpose save qualification for food stamps."

(2) by deleting everything following "June 30, 1968," in the first sentence of section 16(a) and substituting the following: "and for each subsequent fiscal year such sum as may be necessary to carry out the provisions of this Act."

The CHAIRMAN. Mrs. May and numerous others have introduced a bill here which greatly extends the food stamp program both as to time, and money and purposes.

The bill, H.R. 12222, introduced by Mrs. May, for herself, Mr. Gerald R. Ford, Mr. McKneally, Mr. Zwach, Mr. Anderson of Illinois, Mr. Andrews of North Dakota, Mr. Ayres, Mr. Broomfield, Mr. Brown of Michigan, Mr. Button, Mr. Camp, Mr. Don H. Clausen, Mr. Conte, Mr. Esch, Mr. Fish, Mr. Gude, Mr. Halpern, Mr. Hosmer, Mr. Kuykendall, Mr. McCloskey, Mr. McDade, Mr. MacGregor, Mr. Michel, Mr. Rhodes, and Mr. Saylor follows:

[H.R. 12222. 91st Cong., first sess.]

A BILL To amend the Food Stamp Act of 1964, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Food Stamp Act of 1964, as amended, is amended to read as follow:

"It is hereby declared to be the policy of Congress, in order to promote the general welfare, that the Nation's abundance of food should be utilized co-operatively by the States, the Federal Government, local governmental units, and other agencies to safeguard the health and well-being of the Nation's population and raise levels of nutrition among low-income households. The Congress hereby

finds that the limited food purchasing power of low-income households contributes to hunger and malnutrition among members of such households. The Congress further finds that increased utilization of foods in establishing and maintaining adequate national levels of nutrition will promote the distribution in a beneficial manner of our agricultural abundances and will strengthen our agricultural economy, as well as result in more orderly marketing and distribution of food. To alleviate such hunger and malnutrition, a food stamp program is herein authorized which will permit low-income households to purchase a nutritionally adequate diet through normal channels of trade."

SEC. 2. Subsections (a) and (b) of section 4 of the Food Stamp Act of 1964, as amended, are amended to read as follows:

"(a) The Secretary is authorized to formulate and administer a food stamp program under which, at the request of the State agency, eligible households within the State shall be provided with an opportunity to obtain a nutritionally adequate diet through the issuance to them of a coupon allotment which shall have a greater monetary value than the charge to be paid for such allotment by eligible households. The coupons so received by such households shall be used only to purchase food from retail food stores which have been approved for participation in the food stamp program. Coupons issued and used as provided in this Act shall be redeemable at face value by the Secretary through the facilities of the Treasury of the United States.

"(b) In areas where the food stamp program is in operation, there shall be no distribution of federally donated foods to households under the authority of any other law except that distribution thereunder may be made: (1) during temporary emergency situations when the Secretary determines that commercial channels of food distribution have been disrupted because of a disaster; (2) on request of the State agency, for such period of time as the Secretary determines necessary, to effect an orderly transition in an area in which the distribution of federally donated foods to households is being replaced by a food stamp program; or (3) on request of the State agency if the State agrees to finance, from funds available to the State or political subdivisions thereof, all of the costs, subsequent to the delivery of such foods within the State, of handling, storing and issuing federally donated food to eligible households in the area."

SEC. 3. Section 5 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(a) Except for the temporary participation of households that are victims of a disaster as provided in subsection (b) of this section, participation in the food stamp program shall be limited to those households whose income and other financial resources are determined to be substantial limiting factors in permitting them to purchase a nutritionally adequate diet.

"(b) The Secretary, in consultation with the Secretary of Health, Education, and Welfare, shall establish uniform national standards of eligibility for participation by households in the food stamp program and no plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary. The standards established by the Secretary, at a minimum, shall prescribe the amount of household income and other financial resources to be used as criteria of eligibility: *Provided*, That the Secretary may also establish temporary emergency standards of eligibility, without regard to income and other financial resources, for households that are victims of a disaster which disrupted commercial channels of food distribution when he determines that such households are in need of temporary food assistance, and that commercial channels of food distribution have again become available to meet the temporary food needs of such households."

SEC. 4. Subsections (a) and (b) of section 7 of the Food Stamp Act of 1964, as amended, are amended to read as follows:

"(a) The face value of the coupon allotment which State agencies shall be authorized to issue to any households certified as eligible to participate in the food stamp program shall be in such amount as the Secretary determines to be the cost of a nutritionally adequate diet.

"(b) The maximum amount which State agencies shall be authorized to charge any eligible household for the coupon allotment issued to it shall not exceed 30 per centum of the household's income: *Provided*, That coupon allotments may be issued without charge to households with little or no income or other financial resources under standards of eligibility prescribed by the Secretary."

SEC. 5. Subsection (e) of section 10 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"The State agency of each State desiring to participate in the food stamp program shall submit for approval a plan of operation specifying the manner in which such program will be conducted within the State, the political subdivisions within the State in which the State desires to conduct the program, and the effective dates of participation by each such political subdivision. In addition, such plan of operation shall provide, among such other provisions as may be required, the following: (1) the specific standards to be used in determining the eligibility of applicant households; (2) that the State agency shall undertake the certification of applicant households in accordance with the general procedures and personnel standards used by them in the certification of applicants for benefits under the federally aided public assistance programs; (3) safeguards which restrict the use or disclosure of information obtained from applicant households to persons directly connected with the administration or enforcement of the provisions of this Act or the regulations issued pursuant to this Act; (4) for the submission of such reports and other information as from time to time may be required; (5) that the State agency shall undertake effective action, including the use of services provided by other federally funded agencies and organizations, to inform low-income households concerning the availability and benefits of the food stamp program and insure the participation of eligible households; and (6) for the granting of a fair hearing and a prompt determination thereafter to any household aggrieved by the action of a State agency under any provision of its plan of operation as it affects the participation of such household in the food stamp program. Upon the joint approval of the Secretary and the Secretary of Health, Education, and Welfare the State plan may provide for withholding the amount to be paid by a household for its coupon allotment from any payment made by the State agency to such household under a federally aided public assistance program, if such withholding is authorized by such household. In approving the participation of the subdivisions requested by each State in its plan of operation, the Secretary shall provide for an equitable and orderly expansion among the several States in accordance with their relative need and readiness to meet their requested effective dates of participation."

SEC. 6. Subsection (b) of section 15 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(b) The Secretary is authorized to pay to each State agency an amount equal to 50 per centum of the sum of: (1) the direct salary, travel, and travel-related cost (including such fringe benefits as are normally paid) of personnel, including the immediate supervisors of such personnel, for such time as they are employed in taking the action required under the provisions of subsection 10(e) (5) of this Act and in making certification determinations for households other than those which consist solely of recipients of welfare assistance; (2) the direct salary, travel, and travel-related costs (including such fringe benefits as are normally paid) of personnel for such time as they are employed as hearing officials under section 10(e) of the Act; and (3) an amount equal to 25 per centum of the cost computed under (1) and (2)."

SEC. 7. Section 16(a) of the Food Stamp Act of 1964, as mentioned, is amended to read as follows:

"To carry out the provisions of this Act, there is hereby authorized to be appropriated not in excess of \$315,000,000 for the fiscal year ending June 30, 1969, \$610,000,000 for the fiscal year ending June 30, 1970, such sums as the Congress may appropriate for the fiscal years ending June 30, 1971, June 30, 1972, and June 30, 1973, and not in excess of such sum as may hereafter be authorized by Congress for any subsequent fiscal year. Sums appropriated under this section shall, notwithstanding the provisions of any other law, continue to remain available for the purposes of this Act until expended. Such portion of any such appropriation as may be required to pay for the value of the coupon allotments issued to eligible households which is in excess of the charges paid by such households for such allotment shall be transferred to and made a part of the separate account created under section 7(d) of this Act. This Act shall be carried out only with funds appropriated from the general fund of the Treasury for that specific purpose and in no event shall it be carried out with funds derived from permanent appropriations."

SEC. 8. State plans of operation approved by the Secretary of Agriculture under the Food Stamp Act of 1964, as amended, prior to the date of the enactment of amendments thereto by this Act shall continue in effect until such plans are

changed to accord with such amendments: *Provided*, That no such previously approved plan shall remain unchanged for more than one hundred and eighty days after the enactment of such amendments.

Sec. 9. (a) Notwithstanding any other provision of law, the Secretary of Agriculture, after June 30, 1970, shall not approve, or continue the approval of, the participation of any State in the food stamp program or the program for the distribution of federally donated foods to households unless the State makes provision for the operation of one of such programs in each political subdivision within such State: *Provided*, That the Secretary of Agriculture may extend the period for compliance with this section to June 30, 1971, upon notification by the Governor of any State that State legislative action is required to provide authority or funds to meet the requirements of this section and that the legislature of such State will not convene in regular session between the date of enactment of this Act and June 30, 1970: *Provided further*, That federally donated foods may be made available, under terms and conditions prescribed by the Secretary of Agriculture, to meet temporary emergency food needs of disaster victims of those States not approved in accordance with this section for participation in the food stamp program or the program for the distribution of federally donated foods to households.

(b) In making provision in accordance with subsection (a) of this section for operation of a food stamp program in any political subdivision, the State shall provide for the distribution of federally donated food to households in such political subdivision until the request by the State agency for the food stamp program in such political subdivision has been approved by the Secretary of Agriculture in accordance with the requirements of section 10(e) of the Food Stamp Act of 1964, as amended, relating to the equitable and orderly expansion of the food stamp program among the several States.

The CHAIRMAN. There have been a number of other bills introduced. We expect to give everybody an opportunity to be heard on those phases that are of interest to them, whether they are interested in the entire program or only a portion of it. But this morning we are going to hear the Secretary of Agriculture. I have been advised that he probably will not cover all of the many facets that are involved in the legislation that is before us, but that he will cover some of them. And that will be within his discretion, what he covers.

We are pleased that we have the Secretary before us. While he hasn't officially appeared before this committee before, he has met all the members on numerous occasions, and we have had the privilege of meeting with him on an informal basis to consider farm problems. And I think these informal meetings will prove to be helpful even though there are a number of members of the committee who have not availed themselves of the opportunity that they have. I think those opportunities have been good.

Mr. Secretary, we have enjoyed our contacts in the past. I realize that these formal hearings are not as enjoyable, shall we say, but they are a part of the process that we have to proceed with. And we are not only pleased, but we are honored to have the Secretary of Agriculture as a witness. We will be delighted to hear from you, Mr. Secretary, on whatever parts of this program you want to discuss now, or in the future.

STATEMENT OF HON. CLIFFORD M. HARDIN, SECRETARY OF AGRICULTURE; ACCOMPANIED BY RICHARD E. LYG, ASSISTANT SECRETARY; DON C. PAARLBERG, DIRECTOR, AGRICULTURAL ECONOMICS; AND CLARENCE D. PALMBY, ASSISTANT SECRETARY, U.S. DEPARTMENT OF AGRICULTURE

Secretary HARDIN. Thank you, Mr. Chairman, and members of the committee. I appreciate this opportunity to make what really I think

is an introductory statement, because as you infer and we all know, there are many, many ramifications that we will want to be considering in the next weeks. And I am sure we will seek opportunity to visit with you again on this basis as the weeks roll along and we consider these very important matters.

Today, as you have indicated, you are commencing hearings on two of the major areas of responsibility of the U.S. Department of Agriculture. There are also two matters of great importance to all of the people of the United States.

I consider myself privileged to be asked to open the testimony of the 1969 hearings of this committee upon proposals to eliminate poverty-caused hunger and malnutrition in this country and upon proposals for a farm program for the future.

I should point out, at the outset, that although the law establishing the present farm program will not expire until after the 1970 crop, there is an immediate and urgent need for an expansion of this Nation's efforts to satisfy the nutritional needs of our poor and disadvantaged. While it is vitally important for the Congress to adopt a farm program for the 1970's as soon as possible, it is essential, indeed it is crucial, that the Congress enact legislation which will permit us to improve the food and nutritional needs of this Nation's poor today.

My testimony before you at this time will, therefore, be largely related to this administration's proposals for food and nutrition legislation. Our viewpoints in this area are more fully developed, and specific legislation has been introduced in both Houses.

Before I discuss the administration's request for expanded food and nutrition programs, may I make a few general remarks about this Nation's farm programs, present and future.

Lest my emphasis on food and nutrition in my testimony today be interpreted as indicating a lack of interest in the needs of America's farmers, let me state as emphatically as I can that this administration strongly believes that the Federal Government has heavy responsibilities to maintain a healthy, productive, expanding agricultural economy. We know that this is in the interest of all of us, farmers and consumers alike.

The Congress extended the 1965 farm law, originally scheduled to expire after the 1969 crop, for 1 year, through the 1970 crop. This has given us the much needed time to study the complexities of today's and tomorrow's agriculture. It has given us an opportunity to review and project, and we hope, will permit us to offer to the Congress in the very near future some alternatives which will provide the basis for farm legislation to preserve and improve the health of agriculture in this country for the benefit of all.

It is already apparent to us that the needs of the 1970's cannot be satisfied by the farm programs of the 1960's. It is already clear to us that major modifications must be made. But it is also abundantly clear that it is not in this Nation's interest, it is not in the interest of our taxpayer's, our consumers, or our farmers that this Nation turn its back on all that has gone before. As we consider and adopt a new farm program we will hope that those have been vocal in their criticism of U.S. farm policy, will look at all of the aspects of this issue, foreign as well as domestic. The complexities are enormous. Those who see simple

solutions should, I suggest, make a more penetrating analysis of the problem involved.

The cost-price squeeze that farm people are now experiencing emphasizes the need for program modifications that will improve net farm income. The farmer pays more and more for machinery, equipment, and supplies, but the prices he receives have not gone up proportionately.

Farm production expenses have been increasingly steadily since 1953. It appears that again this year these expenses will increase another \$2 billion and the increase will be almost entirely the result of price increases rather than the result of a greater volume of supplies and equipment purchased.

Once the prices of the goods used in agricultural production rise, they seldom decline. For example, prices of farm machinery have risen every year since 1955.

The object of our studies is to make recommendations that will allow the farmer to break out of the cost-price squeeze and to share in the strength and prosperity of the American economy.

We had earlier thought, in view of last summer's extension of the act of 1965, that we would have most of the current year to ready our recommendations for changes in our commodity programs. This had been the planning horizon that disciplined our studies. In view of the committee's decision to move more rapidly we are speeding up our review and plan to be ready to lay our work before you in full far sooner than we had first thought.

While our studies are not yet ready, it is possible to say that our suggestions will embrace two major components:

First. Long-range resource adjustment involving voluntary land retirement coupled with programs to assist rural people in making the changes associated with new opportunities.

Second. Modifications of commodity programs so as to make them more equitable, more effective, less costly, and more acceptable.

Now, if I may, Mr. Chairman, with this preamble on farm programs, I would like to discuss this administration's proposals for an expanded food and nutrition program.

I know you are familiar with President Nixon's message to Congress on hunger and malnutrition. In that message the President pointed out:

We have long thought of America as the most bounteous of nations. In our conquest of the most elemental of human needs, we have set a standard that is a wonder and aspiration for the rest of the world. Our agricultural system produces more food than we can consume and our private food market is the most effective food distribution system ever developed * * * but in the past few years we have awakened to the distressing fact that despite our material abundance and agricultural wealth, many Americans suffer from malnutrition * * * That hunger and malnutrition should persist in a land such as ours is embarrassing and intolerable.

The President has committed this administration to the elimination of hunger and malnutrition. And the legislation we have proposed is designed to do so.

Our legislation has been introduced in the Senate by Senator Aiken and a number of his colleagues and here in the House by that distinguished lady from the State of Washington, Mrs. May, and more than 30 of her colleagues.

We are proposing major changes and improvements in the present food stamp program. These changes and improvements are designed to make purchase requirements for food stamps more realistic, to provide food stamps without charge to the poorest families, to provide a food stamp allotment that will purchase a nutritionally adequate diet, and to establish national standards of program eligibility.

At present the purchaser of food stamps is required to pay up to 50 percent of his income to participate in the program. We are proposing that charge for food coupons never exceed 30 percent of income and that for the very poorest families coupons be made available without charge.

Under the existing system, families with the most meager incomes are expected to accumulate amounts of cash far beyond their means in order to purchase their food stamp allotment. When a family of six with a monthly income of \$80 is expected to accumulate and pay \$40 for a food stamp allotment, little is left to pay rent or to buy clothing or to pay bus fare to work. If too little is left, the family must simply cut back on the most important purchase of all—food.

We believe that food stamps should be made available without charge to the very poorest families, for example, a family of four with a total income of less than \$30 per month. That would be the upper ceiling. Families in this category have, for practical purposes, no continuous source of income, and it is difficult for them to accumulate enough cash for even the most minimal purchase requirement.

In short, we are proposing that the food stamp program be revised so that stamp purchase requirements are realistic—so that they encourage the poor to purchase a nutritious diet rather than discourage their participation in this program. Under the present law, the food stamp program is designed only to help participants improve their diet. There is no assurance that a participating family can meet its minimum nutritional needs. We are proposing a program that will allow participants to obtain at least a nutritionally adequate diet.

I will say parenthetically, allow, not necessarily guarantee.

Our recent calculations show that it costs at least \$100 per month to provide a nutritionally adequate diet for a family of four. We believe that food stamp participants must have the opportunity to obtain such a diet. If they do not, malnutrition is inevitable.

Our legislation will allow the Department to establish uniform national eligibility standards.

At the present time, these standards must be related to the standards used in the administration of federally assisted State welfare programs. This means that eligibility standards can vary widely from State to State. Nutritional needs, unfortunately, do not rise and fall with State welfare standards, and they do not recognize or respect State boundary lines.

We are also proposing that families on public assistance may elect to have the coupon purchase cost deducted from their welfare check. We are all familiar with payroll deductions for taxes, insurance, and retirement costs. We may not like to pay the bill, but the deductions route can make the payment easier. And so with families who are primarily dependent on welfare, we think that if they can elect to

have food stamp costs deducted from their welfare check, it will be easier for them to participate in the program.

At present, State and local governments may not operate both food stamp and commodity programs in the same areas except during a brief period of transition from one program to the other. We have proposed that both programs should be allowed to operate simultaneously wherever the local government is willing to assume the additional administrative expenses.

We are also proposing that a fair hearing procedure be established at the State level to consider the grievances of program participants. At present, there is no legislation requiring such procedure. The change we have proposed will assure that participants are fairly treated. It is in the American tradition of justice and equity. The costs of this new hearing procedure will be borne on a 50-50 matching basis.

We also believe that it is important to undertake effective outreach efforts so that the poor know about the food stamp program and know how they may participate. We have proposed that State and local agencies be required to undertake effective outreach efforts and that the costs of these efforts be borne on a 50-50 matching basis.

Since I have become Secretary, 78 counties and independent cities have applied plans for family food assistance programs. However, there remain 402 counties and independent cities that have not. We are proud of the fact that our food assistance programs operate in partnership with local government.

However, we believe that it is the duty of each State to see that the local governments within its borders take steps to assure adequate nutrition for their children and low-income families. And our legislation will allow the States to do just this.

And finally, we have requested appropriation authority for the food stamp program through fiscal 1973.

I have described the major features of the administration proposal. There are other bills before this committee that differ from our proposal in varying degrees. I am sure that you will give full and fair consideration to each of them.

And I know that you will consider this legislation in the context of our total effort to improve nutrition in this country. As members of this committee and the Congress, you have long been involved in the development and expansion of the national school lunch program. You have followed closely the activities of the Federal extension service, and I am sure that you share the pride we at the Department of Agriculture have in the extension service's growing nutrition aides program.

In April of this year, there were 1,431 food stamp projects in operation in 43 States and the District of Columbia, with more than 3.2 million people participating. There were another 3.7 million people participating in the community distribution program. One or the other of these family food assistance programs is operating today in areas that contain an estimated 87.3 percent of our population. The changes that we have proposed are designed to make family food assistance available to more of the needy in those areas in the areas not now covered.

We believe that the food stamp program is the preferable program for family food assistance. It makes use of our great free enterprise food distribution system. It helps the needy to learn how to purchase food. It gives the needy the same food choices as the rest of the community.

The need for the legislation we have proposed is great. This administration gives the highest priority to eliminating malnutrition. The Department of Agriculture is pleased to have the chance to work with this committee in meeting one of the great domestic challenges of our time.

The CHAIRMAN. Mr. Secretary, we are pleased to have your statement. We are delighted that you are taking the interest to look into all phases of the agricultural problem.

Before we go into the question period, I would like to call attention to the fact that we have our long time chairman with us, for 16 years, I believe, chairman of this committee. This is the first time he has been back, I believe, in the committee. We are delighted to have Harold Cooley of North Carolina with us. He has probably left a deeper imprint on this committee than any other man ever has. Of course most of us have known Harold for a great many years. And we are delighted to have him with us.

(Applause.)

The CHAIRMAN. Now, Mr. Secretary, it is our custom here, as I am sure you are aware, to cross-examine the witness. I don't want this to embarrass anyone, but there are always some questions which arise when anyone discusses any subject on which there are differences of opinion. And there are obviously differences of opinion on this procedure and as to substance.

You emphasize that portion of the problem which I felt might possibly be the lesser important side of the program. It seems to me that the production of food must be provided for before we embark upon the distribution.

I know that we have a productive system now. I can see it collapsing. And I think you understand that and agree with that. And for that reason I have felt that the emphasis, the primary emphasis, should be taking care of these programs that would assure a continuation of the production of adequate food and fiber in the United States.

I am delighted to have your assurance that you will before long come forth with further suggestions on this phase of it.

Certainly the distribution of this food, how it is distributed after it is produced, is of importance, and is something properly before this committee. And we appreciate having the views you have suggested on this.

I note that you did not mention anything about the cost of the food stamp program. That is something that every committee of the Congress must be concerned with, and I think we should review the anticipated costs. How much do you anticipate spending on this enlarged program?

Secretary HARDIN. On the food stamp program, sir, we have proposed that the figure be \$610 million in fiscal 1970.

The CHAIRMAN. And unlimited thereafter, is that right?

Secretary HARDIN. Not unlimited, but a larger figure, sir—it is unlimited in the appropriation.

The CHAIRMAN. It says "and not in excess of such sums as may thereafter be authorized by the Congress in the fiscal year."

Secretary HARDIN. I spoke in error there—in the proposed legislation.

The CHAIRMAN. I think that we want to bear in mind, to get the perspective—what did we spend last year on food stamps?

Secretary HARDIN. It is about \$260 million, actual expenditure. But currently, Mr. Chairman, or at the end of the fiscal year we were at an annual rate of \$340 million, the ceiling under the existing law.

The CHAIRMAN. In other words, this authorization would not quite double the expenditures for the coming year?

Secretary HARDIN. That is correct.

The CHAIRMAN. I don't think that it is necessary for me to discuss the details that you have in here of giving food, rather than requiring any contribution on the part of the recipient. But I think that it is worthwhile to point out that this stamp program originated in the committee when Mr. Cooley was chairman. And it was this committee under Mr. Cooley's leadership and active sponsorship that gave us the food stamp program. And one of the basic arguments made on behalf of the food stamp program at that time certainly was that we were going to be helpful to all those who would try to help themselves, as it were, and that what we were going to do was to try to multiply their money to enable them to take a small amount of money and increase the purchasing power of that money. We stayed entirely within the private property concept.

There was no breaking over into the philosophy of communism or socialism or whatever you call it, of providing without any return on the part of the individual. We know that every individual today spends either directly, or somebody spends for him, some money for food, everybody spends money for food, even if they don't make but \$30 a month.

I noticed that figure in your discussion, \$30 a month with a family of four. And I wonder just where in the United States can there be a family of four with an income of \$30 a month or less which is not eligible for some kind of public assistance. Is there any place in the United States?

I know the answer is always that it is Mississippi.

But that is not true in Mississippi. Now, is there any place in the United States where a family of four isn't eligible for public assistance?

Secretary HARDIN. When you put it in terms of eligibility, I am not sure, Mr. Chairman. We have found a considerable number of families who do not have this much income. And in the experimental areas that we have been working with we did get a 25 percent increase in participation as a result of making free stamps available to the very poorest, those below the levels we speak of here in our statement. And this is the basis for this recommendation. And bear in mind that we are talking about the very poorest. Now, if they have welfare payments, Mr. Chairman, that exceed these ceilings—and as you suggest, most of them will—then of course they are not eligible for free stamps automatically.

The CHAIRMAN. If there are not but a very few, as you suggest—and I think that is right, and they are eligible for assistance now

everywhere, does it become necessary to push this ahead of the problems of agricultural production in order to take care of this very small group who admittedly could receive assistance under existing laws? This is a better way of giving them assistance, but admittedly they have a remedy today. Do you feel that this is of so much more importance?

Secretary HARDIN. You wouldn't want to discuss it in terms of relative importance, Mr. Chairman. You asked me a moment ago, and I did not respond, to give you assurance that I was concerned with the production and income problems of American farmers. And if I did not make this clear in my formal statement, or in my informal associations with members of the committee, I would like to state now that we are deeply concerned with the revision of the U.S. farm program. We are deeply concerned with the cost-price squeeze that is affecting farmers across this country.

And we are very anxious to work with you on remedial legislation that will help to remedy this situation, and permit the farm producers of this Nation to participate equitably in the fruits of our advancing technology, which today on the average they are not, because the returns to labor and capital to farm producers are not comparable to those received by others in our society.

But back to this matter of free stamps. We feel there are here and there people who do not technically, for some reason or other, find themselves eligible for the welfare programs. This has been our experience. But put it this way. If they are eligible, if they are on welfare, then this doesn't cost us anything. But if indeed there are those who for some reason technically can't qualify, then this would open the door and take care of them.

And I think that is all I would want to say on that.

The CHAIRMAN. Well, it would certainly seem to me that we are probably breaking down what I think is a good, sound, useful program, to wit, the food stamp program. I think it is a good program. I think it is the best method we have yet devised of distributing food to the needy with Government assistance. It seems to me that it maintains our system of free enterprise more nearly than any of the others, and at the same time takes the assistance to the people who need the assistance.

But I have noticed a great many good programs destroyed by trying to carry them too far and too fast. This food stamp program isn't very old. The argument has been made, or was made sometime last year, that we ought not to make our agricultural program permanent, we ought to study it further.

We have been having agricultural programs for more than 80 years. Food stamps are what, 3-years old, 4-years old? About 4-years old. It seems to me that we can destroy something good by moving too fast, and that maybe we are threatening that right now.

At least this is something on which there is a good deal of disagreement, this matter of giving free food stamps. There isn't a great deal of disagreement with the existence of a food stamp program. It is generally accepted. But the question of whether you should give out with no contribution on the part of the family seems to me to be one about which there is a great deal more argument. We are just deliberately going out and hunting up trouble, when you point out it couldn't possibly have any very far-reaching effect.

Secretary HARDIN. Mr. Chairman, I realize that this is a matter on which there can be valid differences of view and of judgment, as you have indicated. It is our recommendation, our feeling, based on our experience in our experimental counties, that there is merit in it. And we present it to you in that spirit, recognizing that there are those who will make a different judgment.

The CHAIRMAN. Let me just say this—because we must move on to other members of the committee—that we do appreciate your interest in the whole farm program. As far as I am personally concerned, I want it on the record that I think that production and distribution of food should be kept together, and that it is my conviction that that is sound, both from the standpoint of governmental organization and from the standpoint of legislation, to keep them together. And I would hope that we might discuss both the production and the distribution of food in these hearings, and that we might bring them to the floor of the House at the same time.

Mr. Belcher.

Mr. BELCHER. I only have about one comment to make.

The chairman said that he didn't believe in free food stamps. Well, aren't we giving free food stamps in every part of this program? As I understand it, you give twice as many food stamps as you get cash. Now, that extra amount of food stamps that you give above the cash that you receive, isn't that free food stamps?

The CHAIRMAN. Of course it is free. The whole thing is free, as far as that is concerned. But it does require some action on the part of the recipient at the present time. If I understand it the proposal now, it is to relieve the recipient of making any contribution whatsoever. And I think there is a considerable difference between adding to someone's income and simply taking over the entire burden with no requirement of any kind on the part of the recipient.

Mr. BELCHER. I don't want to get into an argument on this, because I am not an original supporter of the food stamp plan. But it just occurs to me that a man that doesn't have any money at all needs food stamps much more than a man who can pay for half of it.

That is all I have to say.

The CHAIRMAN. Mr. McMillan.

Mr. McMILLAN. Mr. Chairman, I don't have any questions at this time. I thank the Secretary for a fine statement.

The CHAIRMAN. Mr. Teague.

Mr. TEAGUE. I had an interesting letter the other day, Mr. Secretary from an agency in upper New York State, a nonprofit charitable organization engaged in furnishing hot meals in the homes to people who are not able themselves to prepare their meals. The suggestion was made that this would be a worthy amendment to the food stamp program, to allow food stamps to be used to purchase hot meals to be delivered to the homes of people who cannot prepare their own food. Would you have any reaction to that, or would you prefer to leave that to a later time?

Secretary HARDIN. Congressman Teague, I am not familiar with the specific case you have in mind. Up to now the department has preferred to handle these kinds of situations with the donation of commodities to the agencies that were serving the hot meals.

This has seemed to be the preferable way. But if there is something here that we should look into, we certainly will be pleased to do it.

Mr. TEAGUE. Thank you very much. I am not suggesting necessarily that it is a good idea, but it was referred to me as deserving of our consideration.

Secretary HARDIN. We have met this kind of situation, and have met it so far with the donated commodities.

The CHAIRMAN. Mr. Abernethy.

Mr. ABERNETHY. Mr. Chairman, I would like to get back to the farm programs for just a minute if we might.

Mr. Secretary, you have been moving around the country conducting regional hearings or meetings with farmers and farm groups. How many of these have you attended?

Secretary HARDIN. Three to date, of the listening conferences.

Mr. ABERNETHY. Where were they conducted?

Secretary HARDIN. Lincoln, Nebr.; Pullman, Wash.; and Fresno, Calif.; and one next week in Athens, Ga.

Mr. ABERNETHY. And do you anticipate that there will be others?

Secretary HARDIN. Possibly, yes. We have not scheduled additional ones beyond the Athens meeting.

Mr. ABERNETHY. What is the criteria that is established for those meetings, or do you have such?

Secretary HARDIN. No special criteria. When we started these we thought we would try to get in several different parts of the country that were important agricultural areas, inviting in not only the people from the State in which the meeting was held, but those in surrounding States. And we have had as many as nine States, I think, represented at these meetings, with a cross section of people from different phases of agriculture, and representing different commodity interests, essentially to tell us what they think we should know about the agriculture of their area and their specific problems. And I might volunteer—you didn't ask me this—but I think from these meetings, the staff and I feel we do have a much more intimate feel of the special problems of these areas than we would have had otherwise, as a result of having these conferences.

Mr. ABERNETHY. I think that would be a natural thing. And I congratulate you for setting up these meetings. I think the idea is splendid. I am sure you are getting very valuable information from those who attend.

Now, what has been the level of attendance? Has it been extremely good, and what has been the interest shown by the people?

Secretary HARDIN. The level of interest has been, I think, much greater than we anticipated. The attendance has ranged from a thousand to 2,500 at the three meetings. And the range of interest has also been quite broad.

I suppose there have been more individual presentations that have been concerned with the plight of farm prices and farm income than any other single item. But in each of the meetings, there have been constructive recommendations made with respect to conservation programs, also with respect to nutrition, and the nutrition education efforts. There has been concern with small watersheds and with community development. In each of the meetings there have been these kind of concerns, very vigorously expressed.

Mr. ABERNETHY. In view of current publicity about farm programs, which has not been too good in so far as the farmer is concerned, has there been any unusual degree of concern evidenced at these meetings by farmers about this situation.

Secretary HARDIN. Concern with the programs?

Mr. ABERNETHY. With whether or not the programs will be continued or leveled off or phased out.

Secretary HARDIN. No; I think there has been great concern expressed in all the meetings that there be continuation of programs with modifications. In fact, most everyone who spoke almost by definition wanted some changes made. But there was very little testimony presented that would say: "We don't need farm programs."

Mr. ABERNETHY. Recently there has been a proposal submitted to the Congress by one of the major farm organizations, and it had been introduced by a number of Members, to completely phase out farm programs. That is the way I understand it—that is the way the press reported it. I will put it that way. Do you find any support for a phaseout of all these programs?

Secretary HARDIN. I know the program you are speaking of, which does provide over a period of years for phasing out price support programs as we have had them. And this position has been presented very articulately at each of the hearings that we have had.

Mr. ABERNETHY. Did it impress you?

Secretary HARDIN. They all impressed us, sir.

Mr. ABERNETHY. Do I understand that to mean that you would support a phaseout?

Secretary HARDIN. We are not ready at this time, Congressman Abernethy, to make a recommendation on phasing out or not. It would be my judgment at this point that for the foreseeable future—and I don't know how many years this is—that we are going to need price support programs for several of our commodities.

Mr. ABERNETHY. A price support program is a subsidy program, we all recognize that. Now, isn't it true that most of the programs that have come out of this Congress affecting various and sundry enterprises in the country, businesses and so on, are subsidy programs.

Secretary HARDIN. Certainly a great many of them are.

Mr. ABERNETHY. We now subsidize the airline industry quite heavily; don't we?

Secretary HARDIN. I think we do.

Mr. ABERNETHY. The shipping industry, and so on?

Secretary HARDIN. Yes, sir.

Mr. ABERNETHY. You wouldn't expect American agriculture to live in an unsubsidized economy while these other industries—and they are important—enjoy the subsidies that they receive from the Federal Government; would you?

Secretary HARDIN. No—I would put it a little differently, but I would come out generally the same place, I think, Mr. Congressman.

Mr. ABERNETHY. One of the current issues in the Congress has been a limitation on payments. And of course the payment program comes to and end next year. As you have pointed out, the objective of extending it through next year was to give the new administration, whether Republican or Democrat, time and opportunity to prepare such programs as it felt that we should have. Have you not expressed

the opinion that the so-called limitation on payments that is now before this Congress would result in a higher cost to the American taxpayer than the programs as it is?

Secretary HARDIN. Yes. We testified before both branches of the Congress that to put a limitation on our appropriation bills, as proposed—which would mean a modification of existing laws, or the enforcement of existing laws—would cost for fiscal 1970 an amount in the area of \$160 million more, partially because of the snap-back provision, which would put us back into a purchase and sell-back program that—we think we can demonstrate—would cost this much more.

Mr. ABERNETHY. And you have not changed your mind about that?

Secretary HARDIN. No, sir.

Mr. ABERNETHY. In other words, it is still the opinion of yourself and the experts in your Department that the limitation would cost the taxpayers in the end \$160 million more than the program now would cost?

Secretary HARDIN. For fiscal 1970; yes, sir.

Mr. ABERNETHY. For fiscal 1970. Is anybody listening?

Secretary HARDIN. Yes, I think some people have listened, particularly in one of the Houses of the Congress.

Mr. ABERNETHY. Would the snap-back provision not also add to the surplus?

Secretary HARDIN. We think it would, sir.

Mr. ABERNETHY. I think so, too. In fact, I am sure.

Now, if I can ask a question or two about the food stamp program. What criteria has your Department established—your predecessors in your Department—to determine who will and who will not be eligible for food stamps? Or is that done entirely at the State level?

Secretary HARDIN. It is done, Congressman Abernethy, at the State level at the present time. There are some guidelines but the State people have this responsibility.

Mr. ABERNETHY. Do you have the right to veto any of their guidelines?

Secretary HARDIN. Yes, we do.

Mr. ABERNETHY. Would you have the right to veto whether or not people in the category of John Doe and others should or should not receive food stamps or should receive them?

Secretary HARDIN. I don't think we would have the authority to eliminate from consideration a category of people, if they otherwise met income standards or lack of income standards that had been put out by the State. But as long as the program is given general application, the standards are given general application, without otherwise excluding people—in other words, we can quarrel with them about the regulations, but not specific exclusions.

Mr. ABERNETHY. What is your feeling about making stamps available to people who have walked off their jobs, which is usually referred to by another name.

Secretary HARDIN. Yes. I understand what your concerns are here.

Mr. ABERNETHY. I am trying to be tactful.

Secretary HARDIN. Yes, I understand. And I am trying to be, too. There is a possibility that there could be a delay of 30 days or something like this put into the regulations that would perhaps handle

part of this situation for a time. But I think if we went beyond something of this sort we would be engaging in class or special group legislation.

Mr. ABERNETHY. Have you made any determination as to whether or not you have the right to veto the availability, in making available stamps to people in that category, or whether that is exclusively a function at the State level.

Secretary HARDIN. We don't think we would have this authority under existing law. Congressman Abernethy, to exclude people who had walked off the job, and for that reason only.

Mr. ABERNETHY. I have a son in the University of Mississippi. He doesn't have any income. He is 26 years of age, and he has a wife and a child. His income is limited to the education proceeds from the GI bill, he is out of the service. Now, would he be eligible for food stamps? I of course wouldn't let him accept such. I just want to know if students in that category would be eligible.

Secretary HARDIN. If he is under the GI bill, this would be considered income.

Mr. ABERNETHY. Yes, I realize that. But he has to pay rent, he has to buy clothes, and so on. I understand that stamps are made available to college students, and I just want to know if those in the category of my Tommy could get into the program if they felt like he had to.

Secretary HARDIN. If the funds provided by the GI bill are what I think they are, I think he would make too much a month to be eligible.

Mr. ABERNETHY. You think he would. They have rent and so on to on to pay, you know.

Secretary HARDIN. We don't care what he pays for rent, it is how much income he has.

Mr. ABERNETHY. It isn't too much. There are students receiving food stamps, are there not?

Secretary HARDIN. Yes, there are, but they are not under the GI bill, I think.

Mr. ABERNETHY. Do you know what the criteria is in the States that make them eligible?

Secretary HARDIN. Generally it would be the same as other groups, if they indeed do not have income.

Mr. ABERNETHY. Do you think the Federal Government should support a program that makes food stamps available to strikers and college students.

Secretary HARDIN. This has not been the primary purpose of it. But if they otherwise meet the requirements that are set up, or the criteria that are set up—in other words, if they don't have income, they are citizens——

Mr. ABERNETHY. Oh, yes.

Secretary HARDIN. (continuing). I do not think they can be excluded. I just simply say that that is not the primary purpose.

Mr. ABERNETHY. My boy is a citizen. Would he then be eligible for food stamps?

Secretary HARDIN. I think he should be eligible. But if his income is above a certain level, then he disqualifies himself.

Mr. ABERNETHY. That leads to another question. Have you taken into consideration in arriving at the ceiling as to what this program

is going to cost, the making of stamps available to people who go on strike—and I am not saying that they don't have the right to strike—to people who go on strikes and to students in colleges, have you taken that into consideration?

Secretary HARDIN. We have discussed it, yes —

Mr. ABERNETHY. Pardon me for interrupting. Has that cost been calculated to the point of maximum cost?

Secretary HARDIN. Yes, it has.

Mr. ABERNETHY. How much was it?

Secretary HARDIN. We have asked for this year for \$610 million for the food stamp program.

Mr. ABERNETHY. Mr. Secretary, surely that wouldn't cover all the people that we just mentioned, that is, the people who are on welfare, those who are on strike, and those who are in our public educational institutions.

Secretary HARDIN. Obviously not for an entire year. This is calculated this year, recognizing—we recognized when we made the request, the administration, that the new and revised program probably would not be in operation for a full 12 months. And therefore this is not an annualized total. It will be in excess of a billion dollars in fiscal 1971.

Mr. ABERNETHY. In fiscal 1971 it will probably go to a billion?

Secretary HARDIN. And we think we have taken into account these special categories that you have mentioned in arriving at these requests. And we are basing this on the history of the stamp program to date.

Mr. ABERNETHY. You say it will go to a billion in 1971, or a billion and a half?

Secretary HARDIN. It is approaching a billion and a half.

Mr. ABERNETHY. A billion and a half?

Secretary HARDIN. For fiscal 1971.

Mr. ABERNETHY. There will be about five times what it is now in 2 more years?

Secretary HARDIN. Yes.

Mr. ABERNETHY. That is pretty fast.

I have been advised that there are some people drawing food stamps with the head of the family having an income as high as \$700 a month. Is that true or not?

Secretary HARDIN. I don't think so.

Mr. ABERNETHY. You don't think so. What is the highest income that you know of a person receiving food stamps?

Secretary HARDIN. Just a moment and I will get you the figure. But it will be lower under the program that we are proposing than it is now. This depends upon the number of children, the number of dependents in the household. For all practical purposes under the program that we are projecting it would be \$3,600 for a family of four. It cuts off at \$4,000, but there isn't any benefit beyond \$3,600, if they have that much income, for a family of four. It is a bit higher under the present scales under existing law. Now, if a family happens to have eight or 10 children, it can run up to about \$5,000.

Mr. ABERNETHY. The objectives of the program are to have a balanced diet and eliminate malnutrition?

Who goes along and determines, when the food stamp beneficiary purchases the food, whether or not they wind up with food that would bring them a balanced diet?

Secretary HARDIN. On that, Congressman, if the people insist on eating a poor diet, they certainly can go and with their food stamps buy a poor diet. However, we do recognize that lack of knowledge is a major cause of malnutrition in this country. And this is the reason that we are extending and expanding the program of nutrition aides through the extension service, in which people are being employed from these depressed areas and given training in nutrition, and are returning to their same communities to work with the people on improving their methods of buying and preparing food and planning their meals.

We recognize that this still doesn't guarantee people a good diet, but so far the response to this program in the first 3 or 4 months has indicated a strong desire on the part of a great many families to improve their ability to feed themselves.

Mr. ABERNETHY. You have indicated that there are 400 and some odd counties and cities which have not yet come under the food stamp program. Do you anticipate bringing those under?

Secretary HARDIN. We hope they will all come under during the year. Yes, 402 of them.

Mr. ABERNETHY. Suppose they don't? Do you have in mind putting a program in there irrespective of their inaction?

Secretary HARDIN. Under the existing law we would have the authority to go in with a commodity distribution program if we so elected. Some time ago the Department did move into about 50 counties in this manner—incidentally, 50 of the very poorest counties where resources were meager in terms of their own treasuries to take on their own costs. In the wealthier counties we have not made this election, but have rather hoped by working with them we would get them to see the error of their ways, and that they would come in and request.

And this is continuing. The proposed legislation does provide on the food stamp plan that if there was a demonstrated need for the program, and the Governor of the State requested it, then we could come in with the program.

It depends on whether you take exactly the Senate version or the administration proposal. They vary a little bit on this.

Mr. ABERNETHY. One question on that. Who would pick up the cost of administration which is now borne by the States and counties in the event that you went into a county that didn't invite you in?

Secretary HARDIN. In the case of the commodity distribution programs the Federal Government would bear the cost.

Mr. ABERNETHY. What about food stamps?

Secretary HARDIN. We haven't done it.

Mr. ABERNETHY. Do you bear that cost now?

Secretary HARDIN. No; in no case. We have not done this, Mr. Congressman. We have not. And I think we are reluctant to.

We think that the commodity program is sufficient guarantee on this, or some type of arrangement. If there does need to be additional teeth in this, then it should be in cooperation, and at the request of the State government.

Mr. ABERNETHY. When you do get stamps into all the counties and cities, what are you going to do with all the surpluses and commodities which are now distributed?

Secretary HARDIN. Under the program that we have projected for this year, 1970, and 1971, we are not replacing any significant number of the commodity distribution programs. They are still continuing. There were 1,100 counties and independent cities.

Mr. ABERNETHY. Then the food stamp program is not a complete substitute?

Secretary HARDIN. No, sir.

Mr. ABERNETHY. That is the impression that is around the country. That is the law, isn't it?

Secretary HARDIN. No, sir.

Mr. ABERNETHY. It is not?

Secretary HARDIN. No, sir.

Mr. ABERNETHY. You can have them both in the same county?

Secretary HARDIN. The law now provides—no—that we have one or the other in all areas. And there are 1,100 and some odd that have the commodity distribution, and almost an equal number—

Mr. ABERNETHY. But the idea is being promoted to put stamps—I am not saying that you do it, but the Department may be, or the administration, or someone is advocating food stamps in all counties. When and if they get there, what will you do with the surplus commodities?

Secretary HARDIN. We have recommended that as funds are available, and as it can be done, it would be preferred to eventually substitute the stamp program for commodity distribution. But it will not be reached under the proposals we have made this year or the next year.

I am coming on to your question. And then we still have, Congressman Abernethy, the school lunch programs, and the special feeding programs, and special programs for institutions which do involve commodities. But in this area we are talking about the family distribution programs of these two types. And this would, if carried forward—somewhere in the future, but certainly not within 2 years—begin to substitute stamps for commodity distribution.

Mr. ABERNETHY. Most welfare programs require the participation by the States, such as age assistance, and so forth—the State participates.

Secretary HARDIN. Yes, sir.

Mr. ABERNETHY. That results in better administration, I don't think there is any question but that it results in better administration within the States. Is it your judgment or not that if there was State participation in the food stamp program it would bring about better administration of the program?

Secretary HARDIN. We are requiring and are proposing that the local administration cost, State and local, be incurred by State and local people, for the reasons that you indicate. We have not recommended that the actual cost of the stamps themselves be shared. But I am a firm believer in State and local participation in programs.

And this is one of the reasons that we feel that the local management expenses should be more at the State and local level.

Mr. ABERNETHY. I am not saying that everyone at the State level would be wasteful, but they certainly don't have any particular en-

couragement to be careful about the way they give out their stamps, when they are giving out your stamps, do they?

Secretary HARDIN. This would be a valid point. The absolute limit—you asked me a question here a while ago—that anyone could get under the food stamp at present would be in Alaska, where a family of 10—this is an extreme case—with an income of \$650 per month can technically participate in the food stamp program.

Mr. ABERNETHY. With an income of \$650 a month they are eligible to go to the welfare office and get food stamps?

Secretary HARDIN. Yes. But it would be very little increase—they would pay almost as much for the stamps as they are worth.

Mr. ABERNETHY. Then I think under these conditions as a matter of equity my son down at Old Miss and those in his category ought to have some stamps. Of course, he would never ask for such and I would never allow him to accept them if he did ask.

Secretary HARDIN. But this is an extreme case. And I am not sure that it even exists. This would be technically possible under present law. But under a proposal this would be much lower.

Mr. ABERNETHY. Thank you, Mr. Secretary.

The CHAIRMAN. Mrs. May, the author of the food stamp bill is with us.

Mrs. MAY. Mr. Chairman, I appreciate the title of author, but I think I am also going to have to give credit to the administration and their people, the legislative drafters.

In my first questions, however, Mr. Secretary, I would like to go to your basic statement on future farm program changes. There have been from time to time reports in the press and perhaps rumors that you and your Department are already committed to one specific farm program proposed by either an individual or a group of individuals or a farm organization.

Would you comment on that report.

Secretary HARDIN. I would be very happy to, Mrs. May. No; we are not committed to any program proposed by any organization, nor are we committed individually or collectively to any one set of proposals or techniques for modifying the program. In fact, at this point we have instructed each other in the Department that not even when we are allowed are we supposed to let ourselves think that we are stuck with this one and only this one. We are still trying to keep an open mind, and hope we can for the next few weeks.

Mrs. MAY. Thank you, Mr. Secretary.

Now, in regard to your statement that expeditious action on the food stamp program is crucial, do you favor merging the farm bill and the food stamp bill into a single omnibus bill?

Secretary HARDIN. Our preference, Mrs. May, would be that it be handled separately. I realize, however, that this is a matter for committee consideration, and not department.

Mrs. MAY. But you, Mr. Secretary, favor handling them separately.

Now as to the food stamp program, I would like to follow up some questions that have been placed to you earlier concerning the free food stamp proposal in this legislation. I think it might help if you would give us some of the results of the free food stamp program you have already carried on as a kind of a pilot project, as I under-

stand, in South Carolina, in Jasper and Beaufort Counties. What was your experience with that program?

Secretary HARDIN. There, Mrs. May, we did get an increase, I think of about 25 percent in the number of people participating as a result of the free stamp effort. We have a complete report of this experiment. And if you would like, we would be glad to include that with the record.

(The following information was submitted:)

SUMMARY OF SECOND MONTH OF EXPERIMENTAL PROGRAM IN SOUTH CAROLINA

The highlights of the first two months of the experimental free Food Stamp Program in South Carolina are:

1. SEASONAL FACTORS INFLUENCE RESULTS

Some families eligible for stamps at the 50-cent minimum in February were not eligible for free stamps in March and April because they went back to work with the seasonal increase in farm employment.

2. THE FREE STAMPS DID BRING NEW, VERY POOR, FAMILIES INTO THE PROGRAM

(a) In April, 53 households in Beaufort and Jasper Counties—who first entered the program with free stamps—had *never* participated prior to the experimental program.

(b) This number represented 26 percent of the households participating at the minimum in February.

3. PUBLICITY AND THE FEBRUARY REDUCTIONS IN PURCHASE REQUIREMENTS INCREASED TOTAL PARTICIPATION

(a) In April, 1,192 households were participating in the two counties—up 16 percent over February.

(b) Only about one-third of that total increase can be accounted for by new families entering the program with free stamps.

[Attachment]

RESULTS OF THE FIRST 2 MONTHS OF THE EXPERIMENTAL FREE FOOD STAMP PROGRAM, BEAUFORT AND JASPER COUNTIES, S.C.

I. SEASONAL FACTORS INFLUENCE RESULTS

(a) The experimental program began in March—as the sharp seasonal increases in agricultural employment were soon to begin.

(b) Thus, in March and April, some households purchasing at the 50-cent minimum in February were ineligible for free stamps in March and April because they had returned to work.

II. FREE COUPONS DID BRING NEW, VERY POOR, HOUSEHOLDS INTO THE PROGRAM

Beaufort County

(a) In April, there were 41 households that had *never* participated prior to the experimental program. Some of these households received free coupons in March and continued to participate in April even though their incomes no longer qualified them for free stamps.

(b) These 41 households represented:

5.6 percent of the *total* number of households participating in February;
and

23 percent of the number of households participating at the *minimum* in February.

Jasper County

(a) In April, there were 12 households that had *never* participated prior to the experimental program. Some of these households also had received free stamps in March and continued to participate in April even though their income no longer qualified them for free stamps.

(b) These 12 households represented:

4 percent of the total number of households participating in February;
and

44 percent of the households participating at the minimum in February.

III. PUBLICITY ABOUT THE EXPERIMENTAL PROGRAM AND THE FEBRUARY REDUCTIONS IN PURCHASE REQUIREMENTS ALSO AFFECTED PARTICIPATION OF OTHER HOUSEHOLDS

Beaufort County

(a) The total number of participating households increased from 735 in February to 873 in March and declined seasonally to 862 in April.

(b) These changes are greater than can be accounted for by the availability of the free stamps.

Jasper County

(a) The total number of participating households increased from 294 in February to 324 in March and to 330 in April.

(b) These changes also are greater than can be accounted for by the availability of the free stamps.

More detailed data are available in the attached table.

EXPERIMENTAL FREE FOOD STAMP PROGRAM—BEAUFORT AND JASPER COUNTIES, S.C.

	Beaufort County			Jasper County		
	February 1969	March 1969	April 1969	February 1969	March 1969	April 1969
Total participation:						
Households.....	735	873	862	294	324	330
(Persons).....	(2,721)	(3,185)	(3,059)	(965)	(1,094)	(1,095)
Participation at minimum:						
Households.....	177	233	189	27	30	24
(Persons).....	(665)	(788)	(621)	(94)	(112)	(95)
New participation at minimum:						
Households.....		45	113		12	23
(Persons).....		(99)	(26)		(57)	(15)

128 of the 45 households first entering the program in March participated in April.

29 of the 12 households first entering the program in March participated in April.

Mrs. MAY. I would like that. I think it would be very helpful to all the members of the committee. But could you for the record now, Mr. Secretary, give us some idea of what type of family would not be eligible for either welfare or financial assistance in some other area, making it impossible for them to take advantage of even a small payment on food stamps, so that it would become necessary for your Department to provide free food stamps? Give us an example?

Secretary HARDIN. Yes, I think I can in just a moment here, Mrs. May.

There are many States that have only the categorical programs for welfare, aid to families with dependent children, old age, or aid to the blind, or aid to the handicapped, and perhaps one or two other categories. There are some that do not have a general across-the-board program. And where this exists, this would be numbers of people below the income levels we have defined who would not be on any kind of a welfare program. And this is what we found in this experimental area. There were simply people there that were not on welfare who did not have regular income of any kind, and who had not, therefore, availed themselves of the stamp program, and who, when they were made free to them, did take advantage of them.

Mrs. MAY. What had been the source of their food up to this time, Mr. Secretary, a direct commodity program or——

Secretary HARDIN. No, it was not. It was, I suppose, whatever they could scrounge. Obviously they had some food, because they were still living. But there was evidence, I am told—I have not been there—I am told by our staff who has been that there was evidence of malnutrition. They certainly did not have as much as they needed, or enough of the right foods. Again, here we are talking about not huge numbers of people, but they were people, and they did exist.

(The Secretary submitted the following information:)

The characteristics of the households receiving free stamps under the experimental program in Beaufort and Jasper Counties, South Carolina, are similar to those of households participating in other food stamp areas that qualify for the minimum charge of 50 cents per person per month (but not in excess of a monthly charge of \$3 for a family of six or more members). Under the current program, the highest monthly income (from all sources) that a household may have and still qualify for free stamps under the experiment (or for the minimum charge in other areas) is \$29.99.

In general, these households fall into three categories.

The first category is elderly persons—usually in their 50's—who no longer can find employment. Their past employment experience was in unskilled work not covered by Social Security, and they are not yet old enough to qualify for welfare grants under the Old Age Assistance program. Their meager incomes may be derived from contributions from relatives or friends and from some periodic charitable source. Such a household could have a monthly income of less than \$30 for extended periods of time.

The second category consists of families where the head of the household must rely on unskilled, seasonal employment. During periods of seasonal unemployment, the family must rely on some occasional day work or it may borrow money to meet emergencies. This type of household would move on and off eligibility for free stamps in the South Carolina experimental program as the availability of seasonal employment changed.

The third type of household would be one that would be eligible for the free stamps on a "one-time" hardship basis. As a group, they would have the same characteristics of the first and second categories but, in most months, would have incomes somewhat above \$30 a month. Normally, therefore, they would be paying a small monthly charge for their food coupons. However, they might have an emergency—such as an illness—that would take most of their income for a month. For that month, if the local welfare people confirmed that their income had been used for a doctor, or medicine, they could adjust the coupon charge to take into account such emergency expenses.

In March and April, in Beaufort and Jasper Counties, flooding had limited some of the usual jobs in the fishing industry; rains reduced employment in construction; and the relocation of a sawmill caused some loss of jobs. The reductions in unskilled jobs, because of these factors, left some families with a temporary loss of income from even part-time work.

Mrs. MAY. And your report will show some description of these 26 percent more families, what their circumstances were that they fell between the cracks, so to speak, of the existing welfare program of that State. Am I correct?

Secretary HARDIN. Yes. There are ways that people can fall between the cracks, as you express it.

Mrs. MAY. Now, to go to the direct distribution program question again, you have requested that we be able to continue direct distribution of commodities along with food stamp programs, which in the original presentation of this bill to Congress, was not to be allowed if savings dollar-wise and more efficient distribution of nutritional food were to be accomplished. But I understand you propose now being able to have both programs. Now, under what circumstances in a county would this be necessary?

Secretary HARDIN. This would be, first, if the city or county was willing to carry the total cost of administering both programs.

Mrs. MAY. The total cost of administration, not the cost of the program?

Secretary HARDIN. No, administration. And of course any one family or individual would be on only one or the other of the programs, not both. But there are some—we arrived at this after talking with some of the people of the very large cities, where conditions throughout the cities vary tremendously. One of the big city mayors, for example, pointed out that he really did need both programs within his jurisdiction, though only one in any particular section of the city or any particular group of people. But there were areas within the city where he felt the concentration, and so on, were such that the direct distribution program had great advantages, and there were other areas where he felt that the food stamp program would be preferred. And he felt his total jurisdiction was large enough that they would be willing to pay the expenses of administering both, that they would be larger, but that they would do a better job of total welfare if they had both available.

Mrs. MAY. I am not sure of his rationale on that. How would a concentrated population within an urban area benefit more by direct distribution?

Secretary HARDIN. Well, this was his feeling—and I think he also brought ethnic groups into this, and I don't know which ones were which—but he felt that they could do a better total job within their city if they could have the use of both types of programs, recognizing in any area, or with any particular group, only one.

Mrs. MAY. This becomes a problem in this bill. It will be under discussion in this committee. And I think it would be helpful if you could get the rationale as presented by this type of representative as to what his specific problems were that made him feel this way.

Secretary HARDIN. Then we have had some indication too that for places like the reservations, the commodity distribution program is much to be preferred, at least by most of them.

(The following information was submitted to the committee by the Secretary:)

Since the Food Stamp Program has been in operation there have been requests to operate both the Food Stamp Program and the Commodity Distribution Program in the same area. In most instances, these requests were made by groups or governmental agencies which felt that the Food Stamp Program was not reaching all of the needy people because some could not afford to purchase the stamps or that the lowest-income families were not receiving enough stamps to meet their minimum nutritional needs.

The modifications that we are requesting in the program will, of course, provide sufficient stamps to all participating families to permit them to purchase a nutritious diet. Also, the reductions in the charges for stamps, and the limited distribution of stamps at no charge, should make the program available to our poorest families with poverty-induced hunger and serious malnutrition.

Therefore, we would anticipate only limited requests for authority to operate both a commodity and food stamp program in situations other than when an area is transferring from commodities to food stamps.

We do, however, believe that when a State or local government feels it has a special problem, and if they are willing to bear the additional administrative cost, we believe that such simultaneous operations should be permitted. In general, while the period of such simultaneous operations might extend beyond a two- or three-month transitional period, we do not believe States and localities would be thinking of permanent simultaneous operations.

We know that officials of some areas have expressed the belief that such simultaneous operations might be desirable for as long as a year or more. In some areas—and especially large population or geographic areas where outreach efforts among ethnic groups might pose special problems—they feel they would like to be able to consider a very gradual shift from commodities to food stamps. They would feel more confident that they could insure continuing food assistance to all needy families while they were acquainting all groups with the Food Stamp Program, helping them plan their money management to gear into the stamp program, and developing adequate supportive educational programs to insure wise use of the stamps.

Mrs. MAY. Mr. Secretary, this question has already been raised. But it is another area of the bill, in addition to the proposal for free stamps, that is going to raise a great deal of controversy. And that is that under the wording of the bill you will have authority to directly operate a food stamp program in a county. And there have been criticisms leveled that this means that the Federal Government has the right to move in and force a federalized operation on a county whether they want it or not. Now, you have answered that you don't want that to happen, if possible. As I understand it, however, the bill, the version of this program as passed by the Senate Agriculture Committee does set up four provisions that you don't have in this original legislation that there has to be a manifest and urgent need, a need that could not be met by the direct commodities program, and the State refused to inaugurate a stamp program, and the Governor requested it.

Secretary HARDIN. That is right.

Mrs. MAY. Now, it is my understanding of that Senate version of this bill that all four of those conditions would have to exist before your Department could move in. Would you accept that Senate version of the bill?

Secretary Hardin. Yes, we find this acceptable.

Mrs. MAY. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mrs. May.

Mr. Stubblefield.

Mr. STUBBLEFIELD. Mr. Chairman, I don't have any questions.

Mr. Secretary, I read your statement. It didn't bring up tobacco or whisky.

The CHAIRMAN. Thank you, Mr. Stubblefield.

Mr. Wampler.

Mr. WAMPLER. Mr. Secretary, I want to commend you on what I consider a very fine statement this morning.

I would like to direct my questions primarily to programs and the philosophy of the Farmers' Home Administration. I think it is the consensus of this committee, and perhaps the entire Congress, that this is one of the most popular and one of the most workable programs in the Department. I happen to feel that the programs in the Department that relate to the Farmers' Home Administration have been effective in helping to reverse this trend of people leaving the farms and going to our cities, which often compounds an already critical problem.

And I know that in my area at least the Farmers' Home Administration has been helpful to these individuals in the low- and moderate-income brackets who could not secure loans through conventional financing. It has helped them to buy homes, and improve their homes.

And we have been the beneficiaries in at least three counties of one of the resource conservation development programs.

But I particularly want to comment on the water and sewer loan programs as they apply to small towns in rural America.

Obviously the need is great, and the means to meet those needs are limited. And I am just wondering if you could give the committee your views on what we can expect as to the future participation of the Farmers' Home Administration, particularly in the water and sewer loan area?

Secretary HARDIN. I will be glad to talk about it. When you say specifically what can we expect, this is going to depend, of course, on the resources that are made available. I share with you the enthusiasm for the importance of this area of the Farmers Home Administration program. Because if we are going to develop across rural America, as I think we must, then we are going to have to make improvement in many of our cities, in their ability to expand, to grow, to attract industry. And certainly water and sewage are basic to this.

And there are many other considerations that fall in this category. But to enlarge this a little bit, we have had the rural-urban migration that everyone is aware of, which has slowed down currently. But when we look ahead 30 years, or over the next three decades, and our population is growing 3 million a year, and you can at least wonder whether we are going to continue to concentrate in our large cities to the same extent that we are now, or whether we are going to have some dispersal of our total population with new growth centers and growth in the county-seat towns and smaller cities across the country.

So this also becomes a facet of the situation, as well as providing people now in these communities with opportunities for more productive employment, for improving the quality of life.

So I think they all go together. And certainly in the Department as we have looked to the future, we think this should be a very high priority area.

Mr. WAMPLER. I certainly appreciate your comments. And I know this is the consensus of this committee, and perhaps the entire Congress.

May I comment briefly on the food stamp program. As you may know, I have supported the food stamp program in the past, and I expect, hopefully, to support it in the future.

I want to give you an observation or two. In my district I have what I call open door meetings. I go to each of the 15 counties and independent cities one Saturday a year to sit in the courthouse all day to talk to any citizen who has any problem or any comments that he may care to make.

Since I represent predominantly a rural district, I have many elderly people who are retired, some of whom live solely on social security income. In many instances, because their earnings during their productive years were limited, and because social security was not available to those employed as agricultural workers until in the early 1950's, they weren't able to earn a base large enough to give them a very substantial income.

Now, I am concerned about the elderly and those that are seriously disabled, because obviously the food stamp program has been helpful

to give them a higher standard of living, that is, to enable them to buy food, which is a necessity. And I recognize also that when we are dealing with a program of this nature we are dealing with a problem that is perhaps as old as time itself. In some situations we have a parent and mother or father and/or both who are, as we say down home, sorry or shiftless, and won't work. Yet there are innocent children, the children of those parents. And somewhere along the line we have got to find safeguards to not reward those who will not work. We have a real problem in trying to give every American an adequate diet, but yet not reward those who do not show initiative and work, particularly when work is available for them.

Secretary HARDIN. Could I just add right here to what you have said, that under the proposed scales there is less of a disincentive to work built into the program than under present programs. Any welfare program has some disincentive against earning additional income. But under the scales that we have proposed—and this has been deliberate—there would be less of a work disincentive than under existing scales. I think this is important.

Mr. WAMPLER. I certainly agree with you. And I do appreciate your comment here this morning.

The CHAIRMAN. Mr. Purcell.

Mr. PURCELL. Thank you, Mr. Chairman.

Mr. Secretary, like all the members, I want to welcome you on, I guess, your first official appearance that you have made before our committee.

About the food stamp program, just quickly, let me say that I reserve the right to change my mind or voting on anything. But as far as this free food stamp business is concerned, do you see anything any more socialistic about giving away certain commodities and giving away food stamps?

Secretary HARDIN. I think they are substantially the same, sir.

Mr. PURCELL. That is the democratic social behavior under one and republican under the other, but it is still kind of socialistic, I guess, isn't it?

Secretary HARDIN. No, the commodities are given away free, so you can put any adjective on that, I guess, that you choose.

Mr. PURCELL. I think sometimes we get tied up in our adjectives, and we don't get to the meat of what we are talking about quite as much as the circumstances should warrant at this time.

Then, to move on to the farm program, as I understand it, reference is made in your statement to the fact that you have had different studies made trying to analyze where we go from here with regard to the overall agricultural situation; is that correct?

Secretary HARDIN. That is correct.

Mr. PURCELL. Now, I am not familiar in detail, but I am familiar in some degree with it. One of the studies that I guess you are having with reference to that has to do with the easement approach, the agricultural adjustment, as headed up primarily by a gentleman from Mississippi, Walter E. Chryst. Now, in it there are projections made of the production of beef along with a lot of other things. But in speaking to taking out land by the easement approach, it appears that there would be many millions of acres made available for grazing

not heretofore available for grazing. And the increased potential would be quite significant.

I don't know what the figures would show, but some 29 million acres or something goes into grazing immediately. And this would require the closing out of apparently many, many breeding female livestock, cattle. Now, my point in all this is that if your recommendation is that if we take this approach, and we are not very, very careful, will we not get into a situation where too much grazing for the benefit of the consumer is made available too quickly, and by holding out females for production purposes that have heretofore been going to the market, will not this flirt with the possibility of putting the price of meat to the consumer at such a high level that it would not be good?

Secretary HARDIN. I think I agree, Congressman Purcell, with everything you have said. And under this proposal—and this is only one of several land retirement programs at which we are looking—it would be our feeling—and I will volunteer this right now—that any program of land retirement should be gradual and not sudden as is proposed in this particular study. You could still give consideration to the easement concept, but not do it all in 1 year. And we are very much concerned about the relationship of any possible land retirement program to the livestock industry.

And I agree with you that anything that is done here is going to have to be done very gradually and very carefully.

Mr. PURCELL. Then I am safe in assuming that at least you are not committed to the detail of the philosophy concerned in this particular study?

Secretary HARDIN. That is correct.

Mr. PURCELL. And that needing more beef—and I think we all agree that we do—if it is carefully allowed to increase, we can hold the price to the consumer at a reasonable level, and at the same time gradually get ready in a matter of 2 or 3 years—3 years or better, I guess—to furnish the beef to the country at not a significant increase to the consumer.

And then let me go one step further, that the figures used in this particular report seem to relate to the 1967 level of beef prices as well as numbers.

Secretary HARDIN. Right.

Mr. PURCELL. Now, if this is to be considered a base year it would be a year that I think many of us would argue that was not a realistic year. And, therefore, can I assume also that you are not committed to the projections made by basing the future on the 1967 level?

Secretary HARDIN. Yes. If we should do something of this kind, recommend some of this kind, we are conscious of the fact that the costing has to be revised in line with current prices.

Mr. PURCELL. So it is not your philosophy to consider the results reached in this particular report as any goal either for the price to the consumer, or on the other hand, to limit the price to the producer?

Secretary HARDIN. We have found this report to be very ingenious and very useful in many aspects. But this doesn't assume that we want to follow—that we feel we should follow these procedures. But we think they have made a very useful contribution to our total thinking

on possible land retirement programs. And that is as far as I would want to carry it with respect to that study at this point.

Mr. PURCELL. But my main thrust here is that you, I think and most of us up here, see the real importance of proceeding very cautiously toward increasing available grazing land too rapidly because of the effect it will have on the price of beef, because you are withholding breeding stock.

Secretary HARDIN. Yes, in the short run you would raise the price of beef unduly, and in the longer run it might have the other effect.

Mr. PURCELL. In the long run it would flop back, yes, sir.

Secretary HARDIN. It has to be done gradually.

Mr. PURCELL. That is all I have, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Purcell.

Mr. Miller.

Mr. MILLER. Yes, Mr. Chairman.

I wish to commend the Secretary for his fine statement and for his many answers. I believe that he made one statement about the U.S. farm policy that certainly is true, where he said, those who seek simple solutions should, I suggest, make a more penetrating analysis of the problems involved. It is so true. We have been concerned with overproduction. We are also concerned with the Federal Government spending money for agricultural research to the university, subsidizing lime payments—we are talking about conditioning the soil so that we can have additional production, and then again the Federal Government spending money to take land out of production, and also to buy up this overproduction. It seems like we cannot have it both ways. But I am sure that in the wisdom of Congress, and with you in the Department, we will find a method out of this. But it is some concern to many of us.

I would like to ask a question.

We have the act of 1965 amendments that we are considering as far as the farm bill is concerned. We also have the total farm program. If nothing was done with the amendments of the 1965 act—which would be for dairy, feed grains, wheat, cotton and wool, etc.—what would be the effect on the farm people with the gross income—as an example, \$10,000, \$20,000, \$50,000, and \$100,000—and also on the consumer? As an example, who is benefiting from the program?

Now, I know that there would be some work that you would want to do on this. And it does not require an answer right now. Would it be possible to come up with an analysis of the legal and economic implications of the possible expiration of the 1965 act for the record?

Secretary HARDIN. Mr. Paarlberg thinks that it would be possible to prepare some material that will throw some light on these particular categories of farmers that you described. This we will supply for the record.

Mr. MILLER. I am saying, what would be the effect if we did not include the amendment that we are discussing today.

Mr. Chairman, I ask unanimous consent that this be included as a part of the record.

Thank you.

(The following information was submitted to the committee:)

WHAT IF THE 1965 FOOD AND AGRICULTURE ACT IS NOT EXTENDED OR REPLACED?

If the Congress should not pass new farm legislation (the Food and Agriculture Act of 1965 expires with the crop harvests of 1970), statutes and programs in effect before 1966 then would automatically be reactivated.

PROGRAM PROVISIONS

Wheat

The Secretary would be required to determine and announce whether the supply of wheat is likely to be excessive, and if so to proclaim a marketing quota program subject to grower referendum. Based on the national marketing quota, individual farm quotas would be established in terms of acreage allotments.

1. If marketing quotas are proclaimed and are approved by 2/3rds or more of the farmers voting in a referendum, marketing quotas would be in effect and land-use penalty would apply for failure to make mandatory diversion but there would be no diversion payments. A wheat marketing certificate program would be in effect—domestic certificates plus loan not less than 65% or more than 90% of parity with processors required to pay full value of domestic certificates.

2. If marketing quotas are disapproved in referendum, there would be no marketing quotas, no land-use penalty, no wheat certificates, and no diversion payments. Price support through loans and purchases would be available to producers who comply with their allotment at 50% of parity.

3. If marketing quotas are not proclaimed, there would be no marketing quotas, no land-use penalty, no wheat certificates or no diversion payments. Price support through loans or purchases would be available to producers who comply with their allotment at 75% to 90% of parity the maximum level depending on the supply percentage.

Under any alternative, there would be no authority for wheat-feed grains substitution as in the present program.

Feed grains

No diversion, price support payments, or corn bases. Price support through loans or purchases for corn would be available to all at such level not less than 50% or more than 90% of parity as the Secretary determines will not result in increasing CCC stocks of corn (other feed grains at a level which is fair and reasonable in relation to the level for corn).

Cotton

The Secretary would be required to determine and announce whether the total supply of cotton would exceed normal, and if so to proclaim a marketing quota program subject to grower referendum. Based on the national marketing quota, individual farm quotas would be established in terms of acreage allotments.

1. If marketing quotas are proclaimed and are approved by 2/3rds or more of the farmers voting in a referendum, marketing quotas would be in effect, but no diversion or price support payments. Price support loans would be available to producers who comply with their allotments through loans or purchases at not less than 65% or more than 90% of parity as determined by the Secretary. There would be no authority to make cotton available to domestic mills at the world price if such price is lower than legal minimum price for unrestricted use.

2. If marketing quotas are disapproved in referendum, there would be no marketing quotas, no diversion or price support payments. Price support through loans or purchases would be available to producers who comply with their allotments at 50% of parity.

3. If marketing quotas are not proclaimed, there would be no diversion or price support payments. Price support would be at 65% or 90% of parity. Compliance with allotments could be required as a condition of eligibility for price support.

Under any alternative, there would be no authority to sell, lease, or transfer cotton allotments.

Wool

Wool again would become a non-basic commodity. The direct price support payment would stop. Price support would come through loans or purchases discretionary with the Secretary at not more than 90% of parity.

CROPLAND ADJUSTMENT PROGRAM

There would be no authority to conduct CAP.

PROBABLE RESULTS

With the removal of production restraints on feed grain production, feed grain output would increase sharply. In view of the prospects, the corn loan rate probably would have to be set at the minimum—or about 90 cents per bushel. Not all the 41 million acres diverted under the Feed Grain program in 1969 would return to grain production. Nor would the yields on these diverted acres be equal to the land presently cropped. Use would be up too, but not nearly as much the first year as output: Thus, feed grain supply could outrun use by as much as nearly 40 million tons. Virtually all of this would wind up in CCC hands.

Cotton output would increase also, with the loan at over 31 cents per pound. The higher price would impede domestic use of the crop, with the result that supply would outrun use by probably around 6 million bales. All of this would wind up in CCC hands.

With wheat quotas, production would fall a little short of use and carryover decline slightly. If quotas were rejected, production would outrun use and around 175 million bushels probably accumulate in CCC hands.

On balance, Government program costs under basic legislation in 1971 would be lower than 1969 estimated costs . . . about \$450 million less if wheat quotas were approved and about \$800 million less if quotas were rejected. Program costs would be less for wheat and feed grains would be lower . . . cotton higher.

Total net farm income would decline more than program costs—about \$800 million below 1969 estimated levels if wheat quotas were approved and \$1.3 billion if quotas were rejected. However, the effects would not be spread evenly among farmers.

Cotton producers, thanks to the higher price support, would enjoy higher incomes. Wheat producers would suffer reduced incomes—with the reduction greater in case the quotas were rejected.

The higher net returns from cotton and lower net returns from wheat would be shared among individual farmers about in the same proportion as these crops are produced on the individual farms.

Return from feed grains would decline as a result of the lower price and the cost of the added output on the diverted acres brought back into production. However, those who produced feed grain for sale would suffer an income loss, resulting from lower feed grain prices . . . and of this group, those who had participated in the feed grain program and could add to their output by producing on the acres no longer diverted would feel the impact less than those who had not participated and already were in full production with no chance to increase output.

In one year's time not much change in total beef and hog output could be expected—nor in dairy. Some increase in poultry would be probable. Feeding would be at a heavier rate for all classes of livestock. But the sum total impact in the first year probably would not be sufficient to seriously weaken livestock prices. So there would be little or no income loss in 1971 for the livestock farmer who fed all his grain—even though the price of grain was lower. In fact, the lower price tags on feed would increase the net profit in this first year for those who bought feed. Their gain would be the cash grain producer's loss.

Obviously, however, the wider feeding margins would bring forth increased livestock and poultry output in subsequent years and with this, lower prices and profits for livestock and poultry producers.

SUMMING UP

Total net farm income in 1971 probably would be \$800 million to \$1.2 billion lower than 1969 estimated levels if farm programs return to basic legislation in that year.

Cotton income would rise, but this would be more than offset by lower incomes from feed grains and wheat. The income decline would be limited to this level only because of sizable accumulation of feed grains and cotton in Government hands—probably nearly 40 million tons of feed grains and 6 million bales of cotton.

Even with the sizable stock accumulations, the Government program costs would decline some \$450 to \$800 million below 1969 estimated costs. But there

would be a shift in the nature of these costs—from sizable direct payments to costs through loan activity and loan default. And if the program were continued for subsequent years, program costs would mount through rising handling and storage costs of the mounting feed grain and cotton stockpile.

Obviously it is questionable how long the public would continue to support the funding of a farm program which built up stocks at such a pace—and which was in effect putting cotton out of business as the textile industry rapidly shifted to synthetics in the face of the excessively high and non-competitive cotton price support.

The CHAIRMAN. Mr. O'Neal.

Mr. O'NEAL. Mr. Secretary, getting back to food stamps, I am one of the many, I suppose, who believes that the food stamp plan has many advantages over the direct distribution of commodities. But of course there are flaws in both plans. Is there anything, any existing law or any existing regulation that would require that no one but a legitimate recipient could trade the stamps at the store?

Secretary HARDIN. There is provision in the law that this is the case, that only those that receive them can use them. They are not transferable.

Mr. O'NEAL. Is there any way to police this well?

Secretary HARDIN. Undoubtedly there are violations. There are procedures in existence for the punishment of violators. And these investigations and these procedures are going on.

Mr. O'NEAL. The reason I raise the question is because I have from time to time—and this has continued over a long period—complaints that come to me, informal, of course, unofficial, and hearsay from housewives who might be standing in line at the cashiers stand at the supermarket, who frequently see people who are obviously ineligible using the stamps in stores. Sometimes these are well-known bootleggers—indicating that the recipient has misused the stamps. Sometimes they are well-known professional gamblers, such as bug and bolito operators. And I just wondered if there was any practical way of enforcing it so that only the recipient can trade them at the store?

Secretary HARDIN. Yes, Congressman O'Neal, if there is any indication of this type of activity we certainly would like to know about it. And we do have procedures for making investigations, and I think authority in law, to go ahead and bring about prosecutions.

Mr. O'NEAL. And I know that at one time in Georgia there was a considerable investigation and crackdown that occurred involving a good many stores in the State of Georgia. But I continue to get informal and hearsay complaints by people who are not in a position to testify. But it would seem to me that there are still a good many abuses.

Secretary HARDIN. May we talk to you—and we will follow through on it.

The CHAIRMAN. Mr. Mayne.

Mr. MAYNE. Mr. Secretary, I too want to congratulate you on your very fine formal statement, and also the forthright way in which you have answered the questions of the members. Some of them have gone into the matter of eligibility standards under the present Food Stamp Act. I would like to pursue that a little further, if I may.

I have been advised by the Department that there are broad classifications of eligibles; first, those who are on welfare, they would be eligible. But then other households called nonassistance households

are eligible if the income from all sources and liquid resources do not exceed the approved standard for the State. Now, could you tell me, Mr. Secretary, what liquid resources mean in this context?

Secretary HARDIN. Cash in the bank, savings bonds, savings accounts, and other things generally considered as cash.

Mr. MAYNE. Don't you think that some consideration should be given to other assets that a person may own in determining whether he is to receive the benefits of this act?

Secretary HARDIN. I think it should.

I am advised here by my staff, Mr. Mayne, that these things are considered, but it has been apparently the view of Congress, at least in testimony, that we should not go—well, if they own their home, for example, we shouldn't force them to sell it before they become eligible. But if there are, of course, other properties this should be considered, I think.

Mr. MAYNE. Suppose this family has two brand new Cadillacs. Those are not liquid assets. Do you think that there should be criteria that would make them ineligible?

Secretary HARDIN. Yes, I do.

Mr. MAYNE. I don't see from the requirements as they have been explained to me by the Department thus far that there are any such criteria at present. If income and liquid resources are the only criteria, you would not deny them food stamps even though they had a couple of very expensive automobiles; even an airplane, or lived in a large mansion which produced no income.

Secretary HARDIN. Well, if there are people like this, Mr. Mayne, and they still do not have income—which I can't really conceive of, but if there are, I think that, along with you, they should be disqualified. And if there are any significant number of these people, then I think we should try to put in some criteria.

Mr. MAYNE. What about real estate? Suppose a person owns a great deal of real estate, which certainly is not a liquid asset under your definition, should they nevertheless receive food stamps, or should there be a criteria excluding them?

Secretary HARDIN. Well, presumably if people own property it is for the purpose of producing income. Admittedly there may be circumstances in which property is not producing income. But if these were not—this would be a very rare situation, I think. But if you feel, if the committee feels, that there is a large category of people that might misuse this, then certainly we should consider some kind of safeguard against it.

Certainly these are not the people we are trying to help. I don't know how to answer it any other way. But I have always felt that if the people did own property, it was primarily for the purpose of obtaining income. In which case we do have measures to deal with eligibility. But I suppose technically there could be property owned that had value that did not produce income.

Mr. MAYNE. To bring this down to a specific case, I have within the last week received a letter from a constituent who states that a farmer who owns a half section of good Iowa farmland which would be conservatively valued at at least \$100,000 is in fact receiving food stamps. And the social services director in that county has advised

this constituent that this applicant is eligible because net income and liquid assets are the only criteria. Now, my constituent closes his letter to me with this statement:

We can't comprehend qualifications so loosely drawn as to allow people with considerable assets, as represented by the equity in this 320 acres of farm land to be able to receive food stamps. We would urge you to check on this and give us your thoughts on it.

And, Mr. Secretary, I am checking on it with you.

Secretary HARDIN. We would like to follow through on this one. But if I might react partly facetiously, I might comment that I thought things were tough on the farm, but I didn't think they were this tough in Iowa. I think this is a misuse, if these facts prove to be correct, that have been reported to you. I think we have an obligation to follow through and see.

Mr. MAYNE. Mr. Secretary, things are tough on the farm in Iowa. But this does seem to me to be a very legitimate complaint from one of the people who are paying the taxes for these food stamps. And I just wanted to check on it with you. And I note that in the bill H.R. 12222 you will be given authority in consultation with the Secretary of HEW, to establish uniform national standards of eligibility. If this bill is passed and you are given this authority, Mr. Secretary, would you be inclined to include a requirement of lack of other assets in addition to liquid assets as one of the criteria for eligibility for food stamps?

Secretary HARDIN. Yes; I would indeed. And I would go further and say, Congressman Mayne, that I think you are also putting your finger on one of the reasons why we should have local management of these programs, because if the local people are doing this job properly they are going to know these situations, and know who is spoofing them, or who in fact should not be participating, and look behind some of the paper requirements. Now, in this case apparently for some reason someone hasn't looked behind, or if they have, they haven't felt the regulations were tight enough.

And I think if that is the case, then we have a job to do. But I certainly agree with you generally on the point you are making.

Mr. MAYNE. Thank you, Mr. Chairman, and Mr. Secretary.

The CHAIRMAN. Thank you, Mr. Mayne.

Mr. Foley.

Mr. FOLEY. Thank you, Mr. Chairman.

Mr. Secretary, I am—as are others on the committee—very interested in your forthcoming comments on the possible extension of the farm program. I am going to defer any questions, however, on that until you have had the opportunity to appear specifically on those matters.

With reference to your testimony today, I would like to compliment you and the Department and the administration in offering what I think is a very forward looking and extensive improvement of the food stamp program so far as your recommendations go. There are others of us who might want to go further, but I wouldn't want to minimize the contribution that your recommendations have made.

I think they are very significant.

With reference to the eligibility question, there have been, I understand, various estimates of the number of families in the United States eligible for public assistance who in fact for one reason or another are not receiving public assistance. One figure estimated that number as high as 100 percent over the present level of families who are actually receiving public assistance. Do you have in the Department any estimates of those families who are by income level technically eligible for public assistance but for one reason or another are not receiving it.

Secretary HARDIN. No——

Mr. FOLEY. I don't want this today——

Secretary HARDIN. I don't think we have this in the Department of Agriculture, Congressman Foley. I rather think that some of the people in HEW may have some information, but we do not have it in our own Department.

Mr. FOLEY. Isn't it true, however, that there are families within States who specifically, because they do not meet the residence requirements, are not eligible for public assistance in those States even though those residence requirements have been placed under a judicial cloud by a recent decision of the Supreme Court.

Secretary HARDIN. I understand this is the case.

Mr. FOLEY. And could this not include many families who have little or no income now even though they are eligible and thus would otherwise come under the \$30 a month criteria you have recommended in your legislation for food stamp participation.

Secretary HARDIN. I am not sure——

Mr. FOLEY. In other words, if there were families in the State that do not meet eligibility requirements for welfare, and then would not have any income from governmental sources, would they be eligible for free food stamp distribution under your proposal?

Secretary HARDIN. Under our proposal I think they would—yes, they would.

Mr. FOLEY. So this is one area where the families would require free food stamps?

Secretary HARDIN. Yes.

Mr. FOLEY. Now, are you aware that the issue of eligibility for students and strikers was considered by the House of Representatives last year? In fact, are you aware that the conference committee between the House and the Senate specifically struck out the House prohibition against use of food stamps by students and strikers, and that position was maintained by a record vote on the floor of the House?

Secretary HARDIN. No, I did not know this personally.

Mr. FOLEY. In the area of handling the noncooperating counties, your recommendations as I read them call for action by the State to require those counties to cooperate or risk the eligibility in all counties of the State for either food stamps or distribution programs, with extensions to provide times for the legislatures to meet. Has the Department considered the possibility of utilizing nonprofit private organizations to administer the food stamp program in noncooperative counties?

Secretary HARDIN. We have discussed this. But I think our preference would still be to work with the counties and to try to get them to come around to the point where they will request a program. I

think there are some places where the nonprofit institution can play a role.

Mr. FOLEY. Your proposal does require up to possibly 2 years of grace period for the State to implement its persuasion with the counties?

Secretary HARDIN. That is an absolute maximum. We are hoping that we can get them all in within the 12-month period that they were in. That is our goal.

Mr. FOLEY. We have now 402 counties that are not cooperating in either program?

Secretary HARDIN. We have set up, I think, a goal for January 1970. But there are a few places where there would be legislature required, and the legislatures would not be meeting. I think that is the reason this would not be extended.

Mr. FOLEY. One final question: With respect to the existing price support and farm programs, these programs do not depend on co-operation by the county government, do they?

Secretary HARDIN. No.

Mr. FOLEY. And they are implemented by county committees in many cases—but a county committee that failed to implement the program would be replaced by the Secretary of Agriculture, would it not?

Secretary HARDIN. Yes, through another election.

Mr. FOLEY. Can you see any reason why food stamp programs should be barred from a county because of the refusal of local county government to implement them when our farm programs are implemented as national program regardless of county cooperation?

Secretary HARDIN. I think here—and the reason for my concern here, Congressman Foley, is that if we make this just automatic, that if the local people don't live up to the responsibilities, the Secretary of Agriculture or somebody in the Government is instructed to move in. I think we are inviting a substantial number of places that have the means and already have good programs to default and invite the Federal Government to come in and pay the entire bill. Philosophically I feel over the long pull we will have a more effective food distribution program if we can involve local people, and if we can convince local government to be responsible, take the responsibility for this—by people who know the local conditions. I think even though the delivery may be uneven at the present time, looking ahead 3 or 4 or 5 years, I would have more hopes in a locally administered program than I would in one that is federalized.

Mr. FOLEY. I understand that, Mr. Secretary. I should just make one suggestion to you. If you need a little extra incentive to get counties to cooperate, you might extend your proposal to eliminate farm programs as well as food programs from those counties who are not cooperating.

Thank you.

Secretary HARDIN. OK.

The CHAIRMAN. The committee is faced with an unusual problem. It is perfectly obvious, it seems to me, that we are not going to be able to complete the questioning in any reasonable time. Mr. Secretary, I know you have an appointment later on. I don't know whether you could come back this afternoon or not.

I am always reluctant to deny a part of the committee any opportunity to question you. We can stay here a while, or we could come back here this afternoon. What is your situation?

Secretary HARDIN. Well, I will tell you exactly. But we will adjust to your schedule, sir.

The CHAIRMAN. Unfortunately we haven't kept to schedule, that is obviously the problem. And about half the members haven't had any opportunity yet to discuss matters.

Secretary HARDIN. We have no problems for another hour, if this would be your desire. We had made plans—we have some commitments this afternoon which would have to be canceled, but we can do it. Or we can make arrangements to continue tomorrow if that be your desire. So we will adjust to the wishes of the committee. I think if you ask us which we would prefer, we would prefer to come back at 10 o'clock in the morning.

I forgot about the moonshot.

The CHAIRMAN. Let us ascertain how many more questions we have. Sometimes we move along rather rapidly after we reach the newer members. Much of it becomes repetitious. I don't know whether there are members who want to engage in a long discussion with the Secretary. If there are, I wish you would just frankly make that known now, because it would help us to try to work out something. It is embarrassing when people say they don't want to ask more than one or two questions and then ask them for half an hour. But if you want to ask questions for a half hour, say so now. I know you can't tell, but you can just surmise.

Since I do not hear a response, we will proceed.

Mr. Zwach is the next gentleman in line.

Mr. ZWACH. Thank you, Mr. Chairman.

I will try to be very brief. I do have a number of questions. But I will ask only perhaps two.

Mr. Secretary, my commendation for your presentation. And second, also my commendation to the Department for the grassroots hearing that you have taken out among our farmers in our good country. I appreciate that very much.

As you know, I introduced the food stamp bill, the administration bill with Catherine May. A couple of comments on this. I want to commend you for setting up machinery to bring people into this program. Now, also I am concerned about the machinery that will take people off of this program. I certainly hope that the food stamp program will be a bridge. To some people it will be a permanent program, but to many it should be a bridge to independence and a bridge to opportunity. And I think you are going to have to have machinery that will see to it that that will follow.

This group should be a mobile group that moves up the ladder, and then supports food stamps, rather than continues as a recipient of food stamps.

Now, with regard to the farm program, on page 3 of your testimony, Mr. Secretary, the second to the last paragraph, you say:

The object of our studies is to make recommendations that will allow the farmer to break out of the cost-price squeeze and to share in the strength and prosperity of American economy.

Now, I think that is a commendable statement. Could we have a little further development of the exact objective that you have in mind here in terms of equity, in terms of parity? Are you ready to further implement that statement?

Secretary HARDIN. I am ready to implement it philosophically. I am not sure that I am ready to supply the specific numbers, Congressman Zwach. But this is what I was referring to in my informal remarks in response to the chairman here a moment ago, when I said we are quite well aware that farmers are not receiving as high a rate of return on labor and capital as other people in the economy are receiving. We are aware, in other words, that farmers are not—farmers who have made very rapid advances in efficiency—and this was mentioned here a moment ago in regard to research—have not necessarily benefited themselves across the board by becoming more productive themselves.

I think many of these benefits have actually been passed on. And what our concern is here are the words you used of the equity of permitting the farm producer to also share in the rising level of living that was made possible in this country by our increased efficiency.

Mr. ZWACH. Every recommendation that your Department will make will be in the direction of pulling the producers out of this cost-price squeeze—

Secretary HARDIN. This is our hope.

Mr. ZWACH (continuing). And into equity and parity with other groups?

Secretary HARDIN. This is our hope.

The CHAIRMAN. Mr. Jones.

Mr. JONES of North Carolina. Thank you, Mr. Chairman.

As we approach the problem, Mr. Secretary, of malnutrition, obviously the best solution is to provide nutritious food directly to those in need in the most efficient and direct manner, whether it be food stamps, surplus commodities, or whatever.

In approaching this problem, getting back to the farm programs, I think we cannot lose sight of the fact that if we ever reach the point where we produce only what is needed, we are treading on dangerous ground. In this approach, has any consideration been given by the Department to a federally financed program of free school lunches—and breakfasts, for that matter—to all pupils who desire to participate, regardless of family income—

Secretary HARDIN. Regardless of income?

Mr. JONES of North Carolina. Let me qualify it just once more. We are all concerned about the poor, and some are concerned about the extremely wealthy. I refer to the Ways and Means Committee, who, I hope, will find a way to cause this class of citizens to pay their fair share of taxes. But we have developed a large segment of our population which, I think, needs some consideration. And that is the family that is just above the moderate level, or the level of poverty, which is paying the taxes, supporting the churches, and otherwise contributing to their communities, and who have three, four or five children, and do have to provide the school lunchroom money, and this is working an extreme financial hardship. And this approach may sound socialistic, and it may sound radical. And yet the State of North Carolina a few

years ago enacted legislation which provided free textbooks for every child in public schools regardless of income.

I wonder if the Department has given any consideration at all to this approach to fight the problem of hunger and malnutrition?

Secretary HARDIN. I want to ask Mr. Lyng to check me on the school lunch program. I believe that I am correct here that we would say that we would not have the resources to go across the board in all schools for all youngsters.

Mr. JONES of North Carolina. Do you have an estimated or projected cost?

Secretary HARDIN. I don't have them here today. We could supply them for the record if you would care to have them. Actually, as we revised our school lunch program for this coming year, our primary concern has been the fact that we felt the focus should really be on the very poor, more perhaps than it has been in some areas. And this varies greatly geographically. But there is generally some subsidy for all youngsters; that is, there is a reduced price. But we have had some policies in some schools that made no differentiation, the very poor youngsters still had to pay something. And we don't want these youngsters deprived of the opportunity for nutritious food simply because they don't have the 15 cents, or whatever it might be locally, to participate. So we are looking at this aspect of it. But if you want the cost of extending this generally, we will provide it for the record.

And I think it will be a very large figure.

Mr. JONES of North Carolina. All these get to be large figures.

Secretary HARDIN. We will supply it.

Mr. JONES of North Carolina. Thank you.

Thank you, Mr. Chairman.

(Secretary Hardin submitted the following information to the committee:)

To supply lunches free of cost to all children enrolled in Public and Private schools would cost approximately \$5 billion in total per year. This assumes that all or nearly all children enrolled would participate and that all program costs would be financed from public funds—Federal, State and local.

The CHAIRMAN. Mr. Mathias.

Mr. MATHIAS. Mr. Chairman, I would like to congratulate the Secretary on his recent trip to Fresno County, and also to Visalia, my congressional district. And I must say you went away leaving the people with a very good impression. I think it is a fine idea having these listening hearings, it is a great idea.

Secretary HARDIN. Thank you.

Mr. MATHIAS. We know there is quite a problem in hunger and malnutrition.

But there is one thing that does bother me in the food stamp program. And this is the fact that when the people go in to get the food there is no control on the kind of food they can get. They can buy cookies, they can buy popcorn, they can buy food that is not nutritious or good food. Now, the food is controlled in the school lunch program, the kind of food is controlled in the direct distribution program. Have you given any thought whatsoever to controlling the proper nutritious kind of food that people can buy under the food stamp program?

Secretary HARDIN. No, Congressman Mathias, we have not, or at least if we have we have so far rejected it—recognizing full well that

people can go in and still, if they want to, have poor diets. But we have been hoping—and there is a basis for believing it may work fairly well—that this nutrition education program, through the use of nutrition aids, and other things, and some other programs that will come through volunteer groups soon, we think the vast majority of these people will improve their buying habits, and we will see them feeding their families more nutritious foods than has been the case historically.

But we do recognize fully that you are putting your finger on a place that does need attention. But it is very, very difficult, particularly for the people in the upper limits of the stamp program, where they were paying half or two-thirds of the cost of the stamps, to say that you can only buy certain things with this. I guess you can. But I believe we are getting into a very, very difficult enforcement program. And I would like to hope that these programs are not necessarily permanent, particularly as far as this one family is concerned. I would hope, as someone said, that this is helping them get into a different type of life, and that in the meantime they will have learned some good eating and buying habits, and that this regimentation will not be necessary.

Mr. MATHIAS. Mr. Secretary, I appreciate that there are a lot of problems. It would be very difficult to post on the wall, don't buy cookies, don't buy the food that is not good. I realize this. I am just very hopeful that the educational part of your program is good. I think it would be money thrown down the hole unless you educate these people and tell them what foods are nutritious.

That is all I have, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Montgomery.

Mr. MONTGOMERY. Mr. Chairman, thank you.

I have two questions, Mr. Secretary.

When do you think the Department of Agriculture will be ready to submit a farm program bill to this committee?

Secretary HARDIN. I think, Mr. Montgomery, that we will be ready to make some fairly specific recommendations to you maybe in September.

Mr. MONTGOMERY. Thank you, Mr. Secretary.

Secretary HARDIN. And we will be glad to as time goes along between now and then to discuss specific parts of this as we move along.

Mr. MONTGOMERY. Thank you.

My second question pertains to food stamps. And I might say to the chairman and the Secretary, I am working on my own food stamp bill and hope to introduce it in the next few days.

I might say that it will require less money and I think it is a more reasonable request than the Department bill or Mrs. Catherine May's bill. I hope to put in my bill a provision for State participation in the 10- to 20-percent range in the cost of the program. In 1967 this committee, other than the nine new members, had this amendment in the bill that went to the floor of the House requiring State participation of 20 percent; it was taken out on the floor. As I understand it, in the Senate Agriculture Committee several days ago Senator Dole of Kansas offered a similar amendment and it lost by only one vote.

If this amendment was adopted in the May bill, or my bill was accepted and sent to the House floor, would the Department support State participation?

Secretary HARDIN. I think we would feel that it will produce a serious problem in a few States. But we will be happy to try to administer whatever program the Congress comes out with.

Mr. MONTGOMERY. In other words, the Secretary would not try to have this amendment taken out of the bill as it was done 2 years ago?

Secretary HARDIN. I think we would still feel that there would be some of the States that would have at the present time a very difficult time meeting the maximum requirement. This amounts to additional money from their welfare budget. And I have seen the testimony in some of the States—I suspect we would lose some States participating in the stamp program if this requirement were put in the law, I am afraid we would. That is just an off the top of my head reaction.

Mr. MONTGOMERY. Of course, my State would certainly have a hard time. But I was really thinking about the good of the country and the good of the program. I certainly hope that if we could adopt this amendment, the Department would not fight the amendment.

Secretary HARDIN. I think we would want an opportunity to study it—we haven't looked at it seriously in this context—I think we would want this opportunity before we answered very flatly on it. I am reflecting the statements I have heard, some that the Governors made, with respect to the present welfare budget, and the utter impossibility of adding anything more to them.

So I think I would like to ask for time to react on this question.

Mr. MONTGOMERY. Thank you, Mr. Secretary.

That is all I have, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Montgomery.

Mr. Myers.

Mr. MYERS. Thank you, Mr. Chairman.

Mr. Secretary, every member of this committee is certainly vitally interested in helping solve the nutrition problem of this country, the malnutrition problem, I should say. And you certainly are, by your very fine presentation. You have two tools now to work toward trying to improve nutrition in this country, or eliminating malnutrition.

And that would be of course food stamps and the direct distribution of commodities. What reasoning went into your Department's decision to take the route of food stamps rather than the direct distribution for expansion of your program?

Secretary HARDIN. There were several things, Mr. Myers, that went into this. But I suppose one of them was that what we have been doing as we went into direct distribution of commodities was really setting up another system of distribution right along side of the commercial system, which is probably the most efficient one in the world today. And we felt that this was maybe a misuse of resources.

Also we found this, that in some areas where we have the direct distribution of commodities, particularly in the sparsely populated areas, it is very expensive and difficult either for the people to get the commodities or to get them to them.

But there usually is some established procedure for them to buy groceries. And they can use the stamps in these instances. We are

quite willing to admit that in certain types of situations there are advantages to direct distribution. I mentioned earlier the reservations, where I think that we can make a strong case, that this would be the preferred way.

But we kind of think in the long run this will fit better into any total welfare program that might come into existence, that it may be more efficient to administer over the long pull, and as we get more experience, perhaps there is more of this that can be done by mail rather than by physical visiting of offices, and so forth, and simply permit people to use established channels.

Mr. MYERS. Also in your statement you made reference to the fact that through your extension service, and more explicitly the nutritional program, that you were intending, as I understand it, to develop better use of these commodities from your response to Mr. Mathias. Have you decided how much more it is going to cost now? Are you going to have to expand your nutrition aids program also to correspond with your increase in food stamps?

Secretary HARDIN. There may be some further modest increase in the aid program in future years, but not a huge increase. We feel that with maybe some slight increase in the present level that it is going to be fairly adequate. There are 5,000 of them now in existence throughout the country.

Mr. MYERS. I did understand you to say that you intended to use this nutrition aids program to further improve the education process, teaching mothers of the family what to buy and how to prepare it and be served the right food, is that right?

Secretary HARDIN. Yes, that is correct. And we are very much intrigued with this right now as an educational tool. And we visited with some of these new aids, people who were picked right up in these communities to give instruction, and we are now watching them work. We really are quite pleased with the results. We think they are getting the message across in most instances.

Mr. MYERS. That is fine. I think this is the direction that we must go.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Myers.

Now the bell has rung for a quorum call. I don't know of anything that we can do about that, except that I do want to give each Member a very brief opportunity to ask a question. I know that you would like to discuss this, and I know the Secretary would like to discuss it with you, but if you will just ask questions as we go around, the Secretary will answer you, and not try to engage in discussion. That will be the only way we can get over there and answer that quorum call.

Mr. Sisk.

Mr. SISK. Thank you, Mr. Chairman.

I will only take a moment.

First, I would like to commend the Secretary—

The CHAIRMAN. Let's put in the record that we all commend the Secretary.

Mr. SISK. I might say I particularly had one purpose in mind. I just sat through a meeting, Mr. Chairman, a day's meeting in the Western United States and I think that the Secretary made a lot of friends.

And I know they appreciate your patience——

Secretary HARDIN. And we appreciate your being there too, sir.

Mr. SISK. I enjoyed it very much.

At the bottom of page 7 in your statement, I would like to have you enlarge on this a bit. And this is in line with questions that have already been asked. This goes to a point on which I appeared before this committee some 3 years ago seeking legislation to permit both programs to operate simultaneously. And it is my understanding that your proposal would permit this, provided the administrative expense was picked up locally.

Secretary HARDIN. Yes.

Mr. SISK. And I understand that this is clearly a part of the bill that has been proposed.

Secretary HARDIN. Correct.

Mr. SISK. I want to commend you on this, because very frankly I think that it will be substantially helpful.

I had one other question I was going to ask you, if you wanted to make any quick comment on the testimony offered by the gentleman from Utah. I think we won't take the committee's time at this time. Maybe you would rather do this at that time. But you will recall some testimony that we heard on the food stamp program.

Secretary HARDIN. Yes.

Mr. SISK. Maybe at another time we can discuss that.

Secretary HARDIN. I think we do need to go into that a bit.

Mr. SISK. Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Sebelius.

Mr. SEBELIUS. I reserve my questions.

The CHAIRMAN. Thank you.

Mr. Burlison.

Mr. BURLISON. Mr. Chairman, I have a number of things that I would like to discuss with you, but we can wait until another day for that, I suppose.

I am just going to pursue one point very briefly. I think from your proposal here for extending the food stamp program it is obvious that you feel, and your administration feels, that it should be an obligation of Government to provide people with the necessary food for their existence, is that a correct assumption?

Secretary HARDIN. Yes.

Mr. BURLISON. I think you have also made some reference in your statement to another necessity of life, that of housing. I think probably most of us would agree that there is some obligation on the part of Government to subsidize or help provide housing for those who need it or require it, is that a fair assumption?

Secretary HARDIN. Well, I assume it is, because we do have housing programs.

Mr. BURLISON. That brings me to my question. Do you feel that it should be an obligation of Government to provide or help provide what is generally considered the third necessity of life, as we understand it, at least a physical necessity, that of adequate and necessary clothing.

Secretary HARDIN. Well, I would answer that this way, that at least on the basis of our experience we would place a higher—we would

place more urgency into taking care of the basic nutrition needs than we would on clothing. And so long as our resources are as limited as they are, so long as it is not possible to take care of all of the legitimate nutritional needs, I think we would be reluctant to see the program expanded.

Mr. BURLISON. Would it be fair to conclude that at least at the present time your administration, while recognizing the need or requirement, duty of Government to help with housing and with food, feels that there is no overwhelming or compelling need, equivalent need in the area of clothing?

Secretary HARDIN. Well, certainly in terms of priority such would have to be the case. Now, we could recognize that when we are giving some relief here on food we are relieving other parts of the budget. So indirectly we should be helping.

Mr. BURLISON. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Burlison.

Mr. Lowenstein.

Mr. LOWENSTEIN. Mr. Secretary, I appreciate very much the spirit of your statement, and the statement by the President which ended with the quote:

That hunger and malnutrition should persist in a land such as ours is embarrassing and intolerable.

I am curious if it is your view that the program proposed here will eliminate involuntary hunger and malnutrition in this country at the earliest possible date.

Secretary HARDIN. You are curious about the statement?

Mr. LOWENSTEIN. No, I am curious as to whether your view of this legislation that we are considering is that it would eliminate hunger and malnutrition in the spirit of the President's statement.

Secretary HARDIN. Yes, poverty related, recognizing that there will be some due to ignorance or just a deliberate choice of poor diet that we are not going to eliminate in this manner.

Mr. LOWENSTEIN. Do you have any idea what projected percent of the total Agriculture budget would be spent on this particular aspect? Considering all agricultural programs, including food stamps and direct allocation of commodities, what percentage of the total cost would go to relieving problems of malnutrition and hunger?

Senatory HARDIN. You means the percent of the food malnutrition program would be of the total budget of the Department of Agriculture?

Mr. LOWENSTEIN. Right. If this program were adopted, what proportions of the budget for Agriculture would it represent?

Secretary HARDIN. As matters now stand, it would appear about a fourth. This year rising to a third when fully implemented.

Mr. LOWENSTEIN. Two other short questions. Several times you said that this bill would decrease funds for people receiving stamps in certain categories. Which income group would that apply to? Obviously it does not apply to people who exist on welfare—but own airplanes—we have covered that earlier. What kind of people would be affected by these reductions?

Secretary HARDIN. We are trying to make this so that it gets at the very poor, and more adequately than it has in the past. And this

has the effect practically of being just a little more helpful than those we call the middle at the very top of the bracket of eligibility.

Mr. LOWENSTEIN. My final question relates to a matter that came up earlier, more or less in passing—the matter of the additional cost to the taxpayers that it is alledged would result from placing ceilings on individual subsidies. Is it possible that this additional cost might suggest, not a defect in the subsidy limitation proposal, but rather a need to reexamine the snapback provision, and in fact the general formula for subsidies? I wonder if you have any comment on that?

Secretary HARDIN. Yes, I do have a comment on that. And I think in the letter that I sent to both the House and the Senate I did state that I believe that you could design sound farm programs that would provide for some limitation in payments. But we felt you had to consider this at the time you considered new legislation, and not merely put an amendment on an existing law.

Mr. LOWENSTEIN. Then it would be a good time to consider it when the new farm program is proposed?

Secretary HARDIN. Yes.

Mr. LOWENSTEIN. Thank you very much.

The CHAIRMAN. Thank you, Mr. Lowenstein.

Mr. Rarick.

Mr. RARICK. Mr. Secretary, I am interested in helping farmers and to keep farmers on the farm. I was surprised in reading your statement at paragraph 1, page 4, subparagraph 1, that instead of keeping the farmers on the farm, administration policy calls for a program to voluntarily retire farmland—to get farmers off the land. May I ask that you give us an explanation on how far you intend to go in “voluntarily” retiring farmland?

Secretary HARDIN. This is something that is a matter for us to work out together in the months ahead. But we do have probably in the neighborhood—taking only good land—probably in excess of 60 or 70 million acres at least more in production than is needed to meet the foreseeable requirements of this country domestically or anything that we could sell abroad.

Mr. RARICK. For how many years?

Secretary HARDIN. For the foreseeable future, and I would say at least two decades.

Mr. RARICK. That is a repudiation of the line of the population explosion people who keep telling us that we aren't going to have the food to feed our people.

Secretary HARDIN. I can't answer this for all time.

Mr. RARICK. Might I ask this question——

Secretary HARDIN (continuing). But we do have the ability to greatly increase our production from the current acres that we are using in this country.

Mr. RARICK. May I ask, then, is this a project to phase out agriculture in the United States? Some of my farmers ask if we are in a “deagriculturalizing” stage now—to turn the country into an industrialized economy?

Secretary HARDIN. Of course we are becoming more of an industrialized economy because a higher percentage of our people are going into that area of endeavor; there is no question about this. But I

would think that we could guarantee that the total production of our farms in this Nation will be greater in every succeeding year in the years of this century.

Mr. RARICK. We also discussed the possibility of food stamp violations and manipulations. I know you haven't been in office very long. But can you tell me, are there any records at your office as to the number of violations and prosecutions for food stamps irregularities?

Secretary HARDIN. There is a record; yes.

Mr. RARICK. You wouldn't have any way of knowing?

Secretary HARDIN. I don't know right now, but I would have access to the information; yes, sir.

Mr. RARICK. May I ask you, if you would, sir, to make it available. We will insert it in the record, to see if there has been any followup by actual prosecution? I think that the offenders are entitled to know that someone is keeping an eye on them, and we are going to prosecute violators?

The CHAIRMAN. Without objection that will be entered in the record.

(The following information was submitted to the committee:)

The following materials summarize actions taken under the Food Stamp Act, through March 1969, with respect to the enforcement of food stamp regulations among participating retail food stores and wholesale food concerns.

The number of participating stores has increased from about 12,000 during the pilot program which operated in 43 areas to over 90,000 in the nearly 1,500 areas participating at the end of the fiscal year 1969.

Each participating retailer and wholesaler is individually authorized by C&MS in accord with the requirements of the Act. As part of the authorization process, C&MS personnel make certain that the store owner is fully acquainted with the rules governing the acceptance of food stamps. After authorization, local C&MS personnel undertake a continuing educational and supervisory program to insure store employees know the rules and that the rules are being observed.

When available information indicates a store may be violating the rules, despite C&MS' efforts to obtain compliance, C&MS requests the investigatory services of the Office of the Inspector General.

Through March 1969, C&MS has made 4,336 investigatory requests to the Office of the Inspector General and, as of that same date, 3,587 investigations had been completed. Of the 3,587 completed investigations, final action was pending on 263 at the end of March.

Of the 3,324 completed cases, the following is a summary of results:

1,281—investigation did not reveal violations;

1,504—minor violations that resulted in an official warning letter or an official compliance visit to the owner of the store;

539—stores were disqualified from participation.

Of the 539 stores disqualified for program violations:

122—were disqualified for 30 days;

70—were disqualified for 60 days;

165—were disqualified for 90 days;

128—were disqualified for 6 months;

52—were disqualified for one year;

2—were disqualified for three years.

All investigations that involve significant violations were referred to the Department of Justice for possible action under the criminal and civil penalties provided in the Food Stamp Act. Through March 1969, a total of 881 cases have been so referred. Of that total, 635 were declined and an additional 160 actions were still pending.

There have been 81 criminal actions completed through March 1969 and five completed civil actions. Of these actions, in two cases there were decisions of not guilty and nine cases were dismissed.

In the 70 successful criminal actions, penalties ranged from probation periods, imprisonments and/or fines. The longest period of probation was four years. The longest period of imprisonment was six months. The largest fine was \$8,000.

The CHAIRMAN. Mr. Jones.

Mr. JONES of Tennessee. Thank you, Mr. Chairman.

Mr. Secretary, I commend you for your statement, as others have said. I am very greatly disappointed, however, that we cannot get you to agree to go along with a regular farm program as well as a food stamp program. My people are intensely interested in seeing this going on currently with a food stamp program. And I feel that it is quite necessary. One other thing that I would like to comment on is what someone else here on the committee said, and that is the support that has been given or will be given to the Farmers Home Administration in providing water facilities, housing facilities to the rural area. In my opinion this is the way to stop some of this poverty that we have and keep these people out in the country.

And this is one way I think we can really do it. And I certainly support what has been done by Farmers Home, and I hope more can be.

Secretary HARDIN. I hope we can keep attention on this, because in what we call rural America we have over a fourth of the people in the Nation in what has been estimated as half of the substandard housing.

The CHAIRMAN. Thank you, Mr. Jones.

Mr. Melcher.

Mr. MELCHER. Mr. Secretary, I have noted the recommendation of the Department on the increase in loan rate on grain storage facilities. And I think it probably reflects the rising rate of interest. But in view of your comments on the cost-price squeeze and the need of agriculture and the dire position of agriculture right now as related to income, what are going to be your recommendations about curbing the high interest rates? Because almost all of agriculture will be going to the bank or some lending agency soon to renew their notes.

Secretary HARDIN. Of course, what we are hoping is that the current program to stabilize the economy of the Nation physically—that is, to head off this inflation that we are in—will have a very direct and immediate effect upon interest rates. And hopefully if the efforts have been successful in forcing a surplus of the Federal budgets, and the efforts have been made by the Federal Reserve, if the surtax is extended, and if certain other things are done, we feel that this is the proper way to get at the matter of interest rates. And there is at least precedent for believing that if the economy levels out we will see a reduction in interest rates.

Mr. MELCHER. What, Mr. Secretary, would be your recommendations in the next few months between now and, say, the end of November for all the agricultural loans that will have to be renewed? Do you have some recommendations through FHA, PCA, or commercial banking?

Secretary HARDIN. There is certainly nothing that we can do under existing law for the agencies outside of Government. And we would have to have special loans available through Farmers Home Administration at reduced interest rates which are continuing. Now, there is a question of course again of the quantity of these, and whether there

will be enough of them to meet all the need. And I doubt if there will. And there will be a necessity of establishing priority. But it is in that direction. That is all I have to suggest.

Mr. MELCHER. Do you have any recommendations which would be helpful within the next few weeks for creating greater funding for the Farmers Home Administration to meet any emergencies that may arise?

Secretary Hardin. Not within the next few weeks we will not.

Mr. MELCHER. Mr. Chairman, I would like to say that a tight money crisis is a matter of a very few weeks, and even days, for a great many farmers, ranchers, and small businesses. I know this is true in eastern Montana.

Savings and time depositors in our banks are now getting 5 percent and sometimes less on their deposits. Many are withdrawing their funds. A great many more will soon withdraw them to make higher interest investments.

Bankers tell me that as a result of savings withdrawals, they are not going to have enough loan funds to carry all their old customers, regardless of interest rates.

The prime rate of $8\frac{1}{2}$ percent set by Eastern bankers for their most select customers is creating a competition for funds in which rural banks and their farm, ranch, and small business customers cannot compete. Even the Treasury is heating up interest rate increases and tightening money supply by selling notes at 7.4 percent interest. This means at least 9 percent for agricultural borrowers, and probably more, to get necessary capital.

Many are going to be in real trouble, and I am not talking just about the small, struggling operators who lack adequate resources to make a reasonable income, but about the commercial family farmers who have adequate operations, and good farmers and ranchers, but are dependent on borrowing to finance cattle herds, feeders, and the cost of putting in crops and carrying expenses until they have something to sell.

We need to cut back Government expenditures just as much as we can to relieve the pressure on the economy. In doing so, we need to establish some priorities so essential services and programs are not curtailed, and credit that is necessary to a basic industry like agriculture is not squeezed tight or ever eliminated.

In my opinion we should take emergency steps to get funds into the rural areas at once, with provision for reasonable interest rates. High interest is inflationary, not deflationary. In the effort to get out of the depression in the thirties, Congress appropriated money to pay excess interest on agricultural loans, and if we have to do something like that now to prevent the credit situation from liquidating some fine farmers, then I think we should do it.

This is a matter so important; with such a division of responsibility between Federal Reserve, the Treasury, and the Secretary of Agriculture and other department heads as representatives of their segments of our society, or economy, that I feel that the President himself should intercede to see that capital—loan money—is made quickly available in critical areas at reasonable rates.

Farmers and ranchers have repeatedly been the goats of inflation, with cost racing up while product prices remain low. Unless there is

quick action, they are also going to be made the first victims of the steps to control the inflation.

The CHAIRMAN. Thank you, Mr. Melcher.

Mr. Córdova.

Mr. CORDOVA. Mr. Secretary, I was glad to hear your replies with respect to the eligibility of strikers and students to make food stamp purchases that if they are otherwise eligible they are after all American citizens. You are aware, of course, that there are three communities of American citizens which are not now covered in the food stamp program: Guam, the Virgin Islands, and Puerto Rico. And these communities are subject to the obligations of American citizenship, the chief of which is the obligation to send their young people to fight the wars of the Nation wherever the President and Congress may determine.

The CHAIRMAN. Just ask him a question and revise your remarks.

Mr. CORDOVA. Would you have any objection, Mr. Secretary, to the inclusion of these three communities in the food stamp program?

Secretary HARDIN. I think this is a matter that is entirely up to the Congress, sir.

The CHAIRMAN. Thank you very much.

And now, Mr. Goodling.

Mr. GOODLING. A few very short questions, Mr. Secretary.

How many people in your Department are presently employed in the food stamp program?

Secretary HARDIN. 1,200 approximately.

Mr. GOODLING. And do you recall how many were employed a year ago?

Secretary HARDIN. About 900.

Mr. GOODLING. How many do you anticipate will you need if and when you get the \$620 million?

The CHAIRMAN. Can't you insert that in the record?

Mr. GOODLING. He may put it in the record.

One more question. Will you also insert in the record how much you anticipate you will need in 1971 when you receive a billion and a half dollars?

The CHAIRMAN. You may put both of those answers in the record.

Secretary HARDIN. We will be happy to do so.

Mr. GOODLING. I trust there will not be more administering the program than there are recipients.

(The following information was submitted by the Secretary:)

Total Federal food stamp employment averages less than one employee per project area. At the end of the 1969 fiscal year, there were 1,200 authorized positions, with about a 10 percent vacancy rate. In 1970, if the authorization were increased from \$340 million to \$610 million, we would expect to need about 1,400 authorized positions at the end of the fiscal year. In 1971, if the program were funded at a \$1.5 billion level, we would expect to have 1,600 authorized positions.

The CHAIRMAN. Thank you very much, Mr. Secretary. We appreciate your attendance. We are sorry we have to close so early to get the rollcall.

(Whereupon, at 12:40 p.m., the committee was adjourned, subject to the call of the Chair.)

GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

MONDAY, JULY 21, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The committee met, pursuant to recess, at 10 a.m., in room 1301, Longworth House Office Building, the Honorable W. R. Poage (chairman) presiding.

Present: Representatives Poage, Abernethy, O'Neal, Foley, de la Garza, Montgomery, Belcher, Teague, Zwach, McKneally, and Resident Commissioner Córdova.

Also present: Christine S. Gallagher, clerk; William C. Black, general counsel; Hyde H. Murray, associate counsel; and L. T. Easley, staff consultant,

The CHAIRMAN. The committee will please come to order.

The committee has met this morning to give an opportunity to Members of Congress to present any testimony they want to in regard to any of the bills which they have introduced relating to any phases of the general agricultural program or of the food stamp program.

We have statements for the record from Hon. Odin Langen, of Minnesota, Hon. Silvio O. Conte, and from Hon. Alexander Pirnie. I believe those are all the statements we have, are they not?

Without objection these statements will be made a part of the record.
(The statements follow:)

STATEMENT OF HON. ODIN LANGEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

THE FAIR FARM PRICE ACHIEVEMENT ACT OF 1969

Mr. Chairman and Members of the Committee, it is a real honor for me to appear once again before this distinguished Committee. As one of the few Members of Congress representing Districts which have more than 25 percent of the people living on farms, I am acutely aware of the importance of the work done in this Committee.

Gentlemen, rural America is presently in a state of quiet desperation. Its economy is stagnated because farm income has not kept pace with the rest of the economy. Its young people are leaving the farms because they see no future there. Rural communities are slowly becoming ghost towns.

These conditions and their causes are amply set forth in an excellent document prepared by this Committee entitled "Food Costs-Farm Prices". From 1963 to 1968, non-agricultural income rose over three times faster than farm income. In that same period, farm costs rose almost twice as fast as the prices farmers received for their products. A most graphic demonstration of the consequences of inadequate farm income is the almost unbelievable increase in farm debt of \$20 billion to \$50.4 billion in the same five year period. It should be obvious that

farmers are actually having to live off the capital they have invested in their farms. When this state is reached, the collapse of our rural economy cannot be too far in the future unless the situation is drastically altered.

However, to accept the inevitability of this collapse is to give up on the future of our entire economy because it should be clear to everyone that a healthy agriculture is an essential ingredient to our future growth. It dwarfs all other industries in productivity advances, number of employees, assets, and purchases. It is truly the backbone that supports the rest of our economy. Consequently, an adequate and equitable program to alleviate the depressed conditions in rural America should receive the support of everyone.

Nevertheless, it has become clear that the public will no longer accept farm programs that rely primarily on government subsidy payments to farmers. I think it is fair to say that their attitude demands a complete change in the means used to compensate farmers for their production. The recent action by the House of Representatives in limiting farm subsidy payments to \$20,000 per farm reflects the public's attitude on this matter.

The bill that I have introduced, called the Fair Farm Price Achievement Act, can put this nation on the right road toward solving the problems of rural America. It would return prices to parity levels while reducing Government expenditures at the same time. It would further assure the American people an adequate supply of food in the future.

The bill guarantees full parity to wheat and feed grain farmers in return for voluntarily withholding modest acreage from production. It gives the farmer bargaining power, takes the Government out of such of his planning, and provides for a food reserve and necessary import controls.

The Fair Farm Price Achievement Act is based on a system of incremental price supports. It incorporates provisions dealing with a payment-in-kind, cross-compliance and the importation of foreign agricultural commodities. Under this program, a small grain farmer could voluntarily achieve a higher price support in proportion to his efforts to help hold down production of these crops, up to a 20 percent reduction. The following table demonstrates how the system would work:

If the percentage of his acreage withdrawn from production is not less than—	His level of price support in percentage of parity price shall be—
5	70
10	80
15	90
20	100

Farmers choosing not to participate in this program would receive 50 per cent of the parity price for their grain crops, or whatever the market reached.

The acreage-average would be used with regard to grains other than wheat, and is the average annual acreage which a farmer has devoted to the production of any combination of these crops during the past 3 years. The acreage allotment pertaining to wheat is also established from the history of the past 3 years, but cannot be used for small grain production.

To qualify for the incremental price supports under the bill, a farmer must reduce his acreage by at least 5 per cent in both wheat and other small grain crops. This "cross-compliance" is necessary to effectuate the purpose of the bill, which is a real reduction in production, not just the retirement of the least productive acres on each farm. The land which is taken out of production is not to be planted to any other crop or to be used for grazing, so as not to aggravate any other production problem. However, the farmer has great leeway in the planning of his remaining acreage.

Under the Fair Farm Price Achievement Act, it is estimated that farm income would increase \$1.8 billion a year. Think of what such an increase in farm income would do for rural America, where almost half of the nation's poor live and where over half of the nation's inadequate housing exists. The impact on "Main Street" would be tremendous as the added farm income found its way into local business establishments, school systems, local units of government, and the like. Even the urban areas would benefit with added income from farm purchases and the prospect of halting the migration to the cities.

The additional income to farmers, which is shown on the following chart, has been calculated in the following manner. Taking the results in the 1968

crop year, the assumption was made there would be a 20 percent reduction in production resulting in full parity prices to the farmers. The following chart compares the results for each commodity covered by the Fair Farm Price Achievement Act:

Commodity	1968 actual crop year			Under proposed program			Difference (millions)
	Bushels (millions)	Price ¹ (1968)	Income (millions)	Bushels (millions)	Price (parity)	Income (millions)	
Wheat.....	1,570	\$1.71	\$2,685	1,256	\$2.63	\$3,303	\$618
Corn.....	4,375	1.18	5,162	3,500	1.64	5,740	578
Rye.....	23	1.00	23	18	1.41	25	2
Oats.....	930	.60	558	774	.90	670	112
Barley.....	418	.90	376	334	1.35	451	75
Soybeans.....	1,080	2.42	2,614	864	3.40	2,938	324
Flax.....	27	2.82	76	22	4.04	89	13
Sorghums.....	739	1.09	806	591	1.47	869	65
Total income increase to farmers.....							13,785

¹ Government payments included.

If you exclude government payments to farmers in 1968 under the wheat and feed grains programs, the additional income to farmers under the Fair Farm Price Achievement Act would have amounted to almost \$3.2 billion in that year. Without government payments, income to farmers from wheat would have been \$738 million less, \$524 million less from corn, and \$111 million less from grain sorghums.

Additionally, farmers would be able to cut some of their production costs by up to 20 percent. For example, seed, fertilizer, and labor costs will be reduced by removing acreage from production.

In the area of farm costs, my bill recognizes that certain costs will continue to be incurred on acreage that is withdrawn from production—taxes are the most glaring example. Since this land will no longer contribute to the farmer's income, the bill provides for compensation payments in cash or grain, not to exceed \$10 per acre, to cover these unavoidable costs.

I feel that it would be obvious to anyone who has the slightest acquaintance with conditions in rural America that the key to improving the situation on the farm is to improve farm income. In 1968, farm income amounted to \$15.1 billion. However, had farm income kept pace with non-agricultural income during the past five years, farmers would have received \$19.5 billion—an additional \$4.4 billion. Cumulatively, farmers would have received \$11 billion more in income over the past five years had farm income increased at the same rate as non-agricultural income. Just think what a difference that \$11 billion would have made in rural America—I'm sure we would not be witnessing the despair and decline that exists today.

There are further benefits to all Americans under this bill. I have calculated that by subtracting the costs of the commodity programs under this proposed legislation from the costs of the present programs for the same commodities, the taxpayers would have saved approximately \$1.88 billion for fiscal year 1968 and \$2.70 billion for fiscal year 1969 in the Department of Agriculture budget, or an average of \$2.29 billion a year. The following chart demonstrates the savings for each program:

GOVERNMENT COSTS NOT INCURRED UNDER FAIR FARM PRICE ACHIEVEMENT ACT (1968)

[In millions of dollars]

	Fiscal year	
	1968	1969
Wheat: Total outlays for payments and related.....	1,268.0	1,841.9
Feed grains: Total outlays for payments and related.....	609.1	857.9
Total.....	1,877.1	2,699.8

Gentlemen, it is clear that we need new programs that will indeed make the farmer a full partner in our economy while reducing the excessive burden now being carried by the American taxpayer. The Fair Farm Price Achievement Act, dealing primarily with wheat and other small grain crops, offers and provides for the following goals:

First, it offers the opportunity for the farmer to achieve full parity prices and his rightful share of our national income.

Second, it will decrease government expenditures by more than \$2 billion a year, thus benefitting taxpayers and releasing funds for other vital programs.

Third, it offers less Government control for the farmer and provides him with the opportunity of voluntarily curtailing production to meet demand.

Fourth, it offers sufficient incentive to the farmer so as to encourage a very high percentage of compliance. Experience has surely proven that no program will be effective without a high percentage of compliance.

Fifth, it presents no problem of administration. All of the provisions of the bill can be successfully administered through the township, county, and State committees.

Sixth, it permits the laws of supply and demand to function within the provisions of the legislation so that acreage shifts from one crop to another will be governed by prices as determined by supply and demand.

Seventh, it deals with the entire national productive unit of wheat and small grain feed crops. Since reductions are required from actual planted acres, there is assurance that compliance will provide a reduced total production. Acres taken out of production will not be used in producing other crops.

Eighth, it will provide for the establishment of a food reserve that will, by law, be kept out of the general market unless it is sold at 105 percent of parity.

The bill thus outlined will go a long way towards alleviating the present aspects of our farm programs which so many of us find regrettable. It will result in the savings of substantial amounts of public funds. At the same time, it provides the farmer with a fair share of the national income, while controlling overproduction that affects the market price so drastically.

Here we have farmer bargaining power at its best, with a relatively simple program of compliance and administration, giving him flexibility of operation and freedom from burdensome government interference. With this bill, the farmer could achieve full parity of prices by his own choosing. The farmer would pick up this responsibility from the Government, and I believe he would welcome it.

Another feature of this plan is that it does not pay anyone for not doing anything. The farmer must till the land and raise the crops. He must work for what he gets, and he only receives a price for what he produces.

This bill also creates a reserve for future needs, but prevents the Government from using such reserves to drive commodity prices down by dumping stocks on the open market at lower than parity prices. This is accomplished by directing the Secretary of Agriculture to establish a reserve composed of one or more of the following crops: wheat, corn, barley, oats, rye, soybeans, flax, and grain sorghums. Crops placed in this reserve shall remain the property of the Commodity Credit Corporation and may be sold for unrestricted use only to meet the need for increased supplies and then at not less than 105 percent of the parity price.

I have on many occasions through the years called attention to the effects which the importation of foreign agricultural commodities have on our farm prices. The bill provides that the President shall institute an investigation whenever it would appear that agricultural commodities are being imported in such amounts as to interfere with the laws of price-support programs for those crops.

This, then, is the bill. I believe it offers a solution to the most pressing agricultural problems facing us today: inadequate supplies of food in the future, inadequate farm income, and excessive government expenditures under present farm programs.

It offers rural America the opportunity of voluntarily achieving full return for value received, and it offers great hope for the revitalization of the rural economy. The benefits to the city dweller are that he will be spared the costly billions now being spent on current farm programs. The migration to the cities will slow or stop as rural America rebuilds itself, leaving additional monies to be directed to dealing with urban problems.

But we must deal with this situation now. It would be well for us to remember that periods of prosperity have always been gained by tackling the most difficult problems with persistence, accomplishing what seemed like almost impossible

solutions. To solve the farm problem would be to put us far on the road to national economic stability. It is with these goals in mind that I offer the Fair Farm Price Achievement Act of 1969.

STATEMENT OF HON. SILVIO O. CONTE, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF MASSACHUSETTS

Mr. Chairman, although I am a co-sponsor of H.R. 12222, the Administration bill to expand our current food stamp program, I appreciate this opportunity to testify today in support of a proposal to place a ceiling on farm subsidy payments as part of any long-term farm legislation.

I don't believe there is much that needs to be added to the excellent presentation made by Secretary Hardin last week in support of the Administration food stamp bill. I am sure that improvements can be made on this bill and I strongly urge this Committee to report the strongest possible bill to eradicate the scandal of hunger and malnutrition in this land of plenty. But, on the whole, it must be said that the Administration bill represents an excellent beginning and a genuine commitment.

I do want to make one further comment on the food stamp legislation before turning to the subject of a farm payment ceiling. It is essential that the food stamp bill be given immediate attention. Under no circumstances should this vital legislation be delayed pending what is likely to be a much lengthier process of putting together a new farm bill.

Mr. Chairman, as this Committee knows, our present farm program is scheduled to continue through 1970. Despite the inadequacies of that program, there is no need for haste in devising a new and more sound farm program.

In contrast, all of us surely must realize now the great urgency of acting quickly and decisively to eliminate the conditions under which some ten to fifteen million Americans are today suffering from hunger and malnutrition.

It would be absolutely intolerable to hold this food stamp bill hostage until the passage of a new farm bill. I trust no one on this Committee would permit this needed food stamp legislation to be used as a device to perpetuate our present inadequate farm program.

My main purpose here today, however, is to speak to the matter of long-range farm legislation.

Gentlemen, I make no pretense, particularly before this distinguished Committee, to being an authority on the overall subject of farm legislation.

I have, however, spent a good deal of time considering one major aspect of that program. I refer to the matter of farm subsidy payments. I am convinced that there is no justification for the continuation of excessively large payments to a handful of corporate farming giants.

Last May 27, our colleagues in the House supported my amendment placing a \$20,000 ceiling on total farm payments for the second year in a row. This year they did so by the even greater margin of 224 to 142.

Although the other body has once again failed to go along with that proposal, I am sure I speak for a majority of this House in urging our conferees to insist on the House amendment with all possible vigor.

But, whether or not that amendment prevails this year, we must still address ourselves to the long-range need for reform in this area. In more recent studies of the problem I have become convinced that there is a better proposal—one easier to administer and, more importantly, capable of saving twice as much as my previous proposal.

Mr. Chairman, when I proposed a \$20,000 ceiling in the House, Secretary Hardin's analysis and report on 1968 farm program payments were not available.

Since then, these materials have been made available through the Senate Appropriations Subcommittee on Agriculture.

In recent testimony before that body, Secretary Hardin estimated that a billion dollars, or more than a third of the \$2.9 billion paid to cotton, wheat and feed grain producers in 1968, were income supplements, in no way related to supply-adjustment needs. They were payments over and above the amounts needed as economic incentives for acreage diversion and other supply-adjustment practices.

These income supplement payments—\$508 million to cotton producers, \$368 million to wheat producers and \$148 million to feed grain producers—were in addition to the \$1.9 billion total paid to these three groups for supply-adjustment

purposes. They were net additions to the producers' income from farm product sales. It is probable that these supplemental income payments will be even higher in 1969 and 1970, especially for cotton producers.

Mr. Chairman, a limitation on the amount of these supplemental income payments will not defeat the supply-adjustment features of the programs.

On the basis of the facts made available to the Holland Subcommittee by Secretary Hardin, I now urge this Committee to include a limitation on the annual payments made to individual cotton, wheat and feed grain producers to \$5000 per crop. With appropriate adjustments in these programs the effect of this ceiling can be limited solely to the income supplement part of the payments.

I am aware, of course, of the low levels of income earned by most farmers. I believe they need the help that an intelligently designed supply and price stabilization program provides. But there is no legitimate reason for continuing the excessively large government payments which have been a prominent feature of these programs in recent years.

Mr. Chairman, the excessively large farm program payments to the large corporations and individual land owners have not only wasted government funds badly needed for other domestic programs; they have worsened the position of the average-sized family farmer. Giant corporations and other large farmers have used these excessive government payments to further add to their land holdings and bid up land prices. These huge payments have tightened the squeeze still further on the family farm.

Every survey I have seen indicates that a majority of farmers favor a reasonable limitation on farm program payments. A Doane Agricultural Service Survey showed last year, for example, that some 85 percent of farmers themselves want to limit the size of farm program payments.

Studies in the Department of Agriculture in the last months of the previous administration, and additional studies made in the last few months, led Secretary Hardin to advise the House during the debate on the 1970 agricultural appropriations that, "The Department of Agriculture believes it is possible to design a sound farm program that limits the number of dollars that can be paid to any one farmer for programs following the 1970 crop year."

Mr. Chairman, had a \$5000 limitation on payments to individual cotton, wheat and feed grain producers been in effect for the 1968 programs, 84,728 producers would have had their payments limited. These 84,728 producers received \$917 million in 1968, almost one-third of the total payments under these three programs. A \$5000 limitation would have reduced their payments by \$493 million.

At my request the Department of Agriculture has prepared a table reflecting the distribution of these producers by state and the strikingly low percentage of such producers when compared with the total number of producers receiving payments. I have attached this table at the close of my statement.

I know of no better way to reduce government expenditures on farm programs up to \$500,000,000 than to place a \$5000 limit on individual producer's payments. A limitation as low as \$5000 would affect approximately 85,000 producers out of a total of 2,372,000 who received payments in 1968—only three to four percent of the total. Those affected are the corporations, the wealthy landowners and the large operators, most of whom have high incomes by any reasonable standard. We would need a fifteen percent reduction in average payments to *all* producers of these crops to achieve the reduction in government expenditures that could be achieved by a \$5000 payment limitation.

A \$5000 payment limitation would affect about 8 percent of the cotton producers, 3 percent of the wheat producers and 2 percent of the feed grain producers. Approximately two-thirds of the cotton is produced by the producers who would be affected by a \$5000 limitation, one-fourth of the wheat and a fifth of the feed grains.

If the cotton producers affected by a payment limitation are permitted to increase their acreage and the minimum diversion requirements for wheat and feed grain producers are reduced in proportion to their payment reduction, a \$5000 limitation on payments to an individual producer would be more than equitable and do no damage to the voluntary supply adjustment programs.

The changes in the cotton program would encourage acreage reductions on the part of those producers now growing cotton primarily to collect the government payments, which will fully offset the increased planting on the part of those affected by payment limitations. And a 5 to 10 percent increase in the voluntary acreage diversion goals of the wheat and feed grains programs would compensate

for the reduced diversion from those crops by large producers whose payments were limited.

Agricultural specialists fully familiar with the administration of these programs advise me that the Secretary of Agriculture can easily adjust the diversion goals for the voluntary programs to compensate for the effects of a reasonable annual payment limitation for each program.

With respect to cotton, even the analysts in the Department of Agriculture's own Economic Research Service have predicted there would be no appreciable increase in total production with this change. The distinguished former Under Secretary of Agriculture, Dr. John A. Schnittker, who also supports this \$5000 per program ceiling, has confirmed this view.

In a paper delivered at a Symposium on Public Problems and Policies at Iowa State University on May 27, 1969 Dr. Schnittker stated:

It will be objected that such a limitation would make the voluntary payment-based production control programs inoperative. That claim is false. So little grain (especially feed grains but also wheat) is grown on really large farms that the effect of greater production from payment limits as low as \$5000 per program can be ignored. Large cotton payments, on the other hand, have been justified, not to reduce output but to increase it. No one will argue that limiting payments will lead to a cotton surplus. No one needs to take seriously the claim that a payment limit will lead to new grain surpluses.

Still on the subject of cotton, I should mention briefly one additional major change that is needed. This is the repeal of the so-called "snapback provision," section 103(d)(12) of the 1965 Act. This device was inserted into that bill because large cotton interests had foreseen the inevitable success of some form of payments ceiling and acted to prevent its application to cotton by a provision automatically reinstating the old and obsolete price support system. No rational program for a payments ceiling can permit this provision to stand. It would defeat the clear intent of Congress.

Mr. Chairman, I should briefly explain why I now advocate for long-term farm legislation a limitation on each separate program instead of a ceiling on total payments which the House has voted to apply to Fiscal Year 1970. I do so because farm program administrators at the Department of Agriculture have concluded that this approach would greatly simplify its administration. Moreover, it would simplify planning for those farmers who plant more than one of these three crops.

In conclusion, Mr. Chairman, I cannot overemphasize the importance of incorporating a payments' ceiling in any future farm program. The American taxpayer who faces another burdensome year of the surtax is rightly demanding that economies be made where they can. And Congress has now heard from no less an authority than Secretary Hardin himself that more than one third of all farm payments are, in effect, income supplements. They are *not* needed as part of any supply-adjustment program.

Perhaps, it is not altogether inappropriate that the farm subsidy program is being considered as we also consider pending food stamp legislation. It is ironic that our farm program is virtually unique in possessing an open-ended "backdoor financing" feature under which the Department of Agriculture borrows whatever funds are required from the Treasury and is reimbursed through appropriations in a later fiscal year.

Surely, as others have noted, it would be far more justifiable to have this sort of financing to provide food for hungry families and underfed children.

There has been a great deal of talk in recent years, Mr. Chairman, to the effect that our government all too often has its priorities out of order. I know of no clearer example of this than the disturbing contrast of providing largesse to corporate farmers while we have food distribution programs for the needy that do not begin to satisfy their needs.

I am convinced, Mr. Chairman, that my proposal is an equitable way to reduce farm program expenditures by the substantial amount of \$500 million. A limitation on payments at any level creates administrative problems but they would be no greater in administering a \$5000 than in administering a \$10,000 or a \$25,000 payment limitation.

I respectfully urge that you include a \$5000 payment limitation to producers of cotton, wheat and feed grains in any bill finally approved by this distinguished Committee, to extend the Agricultural Act of 1965.

Thank you again, Mr. Chairman, for this opportunity to appear before you.

PRODUCERS RECEIVING \$5,000 OR MORE FROM SPECIFIED PROGRAMS AND TOTAL NUMBER OF PRODUCERS, BY STATES, 1968

State	Producers receiving \$5,000 or more from—				Total producers, 3 programs	
	Cotton program	Feed grain program	Wheat program	Total	Number	Percentage receiving \$5,000 or more
Alabama.....	1,698	117	3	1,818	75,410	2.4
Arizona.....	1,073	83	36	1,192	2,017	59.1
Arkansas.....	3,242	4	16	3,262	35,465	9.2
California.....	2,567	80	244	2,891	8,802	32.8
Colorado.....	1	455	1,352	1,808	19,452	9.3
Connecticut.....					323	
Delaware.....		29		29	1,449	2.0
Florida.....	30	105		135	7,967	1.7
Georgia.....	1,457	517	8	1,982	50,651	3.9
Idaho.....		2	1,131	1,133	19,416	5.8
Illinois.....	9	3,111	47	3,167	111,882	2.8
Indiana.....		1,952	19	1,971	90,520	2.2
Iowa.....		5,531	3	5,534	138,352	4.0
Kansas.....		1,126	4,217	5,343	131,758	4.0
Kentucky.....	23	226	5	254	64,270	4
Louisiana.....	1,358	9	9	1,376	24,935	5.5
Maine.....					249	
Maryland.....		52	5	57	6,470	.9
Massachusetts.....					159	
Michigan.....		302	19	321	65,489	.5
Minnesota.....		1,780	149	1,929	92,665	2.0
Mississippi.....	3,732	39	14	3,785	70,506	5.4
Missouri.....	889	1,698	51	2,638	101,883	2.6
Montana.....		12	3,296	3,308	22,794	14.5
Nebraska.....		3,362	566	3,928	92,552	4.2
Nevada.....	15		10	25	160	15.6
New Hampshire.....					105	
New Jersey.....		40	4	44	3,514	1.2
New Mexico.....	639	573	267	1,479	6,784	21.8
New York.....		35	20	55	20,887	.3
North Carolina.....	469	288	1	753	93,231	.8
North Dakota.....		37	2,857	2,894	68,855	4.2
Ohio.....	1	710	29	740	92,551	.8
Oklahoma.....	667	108	1,906	2,681	61,551	4.4
Oregon.....		3	832	835	8,415	9.9
Pennsylvania.....		42	7	49	30,195	.2
Rhode Island.....					8	
South Carolina.....	1,247	106	4	1,357	43,788	3.1
South Dakota.....	1	580	576	1,157	51,953	2.2
Tennessee.....	1,038	102	3	1,143	76,167	1.5
Texas.....	13,862	4,352	1,946	20,160	145,355	13.9
Utah.....		1	121	122	4,836	2.5
Vermont.....					408	
Virginia.....	10	81	4	95	27,960	.3
Washington.....		17	2,766	2,783	13,024	21.4
West Virginia.....		5		5	5,852	.1
Wisconsin.....		372	1	373	50,839	.7
Wyoming.....		3	109	112	2,473	4.5
Total.....	34,028	28,047	22,653	84,728	2,050,347	4.1

STATEMENT OF HON. ALEXANDER PIRNIE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. Chairman, I am pleased to be here today to present my views on a subject which, as you know, has long interested me. As a former Member of this distinguished Committee, I am aware of some of the problems with which you are constantly faced, and share your desire for sound solutions.

Therefore, I do have some thoughts on our farm problem since I represent a state and district which rank high in farm production. I believe the positions I have taken on farm proposals of the past are consistent with my sponsorship of the legislation which I will today discuss. As you are aware, I have consistently opposed the general farm legislation which this Committee and the Congress have approved. I have done so in the belief that it represented the wrong approach to the problems facing Agriculture. The record shows that these programs, which have cost the United States taxpayers \$3.5 billion annually, have failed to solve the complex farm problems with which we are faced.

The economic picture confronting the Nation's farmers is indeed gloomy. Farm income is lagging far behind the rest of the economy. Since 1963 non-agriculture

income has risen almost 50%, while farm income is up only 15%. Farm costs rose almost twice as fast as prices for farm products in the last five years. In that same period there has been a \$20 billion increase in farm debt.

In my judgment, these and other indicators we can all see add up to the undisputed conclusion that the approach we have been employing toward the solution of our farm problems is not the correct one.

I believe the House recognized the validity of this proposition last year when it was refused to extend the "Food and Agriculture Act" for more than one year. It further substantiated this view when it sought limitations on subsidy payments made to one individual during a single year. Let's make no mistake about it: American farmers want out of the government dole because it isn't working, and non-rural Americans want out because of the huge costs involved.

Therefore, it seems to me that we should look to an approach which will more nearly satisfy both, and I think the bill I have introduced would be a major step in that direction.

The "Agricultural Adjustment Act of 1969" is designed to phase-out over a five-year period subsidy payments for wheat, feed grains, and cotton. At the same time, it provides for the retirement of at least 50 million production acres in a way which will not endanger either our capacity to produce or our economic stability. Furthermore, it will provide assistance to those farmers who are forced from the farm but who do not have the skills required to obtain gainful employment elsewhere.

I have discussed this legislation with farmers in my District and I can say that they are enthusiastic about it. They believe that they should have the opportunity to compete in the market place and they are confident that they can do so successfully. I might add that they are totally against the continuation of expensive, subsidy-type farm programs, not only because they don't agree with the philosophy of them, but also because they realize they are having to bear a good portion of the cost.

One final item which I think will be of interest to the Members of this Committee. Subsequent to my introduction of the "Agricultural Adjustment Act of 1969," the Utica Daily Press, the largest newspaper in my District, editorialized on the legislation. It is basically an urban paper, but it is widely read throughout the District, which has a large farm population. The editorial declares: "This is a step that should have been taken long ago and the President and Congressmen from metropolitan areas, Democrats and Republicans, should support the move. It has been long overdue, unfairly enriching corporation farmers and adding to burdensome tax bills." This statement sums up my views and I hope that you will give this bill every consideration.

The CHAIRMAN. Are there any Members of Congress who want to be heard. The Chair hears no response.

I want it understood that this committee has given an opportunity to every Member of Congress who has introduced legislation to be heard, and I am going to be rather disappointed if Members later complain they had no opportunity to be heard.

I want to insert in the record a copy of the memorandum addressed to "Authors of all Legislation Pending before the House Committee on Agriculture which would Extend or Amend Existing Laws on the General Farm Program and the Food Stamp Program," which was dated July 3, 1969.

Madam Clerk, I understand this was mailed to every Member who had introduced legislation at this time.

Mrs. GALLAGHER. Yes, sir.

The CHAIRMAN. I am advised that this was mailed to every Member who has introduced legislation of this type. This does advise them that they would have an opportunity to be heard today, and if they want to be heard on the food stamp program, tomorrow. It does invite them to appear. It does point out that since there are some 56 authors of various bills we are not attempting to list all of the bills, but we will give careful consideration to their legislation.

I want without objection to include a copy of that letter in the record. The Chair hears no objection.

(The memorandum follows:)

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C., July 3, 1969.

MEMORANDUM TO AUTHORS OF ALL LEGISLATION PENDING BEFORE THE HOUSE COMMITTEE ON AGRICULTURE WHICH WOULD EXTEND OR AMEND EXISTING LAWS ON THE GENERAL FARM PROGRAM AND THE FOOD STAMP PROGRAM

From: W. R. Poage, Chairman.

Subject: Hearings, Monday and Tuesday, July 21st and 22nd.

I invite you, as a sponsor or co-sponsor of one or more bills pending before our Committee which would extend or amend existing laws on the general farm program and/or the food stamp program, to participate as a witness in hearings which we have arranged especially for Members of Congress, as follows:

MONDAY, JULY 21, 10:00 A.M.

Full Committee, Open Session, Room 1301 LHOB:

Subject: To hear Members of Congress on all bills pending before the Committee which would extend or amend existing laws on the general farm program.

TUESDAY, JULY 22, 10:00 A.M.

Full Committee, open session, Room 1301 LHOB:

Subject: To hear Members of Congress on all bills pending before the Committee which would extend or amend existing laws on the food stamp program.

If you wish to appear in person or file a statement for the record, I should appreciate your so advising Mrs. Christine Gallagher, Clerk to the Committee, or Mrs. Martha Hannah, Subcommittee Clerk.

Inasmuch as there are some fifty-six authors of various bills on the above subject, we are not attempting to list all of the bills here, but I assure you that the Members of our Committee will give careful consideration to all legislation before us.

I regret that it is necessary to take this means of communicating with you rather than writing each of you personally, but we felt it was best to send this mimeographed memorandum in the interest of time.

Enclosed herewith for your full information is a copy of our Schedule of Hearings, together with a press statement further describing our forthcoming hearings.

SCHEDULE OF HEARINGS

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TUESDAY, JULY 15, 10:00 A.M.

Full Committee, Open Session, Room 1301 LHOB: Subject: All bills pending before the Committee which would extend or amend existing laws on the general farm program and the food stamp program. Witness will be Secretary Hardin.

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MONDAY, JULY 21, 10:00 A.M.

Full Committee, Open Session, Room 1301 LHOB: Subj: To hear Members of Congress on bills pending before the Committee which would extend or amend existing laws on the *general farm program*.

TUESDAY, JULY 22, 10:00 A.M.

Full Committee, Open Session, Room 1301 LHOB: Subj: To hear Members of Congress on all bills pending before the Committee which would extend or amend existing laws on the *food stamp program*.

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TUESDAY, JULY 29 THROUGH FRIDAY, AUG. 1, 10:00 A.M.

Full Committee, Open Session, Room 1301 LHOB: Subj: All bills pending before the Committee which would extend or amend existing laws on the general

farm program and the food stamp program. To hear the following farm organizations:

Tuesday—Midcontinent Farmers Association.

Wednesday—Congressman Springer of Ill. and United Grain Farmers of America.

Thursday—National Council of Farmer Cooperatives.

Friday—National Grange.

TUESDAY, AUG. 5 THROUGH THURSDAY, AUG. 7, 10:00 A.M.

Full Committee, Open Session, Room 1301 LHOB: Subj: All bills pending before the Committee which would extend or amend existing laws on the general farm program and the food stamp program. To hear the following farm organizations:

Tuesday—American Farm Bureau Federation.

Wednesday—National Farmers Union.

Thursday—National Farmers Organization.

Chairman W. R. (Bob) Poage, D-Tex., of the House Committee on Agriculture announced today that he has scheduled leading farm organizations to testify on pending farm and food stamp legislation after Congressmen sponsoring various measures have appeared before the Committee.

Hearings will open July 15, with Secretary of Agriculture Clifford M. Hardin listed as the initial witness.

After the Administration has had the opportunity to present its views, through Secretary Hardin, the hearings will be recessed until Monday, July 21, when Members of Congress who have introduced bills affecting farm programs generally will appear. On Tuesday, July 22, authors of House bills relating primarily to the food stamp program will be invited to the witness table.

Starting Tuesday, July 29, the Committee will begin a series of seven daily sessions at which representatives of major farm organizations and groups will present their views. The schedule follows: July 29, Midcontinent Farmers Association; July 30, United Grain Farmers of America, "tractor caravan" group, to be introduced by Rep. William L. Springer, R-Ill.; July 31, National Council of Farmers Cooperatives; Aug. 1, National Grange; Aug. 5, American Farm Bureau Federation; Aug. 6, National Farmers Union; Aug. 7, National Farmers Organization.

Other persons and organizations wishing to present their views on various farm and food stamp program proposals will be scheduled to testify at sessions to be arranged later. Poage emphasized that he wanted to give everyone who cares to do so an opportunity to testify, and at the same time he wants to move on to a decision. To accomplish this he may, after general witnesses are heard, break the remaining testimony up by subject matter and let several subcommittees conduct hearings at the same time.

The CHAIRMAN. Mr. Melcher?

Mr. MELCHER. Mr. Chairman, I would like to make some observations now about the massive land retirement proposals which are being made, and to which I am very much opposed.

I have been in touch with the 18 farm groups working on a general farm proposal, which I may join in introducing to get it before the committee for consideration, and I shall make more extended comments then.

But I am deeply concerned by the massive land retirement schemes being proposed for a number of reasons, and one of the most important is that it will liquidate rural communities as well as tens of thousands of farmers—a good many of them farmers who want to continue and now have adequate farm units. It will tear up and terminate a good deal of our rural society and economy, and it will inevitably mean a migration to overcrowded cities, creating labor force tensions, housing problems and intensifying many other urban ills.

Secretary of Agriculture Hardin indicated in his testimony that one of the basics in the program he will eventually recommend is retirement of some of our production resources and retraining of people for new opportunities—new opportunities which may not exist if inflation is controlled and employment levels off or declines a little.

The American Farm Bureau has proposed massive land retirement at a rate of not less than 10 million acres per year for 5 years, for a total of 50 million acres, minimum. Economists at Iowa State University have a 60-million-acre retirement plan. An easement plan out of Mississippi suggests that 70 million acres will need to be taken out of production, and I have seen a Library of Congress report which says the majority of a group of farm economists who met at the Department recently that the costs of land retirement have been underestimated by as much as 50 percent; that at least 80 million acres would have to be retired to maintain 1967 price levels on which farmers were going broke—and they even had reservations about that.

One of the proposals is for grazing—cow-calf operations—to be allowed on half of 70 million acres to be retired. Such Government stimulation of beef output would mean a withholding of heifers for breeding and a short supply and extremely high prices for beef for a year or two, and then inevitably a ruinous decline in cattle prices, as the abnormally great expansion occurred.

A continuation of today's price levels—the first reasonably profitable prices beef producers have had for years—will stimulate expansion and new entries into beef production adequate to meet our needs; as a matter of fact, probably more than adequate. The cattle industry has for many years experienced recurring cycles of over and under expansion in response to price fluctuations alone. Some progress toward leveling of this cycle is being made, but it still occurs, and it would be wrecked by Government-sponsored expansion of cow-calf operations.

Whether or not the massive land retirement plan we might adopt provides for use of some of the land for grass and hay, the pressure for such use will mount and inevitably at least a portion of it will be put to such unwise use, in my opinion.

The land retirement plans are being pressed upon us with the argument that only small, inadequate farming operations will be closed out in most instances; that the operators will be better off if retrained and sent to the cities in relation to new opportunities, which may not exist.

The reality is that a good many commercial family farming operations will be broken up and made infeasible.

In my country—the upper Great Plains which admittedly will be the site of the most extensive retirements—there is a high proportion of part owners on the land—62 percent in Montana and 60 percent in the Dakotas, according to census figures.

These are farmers who own a home place and create an adequate land unit by renting, or getting permits to use the public domain. To the extent that private lessors rent or sell production easements to the Government instead of leasing to the part owners now operating their land, existing farming units are going to be reduced to less than adequate size and their operators skidded down the ladder into the un-

fortunate group that have holdings too small to make a decent family living. The proportion of part owners indicates there will be a lot of them.

The proposal for Government-subsidized liquidation of great sectors of our rural society—communities as well as farmers—shows shocking lack of concern for the human values; the social values, which are involved.

The middle-sized farmers who think massive land retirement is only going to effect small, inadequately equipped operations are as wrong as they can be, as are any rural community businessmen who think that it is of no concern to them.

The massive land retirement proposal is a proposal for massive subtraction from our rural economy—a proposal to take away more and more.

What the rural economy really needs is addition—addition to prices and income—not subtraction, if it is going to be a strong pillar in our society.

Decent prices for farm commodities for a few years, which would actually create new opportunities on farms and in rural communities and reverse the trend of migration from the cities, is the sort of addition our whole society and economy need.

I do not believe massive land retirement will save a significant amount of money for the U.S. Treasury. The economists are now gradually raising the cost estimates from \$1.2 billion to \$1.7 billion, and then \$2 billion or \$2.5 billion. Those cost estimates will continue to grow, like the cost estimates on highways, or a new weapons system, or the Rayburn House Office Building.

The human cost of subsidized subtraction from rural America will not be included in the figures; the cost of farm closures, business bankruptcies, of outmigration and of welfare payments in the cities that will result will not be included in the total. They will be private or non-Federal costs, not to be included in U.S. Treasury cost data submitted to us.

We had far better add something in rural America than subtract.

Legislative Reference Service studies I have been reviewing indicate that farmers have received about \$2 increased income for each \$1 of farm program costs in recent years. That is a lot better cost-benefit ratio than any massive land retirement proposal, honestly calculated to include all its costs, will ever show.

We need to strengthen and renew the programs we have, in my judgment, and not try to solve the farm problem by sweeping it into the ghettos—under the rug—where it may be less noticeable for a little while.

The CHAIRMAN. Thank you, Mr. Melcher.

Apparently there are no Members of the Congress who want to be heard on general legislation except I would point out that I got a letter from Mr. Findley this morning in my office in which he stated that he had a speaking engagement in Illinois today, and that he could not attend our committee and he would like to be heard at some later date. I will advise Mr. Findley that we will hear him at some later date if we can work out a mutually satisfactory date on which to be heard. But I want it real clear, and I hope that our friends of the press will get this, that this committee is meeting, that this committee is

here for this purpose of hearing Members of Congress and if they are not here it is because of their own lack of interest and not because of the lack of interest on the part of the committee. I would also point out that the Chairman introduced legislation on this subject and is here today, but inasmuch as we will be discussing this for a number of days, I will not take any of the committee's time to discuss it today.

Is there anything further to come before the committee?

(Off the record.)

The CHAIRMAN. All right, the committee will stand adjourned until tomorrow morning at 10 o'clock.

Thank you for coming out.

(Whereupon, at 10:10 a.m., the committee was adjourned, to reconvene at 10 a.m., Tuesday, July 22, 1969.)

GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

TUESDAY, JULY 22, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m., in room 1301, Longworth House Office Building, W. R. Poage (chairman) presiding.

Present: Representatives Poage, Abernethy, Stubblefield, O'Neal, de la Garza, Vigorito, Jones, Montgomery, Alexander, Burlison, Lowenstein, Jones of Tennessee, Melcher, Belcher, Teague, May, Wampler, Goodling, Miller, Mathias, Mayne, Zwach, Price, Myers, Sebelius, McKneally, Mizell and Resident Commissioner Córdova.

Also present: Christine S. Gallagher, chief clerk; William C. Black, general counsel; and Hyde H. Murray, associate counsel.

The CHAIRMAN. The committee will please come to order. The committee has met this morning to hear any statements which Members of Congress would care to make in regard to the pending legislation relating to the food stamp program, or the general farm program.

The Chair has a statement from Charles E. Bennett of Florida. I thought he had intended to appear in person to present his statement.

Mr. BLACK. That is what I understood, Mr. Chairman.

The CHAIRMAN. But if he does not—did you understand that Mr. Bennett wanted to insert this in the record?

Mrs. GALLAGHER. No, sir, I understood that he wanted to appear personally. He said he did.

The CHAIRMAN. I understood that he wanted to appear personally, but he is not here. Is there anyone else who wants to appear? Is there anyone else who cares to make a statement to the committee?

Here is Mr. Bennett now. Good morning.

STATEMENT OF HON. CHARLES E. BENNETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. BENNETT. Good morning, sir.

The CHAIRMAN. Mr. Bennett, we are glad to have you with us and and we are delighted to hear from you, and delighted to have your statement.

Mr. BENNETT. Thank you very much, Mr. Chairman.

Mr. Chairman these hearings are among the most important in the Congress I believe and I congratulate you and the members of this

significant committee on its contribution to stamp out hunger in America.

I appreciate this opportunity to appear.

I have a bill H. R. 11583, pending before the committee which would eliminate all of the serious hunger cases in the United States and would do the job as economically as possible.

Last year I introduced legislation which attempted to accomplish this narrow but important objective. The thrust of my bill was included in the 1969 Agriculture Appropriations Act as a legislative rider on an appropriations act, Public Law 90-463. It is carried under the heading "Removal of Surplus Agricultural Commodities (Sec. 32);" in subparagraph 4 of that act.

This rider on an appropriations act authorizes the Secretary of Agriculture to feed needy persons suffering from continued hunger through no fault of their own, wherever he may find them.

The bill I have introduced this year, H. R. 11583, makes the same provisions but does not do it on a temporary appropriations rider basis; and I am hopeful the committee will approve this legislation now before it (H. R. 11583). The Agriculture Committee has the jurisdiction to legislate in this field, which the Appropriations Committee does not; and it seems appropriate that your committee take this legislation under its active control by the measure I have introduced.

I regret to say that the program which was authorized by this legislation rider was apparently not used at all during the past year.

The funds were just channeled to other food programs. The hearings in the House on this are to be found on page 172 of part V of Department of Agriculture appropriations hearings for 1960.

Perhaps the Department was reluctant to use this program because of the fact that it was only a rider, rather than a provision of permanent law.

By making this program permanent legislation, the Secretary, and State and local welfare agencies, can plan an efficient program and know that the program will not be immediately ended whenever any Member of Congress chooses to raise a point of order against it.

It should be a principle of our Government that when needy persons suffer in our land from continued hunger through no fault of their own, they should be fed, regardless of whether the area involved is under the food stamp program or a system of direct food distribution. This is what my bill would do as an ongoing program.

We are currently spending well over \$10 billion annually on welfare relief of poverty and free food programs, and what we must now do is make sure that, despite these tremendous programs, no children or others starve to death in America through no fault of their own.

My legislation would assure that this would not happen. The other legislative enactments do not give us this assurance despite their much greater expenditures.

Recently it was discovered that an individual's mental ability could be destroyed forever, as a result of being deprived of certain foods in the early years of life. By age four, doctors report 90 percent of a child's brain capacity has been developed.

It is important that no child go without food. Congress has an obligation to provide programs that assure that where a person is without fault, such as a child, he shall not suffer from hunger. A

laser-like narrow approach is needed to solve the serious hunger problem in America. The responsibility needs to be definitely placed with the Secretary.

Mr. Chairman, I am hopeful the committee can make this program permanent legislation so that the Secretary of Agriculture and the State and local welfare boards can seek out the needy hungry in our country and see that they do not suffer from continued hunger from which they suffer through no fault of their own. In many cases, such people are probably children of the very ignorant or perhaps even of the insane; but this is all the more reason they should be identified and helped. They should not suffer because of the fault or tragedies of their parents.

Now, by way of impromptu summary, when the revelations which have been proved to be somewhat exaggerated or substantially exaggerated with regard to hunger in this country came before us a year or so ago, in the national media, I realized that we already had programs costing billions of dollars in the field of trying to bring about an assuagement of hunger in our country, and to me it was a shocking thing that in view of this tremendous expenditure that our country was making and the great bureaucracies set up to handle this sort of situation, there was nobody told to find who was starving to death of hunger, and to end it. There was nobody directed to find those people, and nobody directed to feed them.

As of this moment there still is not, except for this rider on the appropriations bill which has apparently not been used for the purpose outlined.

I introduced, promptly, legislation to make it the responsibility of the executive branch of the Government to find out where somebody is actually starving to death from hunger, through no fault of their own, and feed them, just as simple as that, a program which would probably cost a very few millions, if that much, a year. The number of people must be very, very small, indeed; and probably in most cases they are children of very, very ignorant people, or perhaps even insane people.

This should not be allowed to be a continuing possibility. This sort of thing can be brought up again in our country, to destroy the image of our country; and it is such a small, minuscule program which I am asking for. But it is an important program.

Since it was put on as a rider on the appropriations bill, and since the words of this have been approved by Congress, this year, instead of taking my original bill, I took the words of the rider which has already been approved by Congress. That is the bill before you now. It says that the Secretary of Agriculture shall find where the people are that are in serious hunger situations and shall see to it that they are fed.

Now, of course, the Secretary of Agriculture supervises many of the programs we now have, but there is nobody, in the absence of this legislation, who is today required to find the people who are in serious hunger situations and see to it that they are fed. It is a dangerous thing from the standpoint of our country to allow the possibility of people dying from hunger in our country to continue, without somebody having the responsibility whom we can approach and say, well, now, here is somebody that died of hunger, why did you not

have a way to find this person out and do something about it. Absent the legislation I am testifying for today, there is nobody in the Federal Government who has this responsibility.

Therefore, I sincerely hope that this program which I have suggested in this very brief bill, a very inexpensive type of legislation, will be enacted to protect our country against such undue and improper criticism and to protect the people who are actually very hungry, without fault of their own, and protect them in our country against starvation and hunger.

The CHAIRMAN. We appreciate your statement and we are always delighted to have you come and talk with us, and we appreciate the interest you are taking in this problem. I think there is a problem here that is worthy of our consideration, and I think you are to be congratulated for bringing it forth in a specific form.

Frankly, I felt the Appropriations Committee was making a mistake in the way they handled this. I therefore obviously think you are making a mistake in the way you are handling it in taking this money out of section 32 funds, I have no objection to the program, but I don't like these raids on section 32.

Mr. BENNETT. Well, I am just trying to follow what Congress has already done.

The CHAIRMAN. I understand.

Mr. BENNETT. My original bill did not do this.

The CHAIRMAN. I understand why you are doing it, but I merely want to point out that when we make another raid on section 32 funds, and we did yesterday to the tune of \$100 million, and only two of the members of this committee voted against it. We took \$100 million out of section 32 funds, which I think is the bulwark of our farm program for a great many commodities, specifically the perishable commodities fruits, vegetables, and milk. They are basically dependent on section 32, and I think it is a good, sound section, and nobody has gotten up and challenged section 32 directly. There have been these indirect attacks on it and you completely destroy the validity of section 32 by just continuing this kind of an approach to get money.

Mr. BENNETT. I know that the next thing I say will appeal to you very much, and that is that when I originally drafted this legislation it did not come before your committee, and one of the reasons why I attacked this particular fund was because it was in the rider, but there was another reason—I wanted your committee to have jurisdiction because this is the committee where this should come from, and by amending that particular act this bill came before your committee, which it did not do when I first introduced this legislation. I have forgotten what committee it went to before, but it did not come before your committee. I have no objection to where you get the money. I would say what you did yesterday from this same fund would finance my bill for 100 years—\$100 million. In my opinion, this program right here today will not cost you \$1 million a year. What Congress did yesterday, in an off afternoon with most of the members of this committee voting for it, will cost what it would take my legislation a century to use up. But, I do not care where the funds come from, I would rather have them come from the general appropriations, actually, but I did this so that your committee would have jurisdiction.

Now, you have jurisdiction and you can amend it to come from some other funds, like general funds, if you desire to do so.

The CHAIRMAN. Well, I am glad that you agree that the money should come from the general fund. I think it is well worth while to maintain the integrity of section 32 funds if we have any intention of maintaining a farm program other than merely for the basic commodities. I recognize section 32 gives no protection to cotton or wheat or corn. They get their support out of special commodity programs. But, section 32 is the basic support for a great many of the smaller commodities in the United States. My people are not primarily interested in this, but I propose to try to protect that fund.

I agree with your objective.

Mr. BENNETT. The main objective of this legislation is to put on the back of some particular official in the Federal Government the responsibility to find out who, in fact, is dying from hunger in our country and to feed them.

Now, of course, as to how they are fed, they probably are not going to be fed out of general funds anyway, but those who are found will probably in most cases be fed out of other existing programs like the welfare program or something like that.

In some children of ignorant or deranged parents this could happen, but the thing I am trying to do is to see to it that it never happens and that there is a specific official that has the responsibility to see that it never happens.

Now, outside of administrative activity, my guess is there would not be very many funds actually required to feed these people because there are probably enough programs already where the money could come from and the food come from. What I am really mostly interested in is the administrative responsibility, so if you find out that somebody died from hunger in the United States you could go to the Secretary of Agriculture and say why is he dying, why did they die, why did you not find them, and gradually we would see to it that nobody would.

That is the objective of this legislation.

The CHAIRMAN. Well, I appreciate the interest you have shown and your diligence in bringing it to us.

I wonder if there are any questions of Mr. Bennett?

Yes, Mr. Kleppe.

Mr. KLEPPE. Mr. Chairman, Congressman Bennett, I am very interested in this statement you make about the Secretary having the responsibility of finding the people that are hungry and are going to die or do die, or something. Have you had any thoughts about how this might come about? Are we going to, is he supposed to use the regular welfare channels to determine who is, in fact, hungry?

Mr. BENNETT. Well, as the Secretary of one of the largest departments in our country I would think that he would want to do this as economically and as efficiently as he could, and it is my guess that he would delegate this thing down through the State welfare agencies.

In other words, my guess is there would be some kind of a setup established in every State.

Mr. KLEPPE. That is exactly my point right now. If this were going to be done in a welfare setup per se, it could take care of that acute problem that you refer to.

Mr. BENNETT. Well, I introduced legislation to give the Secretary of Health, Education, and Welfare this responsibility, but that Secretary has never acted on the legislation, and I have not had hearings on the legislation. I do not care which Secretary does it.

Mr. KLEPPE. The only reason for my question is that unless there is another avenue of determining exactly who is hungry, we probably would not accomplish very much by it.

Mr. BENNETT. Well, my original thought was that the Secretary of Health, Education, and Welfare ought to do it but you know, here in Congress we cannot always get hearings on everything we want to get hearings on, and we cannot get the Department to look at your proposition, and so your committee was willing, your chairman was willing to give me a day in court on this, and I would rather have the Secretary of Agriculture do it and have it done, than wait for 10 or 15 years to have the Secretary of Health, Education, and Welfare to make a report on the bill and never have it done in the meantime. In other words, I am anxious to get the work done. I do not care who does it, and I think the Secretary of Agriculture could do it without hardly even knowing he is doing it. I think it would take a minimum of activity.

Mr. KLEPPE. Well, specifically, your bill does not make any particular provision for seeking out these hungry people, other than present methods and it does leave the responsibility within the hands of the Secretary; is that correct?

Mr. BENNETT. My original bill did go into this sort of detail but, you know, I analyzed the rider that was put on the appropriation bill, and the rider that was put on the appropriation bill gives every bit of authority to set up everything that wants to be done by regulation by the Secretary himself. It leaves it a rather flexible situation. I did not draw my original legislation that way, but that is the way the rider on the appropriations bill is, and the power is there. The power is there to do it and the Secretary—just as the Secretary of Agriculture wants to do it under his own regulations.

I did have such criteria and such direction in the bill which I originally introduced, but I cannot get a hearing on that bill, and I am having a hearing on this one, which is just putting into permanent type legislation a rider on an appropriations bill which is absolutely capable of accomplishing all of the objectives. The only thing wrong about it from the legislative standpoint is that it leaves up to the Secretary all of the details that you are not asking about.

But, I did not think they were good things to leave out. My original legislation went into such details and directed him to get in touch with the Department of Welfare in each State and to rely heavily upon them for the type of activity which would be forthcoming.

The CHAIRMAN. Mrs. May.

Mrs. MAY. One comment and one question, Congressman Bennett. I deeply am sympathetic with your approach, and at the same time I agree completely with the Chairman about further raiding of section 32 funds, and I appreciate that you are anxious to get the job done, no matter where the money comes from.

Now, to follow up the questioning from Congressman Kleppe, do you not think that when it comes to administering the responsibility

within the executive branch that this almost has to be a joint responsibility of HEW and the Department of Agriculture? Each Department using its full facilities for the big job of identification?

Mr. BENNETT. The answer to that question is certainly yes.

Mrs. MAY. I think that food will be forthcoming once we have found the person, who under the circumstances that you describe is for one reason or another, actually starving. We have food programs ongoing and welfare programs, but our big problem is to identify where the actual hunger exists, whether it is an Indian reservation or in the big city. The Department of Agriculture is administering one program, the food stamp, and HEW has several welfare programs in all States, so the responsibility must be a joint one. From what I know about the administration's development of their hunger and malnutrition program, they have been working closely together, the Secretary of HEW and the Secretary of Agriculture.

I think that this is something that we in Congress could pinpoint, maybe, and write into the legislation at the proper place, and discuss it with them, and not wait, but getting the show on the road immediately and show our interest in it.

But, I do not think that it can be done as quickly or as widely or as competently unless you require both of these agencies to take joint responsibility.

Mr. BENNETT. I certainly agree. Of course, we all know in our own staffs if we get two people to draft a bill it takes twice as long to get it out as if you take only one man. In other words, I do not now assign two people to have the same responsibility because my experience has been that it does not get done.

So, I think that either the Secretary of Health, Education, and Welfare or the Secretary of Agriculture should have a responsibility or the President should. The only way to do it otherwise is to have the President have the responsibility. We are a little remote in Congress to put the feet to the fire of the President, so I think that it has to be either the Secretary of Agriculture or the Secretary of Health, Education, and Welfare. It was originally my desire to have it the Secretary of Health, Education, and Welfare because most of the personnel involved would be people under his Department. But, I was not able to get a hearing on that bill, and in the meantime the appropriations bill ran with a rider, which is a good rider. It will do everything we need to do. With that rider as permanent law there would be no necessity for any additional legislation at all.

Now, my bill is the same wording as the rider and it will do everything you want to do, and it will put in the hands of the Secretary of Agriculture this responsibility. The reason I am doing it with the Secretary of Agriculture is because your fine chairman was interested in doing what was needed to be done in this field. He did not want to waste Federal funds and he does not want to attack a program like the 32 program. He just wanted to see to it that in the few instances that this sort of thing occurs, if any, that it can never occur again, and that somebody in the Government has the responsibility to see that it does not occur.

Right now there is nobody in the Federal Government who has the responsibility to see that it does not occur. There is nobody you can to

and say now, why did this happen, how could it happen. There is nobody in the Federal Government that has that responsibility. Therefore, I would not want to have two secretaries do this, I would want to have one secretary do it and I do not care which one, but it ought to be one or the other.

This is why I have brought this before you today and I think it would be a very inexpensive program. I guess it would cost less than \$1 million a year.

Mrs. MAY. Well, I think we are all on the same wave length, Congressman Bennett, and I quite agree that there should be original responsibility, but there is plenty of precedent in other programs and laws where we can designate joint effort, single responsibility but joint effort, and I think that would not be hard to accomplish.

Mr. BENNETT. I think that is a good idea.

The CHAIRMAN. Are there any further questions of Mr. Bennett?

Mr. MYERS. Mr. Chairman.

The CHAIRMAN. Yes, Mr. Myers.

Mr. MYERS. I think we are all certainly concerned about getting the job done but I am interested in knowing what you want the Secretary to have as a mandate, the welfare agencies or whatever agency it might be, but how is he going to get this done? If they have not done it up to now, what authority does he have to cause them to do it?

Mr. BENNETT. Well, if I were the President or the Secretary of any department that had any remote connection with this problem I would have done it a long time ago. I would have contacted all of the welfare top echelon administrators, one for every State, and told each one of these that we must see to it that this does not happen.

If the Secretary does not get cooperation then he would have to have some Federal agent attempt to find this out from the existing welfare agencies, who ought to know.

The State welfare agencies should know who might starve to death. Certainly in the big cities they know where they do. In other words, they know where there is a situation where there is an old man and a little child or something like this that is not really taken care of. They know where this is, and they could take care of it, and I think in the rural areas they would, as well.

The Agricultural Extension Service might be the agency in the rural areas, but I do not think there is any lack of ability to find people in both Federal and State government sufficiently localized to do this.

Now, I have not set all this out. I did in my original legislation. My original legislation was a detailed type of bill, but I could not get hearings on it. I could not get reports on the bill, and so I have taken this laser-like approach which will do everything you want to do.

The only thing that can be criticized about it is that it leaves up to the Secretary of Agriculture how he is going to run it. But, if I were Secretary of Agriculture, the first thing I would do, I would get in touch with every welfare chief executive in every State and say this is the law that I have to administer and what is your idea on how it ought to be administered. He would come back with an idea of how it could be done in his State, and probably it would not be

real complicated because they are supposed to be looking after this general thing. There just is not anybody in the Federal Government that has pinpointed upon him the responsibility to see that nobody starves to death in the United States, and to see to it that they are fed.

I do not think there is any need for great funds in this because I think existing programs could take care of most of this feeding, but he has got to find them, and I do not think this is difficult to do. I think that the welfare agencies we have already could do this.

Mr. MYERS. Well, I assume you have contacted HEW?

Mr. BENNETT. I have contacted them repeatedly but they will not come out with their report.

Mr. MYERS. They will not tell you what they are doing now?

Mr. BENNETT. Oh, they are doing lots of things in this area. Do you know when the Secretary of Agriculture was asked, rather his representative before the Appropriations Committee, what they did under this rider, do you know what he said? He said they used millions of dollars to do things that we already have other laws on. Here is what was said:

Mr. HULL. In the bill for fiscal year 1969, Congress added \$50 million to meet this need—\$5 million to school lunch programs and \$45 under section 32 funds to enable the Secretary to feed starving people wherever we might find them regardless of whether or not in a county participating in the food stamp program. Please give us a full description of the use of this \$45 million special fund.

You see, this \$45 million is not just for this program, it is for a lot of other programs, too, but it could be used entirely for this program.

Now, Mr. Davis answers:

Yes, sir. This year we plan to use approximately \$33.6 million out of the \$45 million to provide additional free lunches approximately \$3 million to provide additional breakfasts, and approximately \$6.4 million for equipment. That is to provide food service equipment to schools which otherwise would not be able to serve all the children or else have no equipment at all.

One million dollars is being used for the special packages in food stamp areas which I pointed out previously, and \$941,000 is being used to help cover the State administrative costs in reaching these additional children. This is a total of \$44,941,000.

Well, they succeeded in spending the whole \$45 million, all right, but they did not do anything about this program, not a thing, there was nobody who made any effort whatsoever to find out if people were starving to death of hunger in this country, no effort was made at all. They spent the money, all right, but they did not spend it for what the rider was supposed to do.

Mr. HULL. How much have you allocated to child to child feeding programs under subsection A of the law?

Mr. DAVIS. \$43,941,000. All but the \$1 million for the supplemental food package. The State administrative funds are to be used in furthering the child feeding programs.

Mr. HULL. In how many instances have you found hunger, Mr. Davis?

That really shook him because he said, Mr. Davis said, "Mr. Hull, I am not quite sure I understand your question."

He did not even understand the rider. He did not understand what it was designed to do.

We have provided the supplemental food packages in a number of food stamp areas and we will probably reach a total of 175,000 to 179,000 mothers and children, in both food stamp and commodity distribution areas.

End of discussion, so they never got the point at all, and they never even understood what the rider was about. What I am trying to do now is trying to get the rider to be an effective piece of legislation, which it can be. There is nothing wrong with what the rider says. They in the department just did not even understand it. They used the money that came under that rider to bolster up existing programs they already had.

Mr. MYERS. That is what concerns me now. I do not have a copy of your bill, but I do not know how you are going to do something that they already should be doing.

Mr. BENNETT. No, there is nobody in the Government that has the responsibility, not even in HEW, to find out where people are dying of hunger in this country. Nobody has that responsibility.

Mr. MYERS. Now, the Secretary was in the other day asking for authority to spend \$610 million, or he is going to request authority—

Mr. BENNETT. He might ask for a billion.

Mr. MYERS. For food stamps—

Mr. BENNETT. Why, of course. We have program after program. They are running out of our ears, billions and billions of dollars. It is not small money, it is big money, but what is it all about? Are they eventually going to raise everybody's protein content and all other kinds of content in this country, a massive program? This measure of mine is a simple program that sees that nobody starves to death in this country. Those massive programs will not touch this program. The people will still starve to death under those massive programs and there even could be more people starve to death. Your national protein content might be better, but there would still be people starving in the Navajo villages. I am trying to give someone the responsibility to find those people that are starving to death in this country. There are probably on a handful of them. There are probably a good many of them that are children of ignorant or deranged parents, but they ought to be found.

Nobody ought to starve to death in this country, and I am infuriated about it. I just do not think a great country like ours should allow this; and yet we are doing it. We proliferate the statute books with billions of dollars of expenditures. For what? To give away things through the produce program or the food stamp program, or the general welfare program. There is nobody responsible under those paragraphs to see to it that nobody starves to death. There is responsibility in those programs to distribute whatever billions of dollars you give to the people who come in and apply for the funds and they are going to get food.

But, we are talking mostly about infants. They have no ability to go in and apply for food. How is a 4- or 5-year-old child going to come in and apply for food? There is no way to do this.

They have no way of doing this. How is a Navajo child going to come in to the Great White Father? His parents are the same way in many cases.

Mr. MYERS. Well, I think if you can do that for \$1 million, we had better make him the secretary of that department.

Mr. BENNETT. I have already got a job.

Mr. MYERS. For a million dollars, I do not know how—it seems to me that we are going to have to go out and spoon feed them.

Mr. BENNETT. This is a question of administrative, executive responsibility. Certainly when the Federal Government spends billions of dollars in States throughout the Union, the Secretary is going to be able to get back an intelligent response from the head man in each State who has the welfare agency in the State, telling how he is going to help the Secretary of Agriculture or the Secretary of HEW to accomplish this objective. Every one of these men is going to do that, they are going to set up some kind of a program but fixing the responsibility is all I am seeking, the responsibility on somebody's shoulders to do this.

I am not suggesting that the Secretary of Agriculture should have a program to build everybody's protein content or everybody's vitamin content, or anything like that, I am just suggesting that people do not starve to death in this great country of ours and that the responsibility to prevent this is pinpointed by law.

That is all I am suggesting.

Mr. MYERS. I want to ask you for a definition of starving. Do you mean a lack of food or nutrition, malnutrition?

Mr. BENNETT. I mean primarily lack of food. I think you could have a very bizarre situation where you have quantities of food that were very much off in nutritional value, but this is a rare situation. When most people starve to death it would not be just because of the lack of a particular type of content in their food.

I think that sometimes we overdo some of this stuff on content. I know my kids have all outgrown the beds that came down to us from their grandfathers. I just do not really know why there is any great benefit about a child growing up to be 6 feet 7 inches instead of just an even 6. And I kind of think that we press this food content thing too far, and it is not my purpose to get into this sort of thing, at all.

My purpose is simply to find out where people starve to death. You know, of course, there may be some definitional problems here, and I am sure that any agency is likely to make this program a lot bigger than I have in mind. I am sure that is so and there is nothing I can do to stop that. That is just a part of life. I do think that somebody in the Federal Government ought to have the responsibility to find out what children do actually die, where they are, and how to evade it and do something about it, not just study it, but do something about it, see to it that they get food, and I think there are programs enough on our statute books to get the food. In other words, I think there is enough flexibility in the law right now that you probably would not actually have to get a dollar for any mouthful of food. You probably could get the dollars for the mouthfuls of food out of other programs. But, whatever you spend in this program would be primarily administrative. I do not think that it takes any great genius to set this up when you have 50 high-class men, one in every State, heading the State welfare program.

If they do not know where people could die in their State from lack of food, I think they ought to be fired, every cotton-pickin' one of them, if that is the situation. I do not think it is the situation. I think they are dedicated, fine men and they can find it out for you.

Mr. MYERS. But your bill eliminates duplication of agencies trying to do the same job, and if so, I certainly would support it.

One last question, the same question Mr. Hull asked Mr. Davis—

Mr. BENNETT. I would not say—I would not say that my bill eliminates any duplication. I would like to say that it does, but I do not really believe that is its purpose.

Mr. MYERS. It seems like that might be part of the problem.

Mr. BENNETT. Its purpose is to see to it that with all of these billions of dollars of health and food programs we actually feed the people that are starving to death, and that we do not now do.

So, I do not know that it eliminates duplication.

Mr. MYERS. In the appropriations area Mr. Hull asked Mr. Davis from the Secretary's office, I guess, how many people he knew of who starved. How many do you know who have starved?

Mr. BENNETT. I think from what I have read and the criticism of the program on CBS which indicated that quite a few were starving, there probably are about a score that have starved to death.

Mr. MYERS. That is hearsay.

Mr. BENNETT. Well, I myself, am not an authority on that. I do not take any junkets of any kind and I never have, and this is my 21st year in Congress. I did not come to Congress to be an investigator in that sense of the word. I think that we have to be legislators here.

Mr. MYERS. I am just trying to know if you had knowledge of any. I am not being critical.

Mr. BENNETT. Well, I do not know, myself, of anybody. If I knew I would feed them myself, if I knew of such. I used to practice law before I came here, and I used to be a probate type lawyer, and I must say that I did have instances where I had some rather bizarre clients and knew of other bizarre clients, people who were very strange people, and I remember one case particularly.

I think I remember one adult who probably starved to death, with many dollars in assets. So, this person had just gradually grown inwardly and I guess it was partly a mental problem.

Mr. MYERS. All of the bills in the world would not have stopped this, would it?

Mr. BENNETT. Yes, this program would stop that, it would be the responsibility of the welfare agency to know. I believe in the instance I referred to that a welfare agent could have found a way to encourage this particular old lady to have had a better diet.

There are not many such cases, but to say there are no such cases is to tell an untruth.

I also think it is true among some Indians. There are not many Indians in Florida, but there are several hundred. There is not a great push on the part of these people to take part in all of the programs which might be of assistance to them, and sometime I think the children of Indians do suffer in this country. Conceivably, this happens in the ghettos. I do not know whether it does or not. I do not think very often, but I think that it might happen because there are a great many people in the ghettos whether in the North or South, where the parents are not readily identifiable, either male or female.

When there are children of this type, remote from paternal supervision, a thing like this could happen by indifference because who has the responsibility, you see. I think this is the sort of thing that ought to be solved. I think it is a tiny program, but I think it is horrendous

that we let the problem continue to exist, that people can starve to death in this country.

To just say, oh, well, these people are crazy, or these people are creeps, or these people have got bad character, or these people are ignorant, this is no answer at all. This is America and nobody ought to starve to death in this country. Little children cannot make the decision of whether their parents are going to be bright or not.

As a matter of fact, as I say in my testimony, and as I am sure you know, that people can actually be permanently made insane because of their diet in the first 4 or 5 years, people who otherwise would be perfectly bright. In fact, I know of one such man. I know a man who is 22 years of age who never learned to read and write and never will. He comes from affluent parents but they did not know to give him the diet he needed, and I guess they gave him every kind of diet they knew to do, but they did not give him the diet he actually needed and as a result he has never been able to read and write.

He would have been a perfectly bright individual. His parents were very bright, very kind and very affluent, and very, very able.

Mr. MYERS. Thank you.

The CHAIRMAN. Thank you, Mr. Myers. Are there any other questions?

Mr. MATHIAS. Mr. Chairman.

The CHAIRMAN. Mr. Mathias.

Mr. MATHIAS. Mr. Bennett, the idea behind the bill is to find out after a child dies?

Mr. BENNETT. No, before. The proposed law says they have got to find them and feed them so that they do not die. The intense hunger situation is what my bill is designed to get at. It is not to raise the protein content of our American school children or something like that.

Mr. MATHIAS. Some time you have made mention about children on the Indian reservations dying, and finding out why the children die, and then you say when they do die, then we can find out what causes that?

Mr. BENNETT. We are not trying to just find out what happens. My bill says to provide, either directly or through a State or local welfare agency an adequate diet to needy children and low-income persons determined by the Secretary of Agriculture to be suffering, through no fault of their own, from general and continued hunger resulting from insufficient food.

That is all there is to it.

Now, this is something that Congress has passed. It is in a rider, but the Secretary of Agriculture does not understand it because all he is doing is using, for other programs, the money under the rider. He is using \$45 million under it, because that is how much you could spend under the rider last year, and I think it is going up to \$100 million this coming year. But unless he understands the purpose of the order, he still is not going to find people who die of hunger and feed them before they die.

What I want to do is make the Secretary do it. If you pass this law you can get the Secretary of Agriculture in here before you and you can say, well, Congressman Bennett came before us and he urged us to pass this for people who are dying in this country, and you in Agricul-

ture know what he said, now what kind of a program do you have and what have you done under this program?

Not how much money you spent, but whether you have found out whether anybody was dying of hunger and saw to it that they did not die.

Mr. MATHIAS. I know in many Indian reservations they do have health programs and food programs already, and the Government spends a lot of money for this. Also on many reservations they have doctors who are paid by the Government to take care of the health of these Indian people.

Mr. BENNETT. Well, of course, you know that some Indians did die last year from hunger. They did.

Mr. MATHIAS. I did not realize that. Would it not be a lot simpler to write to the Bureau of Indian Affairs a directive saying watch for malnutrition on your reservations?

Mr. BENNETT. Well, why should you just single out Indians? Why should you not take care of this little old lady that I just referred to, or this mass of nomadic children who are in the ghettos who do not have any parents, or the child of a bizarre old man who has lost reality and is taking care of a grandchild, perhaps, and does not really know that they cannot live on one hotdog every 3 weeks.

Mr. MATHIAS. Well, I just mentioned Indians because you mentioned them several times.

Mr. BENNETT. Well, it is a place where I know that people have been certified as having died in the last few years from hunger, in the United States.

But, I do not know that there have been certifications in the ghetto. So my experience as a probate lawyer I would expect that in big cities like New York there are a few every year. I would guess this, both adult and child. I mean, if a town the size of Jacksonville can produce one every once in a while I would think that New York City produces them every year.

Mr. MATHIAS. That is all I have, Mr. Chairman.

Mr. ABERNETHY. One question, Mr. Chairman.

The CHAIRMAN. Yes, Mr. Abernethy.

Mr. ABERNETHY. Mr. Bennett, have you made inquiry through the Bureau of Vital Statistics to determine how many cases annually are certified as having reached or died as a result of starvation?

Mr. BENNETT. No, sir; I have not. My staff may have, but I do not know, myself.

Mr. ABERNETHY. Do you know whether or not people have been certified as having starved to death?

Mr. BENNETT. My understanding is that they have.

Mr. ABERNETHY. You say your "understanding is." Now, where did you get that information, if you did not get it from the Bureau of Vital Statistics?

Mr. BENNETT. Well, I do not remember. You see, I have been working on this about 10 years and I did not know until I think yesterday afternoon or something like that that I was going to have the opportunity to appear here.

So, I have not brushed up. My own committee was meeting when I was called here. In other words, my committee went in at 9:30 and I am chairman of the Sea Power Subcommittee and I have got other

things besides hunger on my mind. So, I just do not know categorically, and I can furnish it for the record but I cannot off the top of my head tell you the number. I think the number of people that have starved to death in this country in any 1 year is probably less than 20 by certification, but the fact that anybody starves to death in this country is pretty horrendous to me.

Mr. ABERNETHY. I thoroughly agree with you, but what I am trying to find out is where these people are.

Mr. BENNETT. Well, I have indicated some places. There is no doubt at all that some Indians have died of starvation in this country and have been so certified in the last few years. Some have, and particularly in the Navajos, I think.

Mr. ABERNETHY. Where did that take place?

Mr. BENNETT. Well, wherever the Navajos are, somewhere out West.

Mr. ABERNETHY. That is all.

Mr. BENNETT. The Navajos apparently are the most deprived of all of the Indians. Now, it is not because there are not programs for the Navajos.

Mr. ABERNETHY. What you say may be true and I am not saying it is not true. If it is true, the Indian Bureau ought to be abolished.

Mr. BENNETT. Well, I am not an authority on whether anything ought to be abolished. I am just trying to get something established to take care of these people that are hungry. I am not picking any fights with anybody; I am in no position to pick a fight.

Mr. ABERNETHY. That is one of the objectives, as I understand, of the Indian Bureau, and it is one of the oldest bureaus in the Federal Government. If some of their wards out there are dying from starvation we ought to abolish the Bureau.

Mr. BENNETT. Of course, not all Indians are wards. I do not know if you know that.

Mr. ABERNETHY. Well, they are not all wards——

Mr. BENNETT. Well, the Indians in Florida are not wards of the Federal Government.

Mr. ABERNETHY. Well, they are all wards under the supervision——

Mr. BENNETT. They are not. The Indians in Florida are not under the supervision of the Great White Father. They never signed a peace treaty.

Mr. ABERNETHY. They are still fighting?

Mr. BENNETT. Just like some of us other folks.

The CHAIRMAN. Are there any other questions of Mr. Bennett? If not, Mr. Bennett, we are very much obliged to you. We appreciate your appearance, and it seems to me that what you presented is exactly what this committee has sought to do for a good long time. We have sought to find these starving people. This committee made a survey last year and we could not find starving people. We do not say that there are no starving people in the United States, but our study convinced us that there was no such large body of starving people as a good many of the newspapers reported and as a number of our colleagues cried about on the floor. We could not find them.

Frankly, I would like very much to see some agency of the Government given the specific direction to find them. If they are there, we

want to see them, but we are tired of feeding these newspaper ghosts, these people who do not exist, these people who nobody can put a name on, or a face. We are tired of appropriating money to feed something that does not exist. If there are starving people, I believe every member of this committee wants to feed them, and now I am glad to see you trying to identify those people and trying to give somebody the responsibility for identifying those people. I would like very much to have a statement from the Secretary of Agriculture that there were or were not so many starving people in Mississippi.

Let us see the names and the faces, and I think you have got a good proposal.

This House did approve, and most of the members here have voted for this wording. It is in the appropriations bill. The only criticism I find of it and I found it at that time, I still think that it should be changed so that it will not be a threat to what I think is a fundamentally sound agricultural program.

Mr. BENNETT. I agree 100 percent with that. You amend the bill and make it any way you want to. I just want to take care of the hungry people.

The CHAIRMAN. Well, thank you, Mr. Bennett; we appreciate your testimony.

Mr. BENNETT. Thank you very much.

The CHAIRMAN. Now, is there anyone else here this morning who wants to be heard, either on the food stamp or the general agricultural bill? Or any part of it?

If there is anyone else who wants to be heard, we want you to be heard now, and we do not want you to come back 4 weeks from now and say that you were denied the opportunity to be heard. This committee is sitting, this court is in session, and as the Federal court would say, all of you who have business before this court draw nigh and be heard.

I am getting a little tired of seeing statements put in the record about how Members cannot get hearings from this committee. We are open every day, glad to hear witnesses, and the same people do not come to be heard, and then insert something in the record about how they wanted to be heard.

I am just getting tired of that. I want these people who say that they want to be heard to come up here and speak out. This is a public hearing.

We want you to, if you are serious about it, we want you to speak out, and subject yourself to questions, as Mr. Bennett has done.

Now, is there anybody here, I want the record to show. If there is not, let the record show that nobody answered that they wanted to be heard.

Mr. MAYNE. Mr. Chairman.

The CHAIRMAN. Yes, sir, Mr. Mayne.

Mr. MAYNE. I have a written statement from Congressman Schwenkel that I would like to submit.

The CHAIRMAN. We will be glad to insert it and make it a part of the record. I have a statement here from Congressman Camp, who wants it inserted, and without objection they will both be inserted in the record.

(The statements referred to follow:)

STATEMENT OF HON. FRED SCHWENGEL, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF IOWA

Mr. Chairman and Members of the Committee: I am submitting this statement as a co-sponsor—with my distinguished colleague, Mrs. May, of Washington—of H.R. 12222. This is the Administration's bill to modify the Food Stamp Act and to extend and increase its appropriation authorities.

I appreciate the opportunity to present my views to the Committee.

I do not believe it is necessary to dwell upon the need to combat hunger and serious malnutrition in a country where its farmers are so productive and its commercial marketing system is so efficient. Nor do I believe it necessary to dwell, at length, on the complexities of the problem.

For many families, their food problem is poverty-related. Their incomes simply are not large enough to permit them to buy the kinds and quantities of food needed for even a minimal diet. They need more food purchasing power and they need educational guidance in using their food dollars wisely for good nutrition.

For other families—and, in fact, for many families with moderate or even high incomes—there is need for a more imaginative informational and educational program about the importance of food diets and how to achieve them.

I believe we must place a high priority on programs to effectively combat *poverty-related* hunger and serious malnutrition. There is increasing evidence that the lack of good nutrition in the pre-natal period, and in the first few years of life, can result in retardation that may keep such children in a cycle of poverty throughout their adult lives.

At the same time, I recognize that we need broader programs to help people move out of poverty into self-supporting, productive roles. But, in the meantime, the social costs of poverty-induced hunger and serious malnutrition are so great that we need to insure that our Federal food programs are effectively designed, efficiently operated, and prudently administered.

It is my view that the Food Stamp Program is such a vehicle. One, under which, we can move against poverty-induced poor diets; one that incorporates a very desirable self-help principle; and one that involves a sharing of responsibility among Federal, State, and local governmental units.

I have had the opportunity to observe the Food Stamp Program in operation. A total of 10 counties in my district in Iowa are now participating in the program. Two counties—Scott and Johnson—joined the program in December of 1966. The 9th and 10th counties—Louisa and Muscatine—started to operate in March of this year.

On April, 89 Iowa counties were operating food stamp programs. A total of 47,700 people purchased food stamps that month in Iowa. Those people invested about \$626,000 of their own money in stamps in April and received stamps worth \$953,000.

In other words, on the average, these needy people in Iowa invested one dollar of their own money to receive an additional 50 cents in free stamps.

In my district in Iowa, I know the county Extension people are very active in establishing nutrition education programs for food stamp families. Our county health departments have a homemaker service and the homemaker aides work to help low-income families participate. In some cases, they act as agents for elderly people—they buy the stamps for those who find it hard to get to the issuance office and they even do grocery shopping for them.

The Extension Service and Iowa State University developed a nutrition course for TV. It is called "Families on the Grow." Families can complete a series of questions from a workbook that is provided; mail them to the Extension offices which will review them and return them to the families. Materials on nutrition are also made available in the local offices where the stamps are issued.

While I believe this all represents good, sound, progress—I am also aware that there are needed adjustments to be made in the current program. I believe that H.R. 12222 points the way to these needed changes.

First, the bill would continue the past concept that the program should be progressively expanded—over the period of the next several years. In the meantime, assistance in the form of donated foods would continue to be available for areas not in food stamps.

Second, the bill continues the program as a basic responsibility of Federal, State and local governmental agencies. I was very pleased to hear Secretary Hardin place such emphasis on State and local participation. I heartily concur

in his belief that programs cannot be adjusted to local needs if local governments do not share in the responsibility.

Third, I think it is clear, also, that a number of deserving families have not found it possible to participate in the program, because of the high investment now required. In many cases, it takes half, or nearly half, of the families' entire income. I support the bill's provision that would limit the maximum charge to 30 percent of the family's income.

Another provision of the bill would set the value of the stamps a family receives at the amount necessary to buy an adequate diet. Secretary Hardin has indicated that this would be about \$100 a month for a family of four. And, of course, the Secretary has indicated that there will be a stepped-up educational program for food stamp families—to help them get the most nutrition for their food stamp dollars.

The bill also would provide that States shall make provisions for the operation of either a food stamp program or a commodity donation program on a Statewide basis. I do support the view that needy households—no matter where they reside—should be able to obtain food assistance if they are in need of it.

The bill also provides that those in extreme poverty—with a family income of less than about \$30 a month—would receive stamps without a charge. I know that there are varying views about the need for this provision. But, when it is locally determined that a family's income is that low, I believe we should be *absolutely certain* that such a family is the first to be assured of food stamp help. I do not believe that such a provision does really take away from the basic self-help principle of the food stamp approach.

I want to conclude by saying that I know the Committee will give H.R. 12222 its most careful consideration. I urge its prompt consideration so that the States could begin to make the authorized program adjustments at least by early in the next calendar year.

STATEMENT OF HON. JOHN N. HAPPY CAMP, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF OKLAHOMA

Mr. Chairman, I welcome this opportunity to express myself on behalf of H.R. 12222, a measure which I co-sponsored that would amend the Food Stamp Act of 1964.

Few, if any of us, have ever experienced the gnawing pain of hunger that many Americans feel each and every day of their lives.

National attention has been focused on the plight of our poverty stricken and the severe affects of inadequate diets, especially among the young.

The President has proposed actions to combat malnutrition in America, and in doing so, has made a major commitment to meet the nutritional needs of every American. His proposals deserve our fullest and unqualified support.

For many years this Country has been concerned with hunger in India, Africa and many foreign lands, while starving millions at home went comparatively unnoticed. In the President's words: "The moment is at hand to put an end to hunger in America itself. For all time. It is a moment to act with vigor."

When he took office, the President found that our present food and nutrition programs were not doing the job. He did not seek to place the blame on anyone; he sought answers to why the programs were unworkable. He asked us for a new legislative approach to more effectively use this country's resources, both private and government. The President proposes a great crusade to banish hunger from our land and deliver on commitments made decades ago.

I am proud to co-sponsor the President's proposal, and I urge my colleagues to devote their immediate attention to respond in a similar manner. Let us work together with the hope that America, the land of plenty, will no longer have so many who have so little. In a land as bountiful as ours, we should not have anyone feeling the gnawing pangs of hunger.

In the words of a newspaper in my Congressional District, "having to go hungry is more than misery—it is an immorality."

The CHAIRMAN. If there is anybody else who wants to insert something, we will insert it. But, in the absence of anybody who wants to be heard or any further insertions, the committee, under previous order, will go into executive session.

The committee will go into executive session.

(Thereupon, at 10:50 a.m., the committee went into executive session.)

GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

TUESDAY, JULY 29, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m., in room 1301, Longworth House Office Building, Hon. W. R. Poage (chairman) presiding.

Present: Representatives Poage, Abernethy, Stubblefield, O'Neal, Foley, de la Garza, Vigorito, Jones, Montgomery, Sisk, Alexander, Burlison, Lowenstein, Jones of Tennessee, Melcher, Belcher, Teague, May, Wampler, Goodling, Miller, Mathias, Mayne, Zwach, Kleppe, Price, Myers, Sebelius, McKneally, Mizell, and Resident Commissioner Córdova.

Also present: Christine S. Gallagher, chief clerk; William C. Black, general counsel; Hyde H. Murray, associate counsel; and L. T. (Tex) Easley, staff consultant.

The CHAIRMAN. The committee will come to order.

We are meeting this morning to further consider general farm legislation, and we are delighted to have the Midcontinent Farmers Association, represented by the president of that organization, Fred V. Heinkel, who has often appeared before us, accompanied by several members of that association. I don't know just who all will want to make a presentation, Mr. Heinkel, but we will be glad to have you take over and present your views and that of the association.

Before we proceed we would like to have Mr. Burlison present the men, some of whom are known to us and some who are not.

I would like to have you present them.

Mr. BURLISON. Thank you, Mr. Chairman.

It is certainly my pleasure to present the officials of a very important organization in my State and in the Midwest.

The Midcontinent Farmers Association, also known as the Missouri Farmers Association—I won't go into the technical distinctions between the organizations—they are basically the same—but they certainly represent what is best in agriculture in my State and in the Midwest.

But their endeavors are not entirely limited to agriculture. I want to just point out an example, Mr. Chairman, of the great public service that this organization has performed in my State. They, for instance, led the charge in contesting the new rules that we have enunciated by the Supreme Court, as to apportionment of our Con-

gress is concerned. Although they lost in that endeavor, they certainly made a tremendous contribution to good government, I think, in the State and in the Nation as well.

It is my pleasure to introduce to the committee, Mr. Fred Heinkel, who is president of the organization. He has with him this morning vice president and expert in the area of feed grains and soybeans, Mr. L. C. Carpenter of Columbia, and chief counsel of the organization and expert in dairy farming, Mr. William Beckett, and also my friend from southeast Missouri who maintains an office in my district, Portageville, Mo., one of the leading authorities in the State and the Nation in the cotton farming industry, Mr. Hilton Bracey.

Mr. Fred Heinkel, at this time we will be pleased to hear from you. The CHAIRMAN. Yes, sir.

STATEMENT OF FRED V. HEINKEL, PRESIDENT, MIDCONTINENT FARMERS ASSOCIATION; ACCOMPANIED BY HILTON BRACEY, L. C. CARPENTER, AND WILLIAM BECKETT

Mr. HEINKEL. Mr. Chairman, Mr. Burlison, members of the committee, my name is Fred V. Heinkel, and I reside in Columbia, Mo. I am president of Midcontinent Farmers Association with headquarters in Columbia, Mo.

Midcontinent has over 162,000 members located in Missouri, Arkansas, Oklahoma, Kansas, Nebraska, Iowa, Illinois and several other States.

Mr. Chairman, and members of the committee, we would like to express our appreciation to you for holding these hearings now, which should permit the enactment of farm and food stamp legislation yet this year.

Only recently 17 farm and commodity organizations met here in Washington and found they were in accord on the extension of the basic features of the Agricultural Act of 1965 and the extension of the food stamp program.

I do not profess to speak for any of these organizations, other than Midcontinent, but am heartened by this unity that exists among farm groups.

We in Midcontinent support H.R. 12430 which would extend the Food and Agriculture Act of 1965 and the food stamp program for 1971 and succeeding years.

The commodity programs, developed and refined over the years, which are a part of this proposed bill, are widely supported by farmers who are members of MFA. In a series of recent meetings held by MFA and attended by 1,300 delegates elected by the membership, 94 percent voted in favor of a continuation of Federal supply-management commodity programs.

Producers throughout the Nation continue to evidence their support of these programs by their participation in them. This year 477,587 farms, with 92 percent of the total national cotton allotment, have voluntarily signed to comply with provisions of the cotton program; 981,153 farms, with 88.7 percent of the total national wheat allotment have voluntarily signed to participate in the wheat program; 1,661,770 farms are participating in the 1969 feed grain program and those

farms account for more than 70 percent of the base feed grain acreage of all farms.

We are convinced that reasonable management of supplies of farm commodities is crucial to the success of any farm program. Effective, orderly production and marketing of a product is a sought after goal of every industry, and is desirable. To produce more than can be efficiently utilized is wasteful of resources, results in low returns to the increments of production—labor, management, capital—and if permitted to continue, creates economic chaos and social revolution within the industry.

Federal farm programs have, to a substantial degree, met national farm policy objectives as originally established and reviewed over the years by Congress. Soil and water resources have been conserved and our land is today highly fertile and productive. Food and fiber are abundant, selection is broad and quality high. Consumer prices are reasonable. Consumers now spend a record low portion of their disposable incomes for food—about 17 percent.

It is because of our efforts in designing programs to accomplish these objectives that we are successfully conserving and improving our agricultural resources, providing an abundance of food and fiber for a smaller part of consumer income than anywhere in the world or any time in history, and are the world's leading exporter of farm commodities.

There is another objective, the achievement of which is vital to the success of national farm policy. And it has been spelled out again and again over the years. That is, that producers receive a fair return for the work, skill and capital they devote to their farm operations.

The suggestions we are making here today pertain directly to this objective, although they also are in keeping with the overall purpose of national farm policy.

In regards to the section of H.R. 12430 pertaining to milk and dairy products, we favor the continuation of the class I base plan with appropriate amendments as contained in H.R. 7996 by Congressman Meeds and the companion bills of Mrs. May, a member of this committee, and Mrs. Hansen.

Mr. Chairman, your committee and the dairy and poultry subcommittee have held extensive hearings on the Meeds amendments and we will not take the time of the committee here to review those, but we do support them because of the need of a permanent class I base plan and the other corrective amendments of the Meeds bill.

I think you understand our views coincide with those of the National Milk Producers Federation on this issue and concur with the testimony of Mr. Gordon Laughlin, who appeared on its behalf before the Subcommittee on Dairy and Poultry on the 5th of May, 1969.

Although the subject of imports is not in a bill before this committee, we do want to reiterate our policy on this matter is that we must earnestly support the consistent enforcement of the import quota program as contained in the spirit of the existing law.

Although not contained in H.R. 12430, or any other pending legislation, we do support an amendment to the Agricultural Act of 1949 to permit an adjustment between the support price of butter fat and nonfat dry milk, so that the support price of butter could be at a dis-

cretionary level, while maintaining totally the support price for manufacturing milk.

Cotton and cotton farmers are plagued with many complex and vexing problems. The farm price of cotton is some 10 to 25 percent below actual production costs—even though efficiencies in production are at an all-time high. Cotton's share of the domestic fiber market is at a record low—about 43 percent in 1968, a year when total fiber consumption was at an all-time high, as compared with 81 percent of the previous high recorded in 1942. Movement of U.S. cotton into world markets is now at its lowest level since 1955—a drop of almost 50 percent of the previous 10-year average. Imports of cotton textiles continue near record levels despite the drastic reductions in price of raw cotton in the domestic market.

As serious as the cotton situation now is, we believe that current trends could be halted and headed toward objectives that would (1) protect farm income on an individual basis, (2) maximize market possibilities, both at home and abroad, and (3) keep program costs within acceptable limits. To stand any chance of success, a new course must permit desirable changes in farm operations on an individual basis by allowing the maximum practical movement of cotton acreage to farmers who want and are prepared to grow cotton. And, by reestablishing and maintaining a workable pricing arrangement in the world market that would hold and increase markets for U.S. cotton. We propose:

(a) Eliminate the requirement for mandatory diversion before permitting voluntary diversion. This requirement, in effect, takes cotton from those wanting to grow it and forces others who want to divert to plant.

(b) Permit sales, lease, or transfer of allotments between farms without regard to counties—and without previous referendums. Cotton acreage should be allowed to move to farmers and areas best suited to cotton production.

(c) Permit farmers to plant up to x percent of their farm allotments without price support benefit—excepting loan eligibility—or penalties. Such a provision would reduce cotton program costs, enhance opportunities for economies in production and provide a way for farmers to stay in the program in the event of payment limitations.

(d) Permit acreage allotment easements on a long-range basis. Costs would be approximately one-half of price support payments on production and could be even less if grazing or other land use were permitted. Also, this would help accomplish desirable shifts in production.

(e) Permit diversion of domestic allotment on short-term basis—annually. It would reduce program costs and give the farmer more latitude in arranging his operation to fit his individual needs and conditions.

(f) Require that adjustments for abnormal conditions reflect full credit for losses in acreage and production due to natural disasters.

(g) Continue the 16-million acre minimum national allotment. Any reductions would encourage both domestic and foreign producers of manmade fibers and foreign producers of cotton to increase their production at the expense of the entire cotton industry in the United States. Even more important, it would be another indirect but serious

blow to cotton farm incomes as payments to farmers are based on the size of each farm's allotment.

(*h*) Continue domestic allotment provisions as in current program. A continuation is needed to provide program stability and to build confidence in the future of domestic cotton production.

(*i*) Continue diversion payments as in current program. Diversion is a key portion of any program to provide income protection and supply management.

(*j*) Continue price support payments. Such payments are necessary to prevent economic chaos in cotton producing areas.

(*k*) Continue authority for substitution of nonsurplus crops on allotted cotton acreage in event of flood, drought or other natural disaster. This authority is essential to the economic well-being of cotton farmers and cotton communities in times of natural disasters such as those experienced during the past few years.

(*l*) Continue requirement that price support payments when added to the loan must reflect at least 65 percent of parity on the projected yield multiplied by the permitted acreage. It should be noted and emphasized that this requirement has no bearing whatsoever on the sales price or movement of cotton into either the domestic or export market. And, without this protection, cotton farm incomes would be at the mercy of pressures to reduce program costs. This requirement is, in fact, the only protection in the 1965 act that the cotton farmer has against further drastic cuts in income levels.

(*m*) Continue requirement that price support and diversion payments be based on projected yields. This requirement not only provides the same treatment for cotton as for other farm commodities it prevents violent fluctuations in income levels to farmers. It is necessary to crop financing and to income stability to farmers.

(*n*) Permit CCC stock of U.S. cotton to be offered in world markets on a competitive-bid basis. To be fully effective, U.S. cotton export policies must recognize and meet fluctuating conditions in the world market which in a great many instances are completely unrelated to normal functions of the domestic market. We urge reactivation of section 203 of the Agricultural Act of 1956 which declares "quantities of cotton shall be sold as will reestablish and maintain the fair historical share of the world market for the U.S. cotton." The so-called one-price system of the current program makes it impossible for U.S. cotton to meet the price competition of foreign production. Without question, the greatest single obstacle to export sales is the requirement that domestic and export prices must be the same—even without any consideration for freight and other costs between domestic and foreign points. A change to a competitive-bid basis is indicated to hold and increase markets for U.S. cotton without further risks to cotton farm income and unreasonable costs to the Government.

(*o*) Encourage voluntary restraints on imports of cotton textile products. As imports of cotton textiles have been greater under the so-called one-price system, it is now clear that the domestic price of raw cotton has no significant bearing on the continuing influx. Even with the price of raw cotton heavily in their favor, domestic textile mills are apparently unable or unwilling to meet the competition of foreign manufacturers. With this fact clearly established and coupled

with the almost complete loss of export markets for U.S. cotton, there appears to be no alternative except to move toward more meaningful voluntary restraints on cotton textile imports.

(p) Permit a national cotton reserve along with a food and feed reserve to meet natural disasters, maintain supply and price stability to both consumers and farmers and prevent the undesirable consequences of "feast-and-famine" production cycles. A reserve is needed to assure customers, both domestic and foreign, that adequate supplies would be available under all foreseeable conditions and prevent switching to manmade fibers because of questionable supplies.

(q) Permit and require that raw cotton textile products be included in all appropriate welfare programs, both domestic and foreign. Inclusion of cotton in the various welfare programs such as the stamp plan, food-for-freedom, commodity assistance programs to schools, et cetera, would, in addition to supplying a basic necessity of life, do more to increase the offtake of cotton than any single possibility available at this time. While we do not hold that adoption of the several recommendations we have presented would solve all the problems of cotton and cotton farmers, we do believe they would be compatible with the current program and move toward the objectives of (1) protecting farm income on an individual basis, (2) maximizing market possibilities, and (3) keeping program costs within acceptable limits.

I might digress just for this comment, that we have gone into these cotton recommendations rather extensively because we have listed here a number of features of the present program that we say individually should be continued, and of course it would be obviously clear that we support H.R. 12430 that we were supporting those, but we listed them individually because we understand there are some people, some groups that would like to abandon some of these features of the present program that we are highly in favor of.

Moving on with the prepared statement, wheatgrowers continue to suffer from extremely low prices. The domestic certificate payment, now a part of the wheat program and which would be extended with passage of H.R. 12430, assures growers of 100 percent parity on wheat used domestically. However, this has not prevented declining prices. In the 3 years the certificate program has been in effect, the blend price—national average market price plus value of the certificate—for those in the program has fallen from \$2.22 in 1966 to \$1.87 in 1967, to \$1.79 in 1968. We urge that a wheat export certificate be created to provide higher income to cooperating producers.

We believe that a voluntary diversion program for soybeans should be included in this bill. Provision should be made to carry out such a program in any year when the combined stocks exceed 150 million bushels as of August 31—or when these stocks exceed 15 percent of the previous year's utilization, whichever is less.

We also believe it would help farmers more efficiently market their products and gain a greater return from their production if market orders were expanded to include additional commodities. Growers of those crops now covered are permitted to vote on whether to establish market orders for their commodities. This privilege should be extended to growers of other commodities.

A consumer-protection food and fiber reserve would establish and maintain a reserve of individual commodities in an amount sufficient

to protect the interests of the Nation. Of course, we now have carry-over supplies of these products. But no program has been established to maintain a proper reserve to protect us in the event of emergency which could either boost demand or sharply reduce production. With such a reserve, a greater accuracy in supply adjustment by commodity programs would be possible. This, then, would permit us to more closely and consistently approach price and income goals.

This reserve would provide that:

1. To the maximum extent practical, reserve stocks of agricultural commodities be maintained under producer control.

2. The reserve level of a commodity for any marketing year be established at a percentage of the estimated export and domestic consumption of the commodity.

3. Whenever, during any marketing year, the uncommitted stocks of wheat, feed grains, cotton, or soybeans owned by Commodity Credit Corporation fall below the reserve level established for such a commodity, CCC should acquire those quantities of the commodity necessary to rebuild the reserve at a purchase price at the prevailing market level.

4. When these commodities have been purchased and placed in the reserve, they must be held in such a manner so as not to affect market prices.

I do want now to comment on that part of H.R. 12430 which deals with food stamp programs. For many years, MFA has supported the principle of food stamp distribution, and we urge the continuation of this program for 1971 and succeeding years. We also favor expanding and improving it in order that it might be of most benefit to all who participate in this program.

We recommend the inclusion of cotton and wool products, with the continuation of the program for an indefinite date.

We insist that the food stamp program continue to be administered by the USDA for the reasons so ably set out by Congresswoman Sullivan in her presentation to the House on April 1, 1969. She said then:

The food stamp program was placed in Agriculture because its purpose is to increase the consumption of food by low-income families at less cost to the government than the cost of removing surplus food from the market, processing it into storable form—powdered milk, powdered eggs, dried beans, peanut butter, and so forth—and then giving it away. It is infinitely better to enable poor families to buy fresh milk, fresh eggs, fresh fruits, and vegetables, and fresh meats than for the Government to buy up these products under price support, process them, and give them out in far less appetizing or nourishing form. And the food stamp program, as I see it, is far cheaper than the direct distribution program. But hand in hand with giving people an opportunity to buy a better diet goes the necessity to help many families to spend their food coupons—their food dollars—intelligently. This is an area in which the Department of Agriculture has always had expertise.

Furthermore, we have been inclined to agree with you, Mr. Chairman, and with the distinguished Congresswoman from Missouri, that the new recommendation of free stamps may be a mistake.

However, in the event an eligible recipient's income does not exceed \$30 per month, we admit that whether or not this individual is required to pay the normal 50 cents with a maximum of \$3 per family, is not the crucial issue.

We were impressed when Secretary Hardin testified recently that results of an experiment in South Carolina indicated the use of free

stamps boosted participation in the program by 25 percent.

We believe the program should be flexible enough to permit USDA to operate in the most effective manner possible. We would encourage standardization of eligibility requirements and nutritional standards for all areas.

We urge this law provide that either the food stamp or the surplus commodity program, or both, can be in effect in a given area providing the administrative costs are borne by the local county, city, or political subdivision.

Although there are those who don't agree, we feel it highly desirable to encourage a close working relationship between the Federal Government and the political subdivision which administers the stamp plan (421 counties of the 3,129 governmental units in the States do not now have food aid programs).

MFA resolutions have for years favored the principle of the food stamp program and sufficient appropriations to make it fully effective. Food is essential to the productivity of the individual. Hungry people lack the strength, the health, and often the desire to work. They also may lack rudimentary knowledge of good eating habits and nutrition because they have not had experience in meal planning and in the use of higher quality foods.

We know that part of our problem in the area of hunger and malnutrition stems from the lack of education in eating habits. We commend and urge the continuation of the Department of Agriculture activities carried on by the Extension Service nutrition aids program to provide information and training in good nutrition.

In conclusion, while not a part of H.R. 12430, proposals have been introduced to gradually phase out these commodity programs under discussion here, substituting in their place a massive land retirement program.

We are strongly opposed to this idea. It is not geared to specific crops. It would remove from production the least productive lands and would not, we believe, effectively accomplish the desired objective. Studies show that this approach with 70 million acres under a land retirement program would result in an increase in production of crops—with the possible exception of wheat—and would lower income to producers. This we can't stand.

We need to do everything possible to continually improve Federal farm programs to the end that farmers can work within a framework of national objectives to increase their income and that rural communities can grow stronger and more prosperous.

There now is provision, as you know, within this H.R. 12430 for a conservation adjustment program which permits the contractual retirement of land over periods of several years. We urge Congress to provide funds to expand this program to more adequately supplement the annual diversion of land under commodity programs.

Mr. Chairman and members of the committee, we do appreciate the time you have given us here today. We are vitally concerned about the need to design farm programs so that they will perform effectively and efficiently. Farmers want to produce all the food and fiber the people of this great Nation need, and want access to the markets of the world.

To enable us to do this we must have programs which will accomplish effective production adjustment and provide returns to the pro-

ducer sufficient to cover production costs and to yield a profit for the labor and capital committed to the operation.

There is another page entitled "Supplement No. 1, Re Feed Grains."

Due to the pressure of time in preparing this statement inadequate attention was paid to the feed grains program other than to point out that 1,661,770 farms are participating in the program in 1969, and that those farms account for more than 70 percent of the base feed grain acreage of all farms.

These facts attest to the merits and popularity of the program.

It has gotten rid of burdensome surpluses, stabilized production, supplies, and prices, and has been helpful to the livestock industry. It likewise has stabilized meat supplies available to consumers.

Feed grains are basic to the production of high-protein foods such as milk, meat, eggs, and poultry that constitute an essential part of the daily diet of Americans.

While we endorsed H.R. 12430 early in this statement, we feel that for the reasons above stated we are justified in urging the continuation of the feed grains program for 1971 and succeeding years.

The CHAIRMAN. Mr. Heinkel, thank you very much for a comprehensive, illuminating statement. I think it is most helpful. I feel you have made a good statement, but I feel that the greatest benefit that we can get from a meeting such as this will be the opportunity to discuss those views and to point out—to let you point out the strength where some of us may feel weakness or vice versa.

I didn't know whether you intended to have any of the other gentlemen make statements this morning.

Mr. HEINKEL. Mr. Chairman, they are along in case you and the committee want to ask questions, and I assume you will.

Mr. Bracey on my left is quite knowledgeable in the area of cotton. Mr. Carpenter is rather knowledgeable in the food stamp area. And Mr. Beckett in the area of milk marketing orders and dairy programs.

The CHAIRMAN. Well, if it is agreeable, then we will just simply get into a discussion of your statement and the views you have expressed.

I don't want to ask any question with the idea of being either argumentative or critical, because I am not either with your statement, but there are items that I think may need to be clarified. I think the only way we can do that is to discuss them.

For instance, there is one basic point that goes all the way through your statement, and yet I have always questioned its actual practicality. You have suggested that one way of strengthening these programs—I believe you suggested it for cotton and for wheat—and I assume that you will do the same thing for feed grains—is some kind of Government reserve program. Call it what you will, every normal granary or any other kind of reserve. Of course, that idea is based on the assumption that the Government acquire the commodities at a reasonably fair price. If the market goes down, the Government will hold them and keep them off the market, and bring the market price back up. They should not be sold until the market has recovered and there is an obvious market need for the commodities.

I think that, as a broad theory, is appealing, if in fact we have a machinery whereby the Government can do that. They do have such machinery in some of the countries of the world, but I doubt if in a

country in which democracy plays as large a part as it does in the United States, you can make that kind of program work.

Now, I would just like to have you comment on that, why you believe it can work and why you believe the Congress will not dump those commodities on the market when the political pressure gets heavy enough. Will not those commodities, as long as they are held, pose a threat to the market and, in effect, actually reduce the price of the farmer's commodity.

Mr. HEINKEL. Well, Mr. Chairman, we feel—and I don't think we are alone—

The CHAIRMAN. You are not. You are probably in the substantial majority.

Mr. HEINKEL. Our convictions are these: That if that program is properly set up with the proper rules written into law—and I don't believe the Congress has been noted for just rushing in in the heat of the day and changing the law because somebody shouted at them a little bit—I don't think that those reserves—

The CHAIRMAN. Mr. Heinkle, may I point out right there, you said you don't believe this Congress will rush in and change the law. Members of this Congress, at least about 96 percent or 94 percent, represent nonfarm people whose primary interest is getting cheap food and fiber. When you hold any commodity, whether it be cotton, or wheat or feed grain, off the market and the consumers get the idea that they are paying more than they have to pay—not more than they ought to, isn't this Congress going to succumb to that consumer demand? We did it in the wheat situation just a year or two ago as you will recall. These certificates that you are talking about were millers' certificates. I thought they were quite sound because they were not raising the price of wheat unduly, not even back up to where it had been. You know we have at least a substantial part of this now not in the form of a real certificate the miller will buy, but simply a contribution on the part of the U.S. Government. That is all the Government's part in this wheat certificate amounts to, and any more is simply a Government subsidy to reduce the price of wheat to the consumer. That is all it is, isn't it?

Mr. HEINKEL. Partially, yes.

Mr. Chairman, I think that—and it is our feeling and those that agree with us—that one of the main purposes of this type of reserve is in the interest of the consumer. I am just pretty sure we are right about that.

The CHAIRMAN. I hope you can solve it.

Mr. HEINKLE. We are not for tinkering with that reserve from day to day. I think what happened in 1966 in wheat is a good example. There were people going around the world and in the Nation at that particular time making a lot of speeches about feeding the undernourished people all over the world, and it created a little scare, and the people in charge of our programs—and I think we were justified—increased the wheat acreage allotments twice. As a result of that we have been in trouble with an oversupply of wheat ever since, granted that they had good production throughout the world. But had they had this type of reserve at that time I'm very much of the opinion that we would not have increased that allotment more than one time

and we wouldn't have developed some of the problems that we are now continuing to live with, that is having a depressing effect on the prices to farmers, and I don't believe it has helped the consumers, because the price of bread has continued to go up.

The CHAIRMAN. Well, do you believe that you can keep grain in storage without adversely affecting the market prices?

Mr. HEINKEL. Yes, I think it can be, under the right kind of set of rules.

The CHAIRMAN. Well, I want to believe it. I want you to argue me into it, because it seems it holds some real hope for us if we can do these things. But what I have seen happen in the past doesn't convince me that it can be done. I would like to believe that it can be done.

Mr. HEINKEL. Well, Mr. Chairman, I believe that it can just as firmly as you believe that it can't, and I have reasons to believe that. I am confident that it can be done. I don't think we have ever tried it. We haven't put these reserves under a set of rules that would keep them out of the market. They have been where they could be moved around and moved into the market.

The CHAIRMAN. Now, I agree with you in this, if we can pass legislation here that will absolutely provide that whenever the price goes below a certain figure that the Government will buy the commodity, and the Government will not sell it if the price goes above a certain figure. I think that if we can get that into the law we might make things work. But if you give the Secretary of Agriculture discretion—I am not talking neither of Mr. Hardin or Mr. Freeman or Mr. Vincent or anybody else as an individual—I have never seen a Secretary of Agriculture, and certainly were I Secretary of Agriculture I would not have the fortitude to resist the pressure—and I have never seen one that hasn't—and until we grow a different type of superman I don't believe we are going to have a secretary that can resist that pressure unless you write it into the laws that the commodity shall go in at a certain figure and shall not come out until it gets above a certain figure.

Now, if Congress will do that—

Mr. HEINKEL. I would agree with that, Mr. Chairman. I don't think we ought to expose the Secretary of Agriculture to a position where he can be subjected to those pressures. I think it ought to be written into the law. I think we had some provisions written into a bill last session that might have done that.

Mr. BELCHER. Will the gentleman yield?

I think the reason that the chairman can't believe that thing will work is because he spent 30 years on this Committee on Agriculture and 30 years in the Congress and he knows a whole lot about human nature. We say we are not going to change some programs in the 19 years I have been here, and I think we have changed them every single year. I don't think if I were in a position where I was going to be a buyer of any of those commodities, the mere fact that there was a law at that time that said that they couldn't sell these commodities, I wouldn't trust to Congress, what I know of them, that they wouldn't repeal that law and turn them loose.

Now, the thing that concerns me, supposing right now you go down to buy a beefsteak and if you get one that big it will cost you a dollar

and a half. If we had 500 million bushels of beefsteak somewhere stored up, don't you think this Congress would repeal that law and turn those beefsteaks back on the market?

Mr. HEINKEL. Well, in the first place beefsteak is not very storable, and I have a little more confidence in the Congress than that. I don't think you would.

Mr. BELCHER. Well, you might have more confidence in this Congress, but if this Congress didn't repeal and turn those beefsteaks loose you would have a new Congress next time.

Mr. HEINKEL. Well, that is democracy at work.

We are still for this bill, whether you put this strategic or consumer protection food and fiber reserve in it or not, we are still supporting 12430. I want to make that clear.

Mr. BELCHER. Well, I think as far away as Missouri, you might have more confidence in this Congress than those of us who spend every day and year here in Congress. That is all.

The CHAIRMAN. Yes.

Mr. O'NEAL. If we wrote it in the Constitution do you think we could trust the Supreme Court, Mr. Chairman?

The CHAIRMAN. Yes.

Mr. KLEPPE. Thank you, Mr. Chairman.

I notice in your remarks in your statement you indicate 162,000 members, more or less.

Mr. HEINKEL. Yes.

Mr. KLEPPE. Do you have any idea what percentage of those members are cotton growers?

Mr. HEINKEL. Oh, I would hesitate——

Mr. KLEPPE. Just an estimate, if you would.

Mr. HEINKEL. I would rather Mr. Bracey would answer that question. He is from the cotton area.

Mr. BRACEY. I would just estimate something in the neighborhood of 10,000. In other words, a man is not just a cotton farmer but probably a grain and cotton farmer.

Mr. KLEPPE. Primarily cotton. The reason I ask the question is that your statement particularly pertains to cotton as it is involved in the farm program. I was wondering what the percentage of your—what percentage of cotton farmers are members of your organization, 50, 60, 70 percent?

Mr. HEINKEL. No, 10,000, whatever percentage that is.

Mr. KLEPPE. Only 10,000.

Now, what would you estimate then, for wheat farmers, for example, are members of your organization?

Mr. HEINKEL. Oh, they would probably be 25, probably more than that.

Mr. BRACEY. Probably 40.

Mr. HEINKEL. 40,000.

Mr. KLEPPE. 40,000?

Mr. HEINKEL. Yes.

Mr. KLEPPE. I kind of gather from your statement that you realize and believe that the biggest areas of problems that we have in our farm setup today is with cotton and wheat particularly as commodities.

Mr. HEINKEL. That is correct.

Mr. KLEPPE. I am also intrigued by the statement on the first page that 17 farm and commodity organizations got together in Washington and you had a great deal of unanimity of opinion. The reason I am intrigued with this is that it kind of falls along the line of the chairman in what he has been talking about and what many of us have been talking about is if we are going to successfully do anything in this Congress we are going to have to have a great deal of unanimity of opinion with farm people, farm organizations, the Department of Agriculture and this committee, and then we are going to have to pray a great deal besides.

I am just curious about these organizations that did meet here. Now, I don't ask for delineation of what they were, but were the major farm organizations represented here at this meeting?

Mr. HEINKEL. The National Farmers Union, the National Grange, and our organization, and the Grain Sorghum Producers, Soybean Growers, American National Cattleman's Association and others were present.

Mr. KLEPPE. National Wheat Growers represented?

Mr. HEINKEL. Yes, sir.

Mr. KLEPPE. And the dairy producers?

Mr. HEINKEL. Yes, sir; they were represented.

Mr. KLEPPE. Thank you. That is good enough for a while.

Now, on all of these suggestions and proposals that you made in your statement you made no particular comment about your feeling and your attitude on the limitation of payments. Would you comment on your feelings regarding that?

Mr. HEINKEL. Well, our organization has not passed a resolution or adopted a position on that. We just haven't gotten that excited about it one way or the other. We have not supported those who were putting forth effort to get a limitation placed on payments.

On the other hand, I doubt if the world would come to an end if there was a limitation placed on payments. We just don't want to get so involved and devote so much time to that and get diverted from the main issue that is the fundamental of the program.

Mr. KLEPPE. You have taken no official position?

Mr. HEINKEL. That is right.

Mr. KLEPPE. Now, you referred to cotton specifically being competitive on a world basis, and I certainly understand what you are talking about here. Are you proposing in here and do you support a cotton subsidy, export subsidy, so as to make this competitive situation possible throughout the world market?

Mr. HEINKEL. May I refer this question to Mr. Bracey?

Mr. BRACEY. Yes, sir; we are suggesting a competitive bid-type of sales program in the export market similar to past years which emanated from section 203 of the act of 1957.

Mr. KLEPPE. You are suggesting an export subsidy?

Mr. BRACEY. In some form. We are not specifying a particular form.

Mr. KLEPPE. In that regard, how do you feel about the way the IGA is working?

Mr. HEINKEL. International Grain Agreement?

Mr. KLEPPE. Yes.

Mr. HEINKEL. Well, it is a little hard for us way out there in the middle of the United States to keep up with what is going on, what

has happened at the International Grain Agreement. We supported it and we thought for good reasons. We are not so sure but what there has been some activities in the grain trade that have tended to undermine the Grain Agreement. Certainly, it hasn't worked out as we had hoped it would.

Mr. KLEPPE. Mr. Heinkel, you and your associates, I just want to commend you for this idea of getting unanimity of opinion. I, for one, feel that this is very vital. I am also one who believes that we must have some sort of a farm program because of the many problems that you have presented.

I only want to urge that the continuity of your efforts along this line continue, because if we don't all work together we are going to have a great deal of disunity of opinion, and the more of that we have, the more difficult our task becomes.

So, as this meeting adjourns today, I hope you won't discontinue your efforts, because it is too vital for many of us in this big part of this land that is agriculture.

The CHAIRMAN. Mr. Kleppe, would you yield a moment?

Mr. HEINKEL. We pledge our continued support to this effort of unanimity.

Mr. KLEPPE. Yes, Mr. Chairman.

The CHAIRMAN. I just wondered if you would yield to try to reconcile my understanding of the position that Mr. Heinkel takes in regard to doing nothing about this limitation of payments, and what Mr. Bracey said about export subsidy on the cotton.

Who are you going to pay it to?

Mr. BRACEY. Well, we are thinking in terms of competitive bid-type programs which would not involve a subsidy as such.

The CHAIRMAN. I don't understand that.

Mr. BRACEY. It wouldn't be paid, but on a competitive basis.

The CHAIRMAN. You mean the Government would buy it?

Mr. BRACEY. It would be sold out of CCC stocks.

The CHAIRMAN. Yes.

Mr. BRACEY. Very similar to the program that you all originated years ago.

The CHAIRMAN. I think I understand.

I think that answers it.

Mr. KLEPPE. Mr. Chairman, I yield.

Thank you.

Mr. PURCELL. Mr. Chairman.

The CHAIRMAN. Mr. Purcell.

Mr. PURCELL. Mr. Heinkel, I am a little late coming to your rescue, but I just want to vouch for your thought as far as my thinking is concerned about need for a reserve. Your name is better than I think anyone can come up with; at least you have put the word "consumer" in it. That seems to have some sex appeal. I really could not have a question of you about that.

I would just like to point out while you are here, that while Mr. Poage and Mr. Belcher have been here these many years we have tried everything with this and I would hope that we can try this before we get through. I have some faith in the Congress that we can get a really meaningful method of obtaining and retaining these com-

modities. That, to me, would be very helpful to the producer, but an insurance to the consumer that is not yet provided for him. I hope that our distinguished and senior colleagues might try that some time.

Mr. HEINKEL. I think it would be really worthwhile and in the best interest of not only farmers, but the consumers of the Nation as a whole. I think it has enough merit to be worthy of being tried.

Mr. PURCELL. That is all.

The CHAIRMAN. Mr. Teague.

Mr. TEAGUE. Mr. Heinkel, or Mr. Bracey, when the cotton checkoff program was authorized by Congress I was quite active in trying to round up the necessary votes to get it passed. I believe I was able to convert or change the minds of several city Republican Congressmen who subsequently voted for the program. Apparently the cotton producers are in pretty sorry plight.

Has this checkoff program helped at all, or did I make a big mistake in advocating it?

Mr. BRACEY. Mr. Teague, in my opinion, it is too early to answer your question. Of course, you know the program has only been in effect 2 years more or less, and really I don't think the time has been sufficient to answer the question such as you raised.

Frankly, it hasn't solved the problem as of now, and also very frankly, if it is going to be 10 years from now we can't wait that long. In other words, we have got to have something done for cotton now, not 10 years from now even though research might rescue us somewhere down the road, we won't be around to be rescued.

Mr. TEAGUE. Thank you very much.

The CHAIRMAN. Mr. Montgomery?

Mr. MONTGOMERY. Mr. Chairman, Mr. Heinkel, I have several questions, but first, I would like to thank you for testifying before our committee today.

Generally, the way I interpret what you said today, you are in support of the bill that Mr. Poage has introduced?

Mr. HEINKEL. That is right.

Mr. MONTGOMERY. Which extends all of the farm programs. In regard to Mr. Kleppe's questions, if you agree with what Mr. Poage has done you would have to, I believe, be able to go along with no limitation of payments.

Mr. HEINKEL. Yes, sir.

Mr. MONTGOMERY. You are in general agreement we don't need limitation of payments, especially on cotton?

Mr. HEINKEL. That is right. I just threw in the additional comment. It seems you decide things on numbers up here, you know, a democracy, and it looks like we may lose that fight. I am saying I think we can still have a successful program even if limitations are placed in effect. But we are not advocating it or supporting it.

Mr. MONTGOMERY. You are not supporting limitations of payments?

Mr. HEINKEL. No.

Mr. MONTGOMERY. Do you have a minimum dollar amount on a payment limitation that might be workable?

Mr. HEINKEL. Well, I don't know. That opens up a whole package of things. It is a kind of a backhanded type of land reform, it seems to me. Here is a man or a family—

Mr. MONTGOMERY. I might say I do not favor limitation of payment.

Mr. HEINKEL. That accumulated so much land and his payments are geared to the land and the production of the land, so it is quite involved. I wouldn't know what the figure ought to be if we had one. I think that \$15,000 or \$20,000 is a little low for—

Mr. MONTGOMERY. I have heard the possibility that the Secretary of Agriculture could come up with a recommendation of a \$20,000 limitation of payment in the farm bill that would be recommended to the Congress. Would you care to comment on this rumor?

Mr. HEINKEL. Well, since it is a rumor I would rather we waited and saw what it does recommend and then take a position on it. Maybe he won't have it in his recommendations.

Mr. MONTGOMERY. Thank you.

One other comment. I am planning in the next few days to introduce a food stamp bill of my own, or an amendment to Mr. Poage's bill. I have asked the members to review my proposal before I introduce it, hoping I can get some support for it.

I believe it generally goes along what you have said here. On page 12 in the second paragraph you comment:

Although there are those who don't agree, we feel it highly desirable to encourage a close working relationship between the Federal Government and the political subdivision which administers the stamp plan.

Now, my bill will require that each State that participates in the food stamp program will be required to participate 2½ percent for the first year—this is for payment on the food stamps—up to 10 percent over the next 5 years. In other words, making the State participate, they administer the program and certainly as one member said here recently, they will do a better job if they are footing part of the bill. What is the position of your organization regarding State participation in the food stamp program?

Mr. HEINKEL. Well, that is not unlike some of our other programs where we have cooperation and sharing between the Federal Government and the States. If that would be the aim of this Congress, if it is inclined to go that way, we would be inclined to support it.

Mr. MONTGOMERY. In other words, you would support it. I might say that my food stamp bill—it seems reasonable to me—authorizes \$450 million for fiscal 1970, \$550 million for fiscal 1971, \$650 million for fiscal 1972, and \$750 million for fiscal 1973. It would be a 3-year program. Most bills that have been introduced either are unlimited or authorize \$650 million for fiscal 1970. Do you think that the figure I have here is reasonable compared to what the food stamp program authorizations have been?

Mr. HEINKEL. Well, I am certainly no authority on the administration of the food stamp program and the operation of it. As I said, we have always been in favor of the food stamp program but when you get into the amounts, I think it gets involved, the question of are we set up to properly administer it and can we wisely use it. I think you people that have been closer to those facets of it than we are would have better judgment than we would.

Certainly it is an increase. We would be in favor of that.

Mr. MONTGOMERY. Do you mean increase over the \$340 million authorization for fiscal 1970?

Mr. HEINKEL. That is what I meant.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

The CHAIRMAN. Mrs. May.

Mrs. MAY. Mr. Heinkel, I, too, would like to thank you for a very comprehensive statement spelling out goals and the mechanisms for what you think and your organizations think the committee should present in the way of a bill on farm programs. However, it does occur to me that there is a major omission in your statement. You have left out any projected costs of your proposal. Have you at any time developed any figures on what the overall cost of your proposal would be, especially as compared to the present cost of the farm programs?

Mr. HEINKEL. Well, I would think that just to make a general statement the improvements or amendments, changes that we have recommended would have little effect on the cost. There are some in there that would increase costs or others that would lower the cost.

Mrs. MAY. Could you be specific on that?

Mr. HEINKEL. Well, I would like to have Mr. Bracey comment on the suggestions we made on cotton. I think——

Mrs. MAY. Yes, I believe that is the only place you did make one reference to costs. You said one of the goals of it would reach—objectives rather—would be to keep program costs within acceptable limits.

Now, Mr. Bracey, what figure would that be? I believe the present cost is a little over a billion if you add Public Law 480 payments. Has your cotton organization done any projection of what the cost of this would be?

Mr. BRACEY. Well, Mrs. May, No. 1, we know it would not be any more than the cost of the present program. We think over a period of time it could be substantially less. For example, we are making suggestions or recommendations here for both short-term and long-term allotment requirements. These objectives could be obtained at approximately one-half the cost of production payment.

In other words, it cost about half as much not to produce as it would to produce it. These would be substantial. In fact, in your cotton program that we have here—we have checked this out with some technical people—we are suggesting a program here that would cost probably \$150 to \$200 million less than the present program.

Mrs. MAY. Can you substantiate these figures on your projection? I am asking this not in a hostile way. It is desperately important that any program——

Mr. BRACEY. We don't suggest we are going to eliminate the costs, but we can hold it down and reduce it somewhat.

Mrs. MAY. To get back to the overall program—when you include your suggestion for a reserve for various commodities and add that cost, your program overall still is less than the sum of \$3½ billion that the Congress looks at as the price tag for all farm programs; is that correct?

Mr. HEINKEL. I think the reserve or by whatever name you may speak of it would be an added cost. However, we tend to carry some reserve now. We don't call them a reserve. It is just storage commodities that we take over and carry on inventory. Of course, they have been reduced under these programs the past several years to a rather

low point. But whatever that cost is at the present time would offset against the cost of the consumer reserves.

Mrs. MAY. I make a great point of this, and I intend to in all these hearings. I think any member of this committee, and any member of a farm organization in America, would be very unrealistic if we did not recognize that the reason we are holding these hearings, the reason that the administration right now is working behind closed doors and burning midnight oil trying to come up with their farm program recommendations by September is because Congress has shown itself to be unhappy with the present program. The recent vote on the \$20,000 limitation, is an example. So whatever the farmers of the country might agree on, whatever the agriculture committees of the House and Senate might agree on, unless that program costs less, unless it shows real promise of creating programs that will give the farmer better income for his input of labor and capital, we are just spinning our wheels in trying to get support from Congress. I don't know whether you agree with my evaluation, but I think we all have to face the harsh reality of the situation.

So in addition to all the farm organizations being unified, if possible, as Mr. Kleppe and you've discussed, I think it is very, very important that you help us develop a program that will meet those two criteria. We can sit here for months and discuss what we want, but if we are going to have a new farm program, before the present one expires, I feel we have to meet those two criteria.

I would hope that on your cost figures and cost projection—you would use as sharp a pencil as you can and make your facts sound and provable as believable for us to use when we take our selling the story to the Congress.

Mr. HEINKEL. Mrs. May, we certainly appreciate the truth and seriousness of what you say, and are in accord with what you say on the matter of costs. Of course, I would say in passing that we are also now in an area where we are starting—and maybe that there is more important that we cut our farm program costs down, because we are starting to spend sizable sums of money in the cities, food stamps and for other purposes, and we, of course, supported this food stamp program. I think that what we have spent on our farm program has begun to slow down. It certainly hasn't stopped the migration of country people to the cities. I think we have a lot of evidence that rural migration hasn't solved any problems either in the country or in the cities. It has not solved the ones in the country and it has aggravated the ones in the city.

Further, on the matter of costs, I happen to know that a group out in the great wheat State of Kansas have developed a new wheat program that would cost the Federal Government very, very little, but they haven't had time to perfect it and submit it at this hearing. I am not professing to speak for them. They may come in and submit it. But I met with them a week ago, Mr. Carpenter and I did, and it sounds to me like a practical plan. Whether the Congress would buy it or not I don't know, but it has appealed to those of us out there in the country that are somewhat familiar by exposure and experience to the problems of the wheat farmer and have in mind problems with which you people are confronted on the matter of costs.

Mrs. MAY. Mr. Heinkel, I am glad to have a hopeful sign. I have heard rumors of that program, and I think it is very hopeful. However, we are faced with the immediate problem. I understand from your statement that you feel that the present farm programs have reached national farm objectives, except in one area, adequate income for the farmer. But we can't very well sell Congress a program to extend these present plans by saying, we know they are costly and we knew they are not helping farmer income enough, but we want you to support us anyway. I think that is going to make a very poor selling argument, Mr. Heinkel.

Mr. HEINKEL. Of course, I didn't say that they hadn't helped the farmer.

Mrs. MAY. You said they reached a number of objectives, but I don't think you or any other organization—I certainly haven't heard from your organization that you think the American farmer today is getting fair return for his input of labor and capital. Instead, didn't the farmers take a 10-percent wage cut?

Mr. HEINKEL. Did we as farmers?

Mrs. MAY. Didn't the farmer?

Mr. HEINKEL. Farmers may have, but that isn't the picture nationally that the figures that I have indicate.

Mrs. MAY. Well, I would like to see your figures, because I am looking for more hopeful figures. I haven't heard from either cotton farmers or grain farmers or any of the other commodity farmers that they don't feel that way. The farmers I hear from feel they have shared less in the prosperity of this country than other segments. They feel they have been hit harder than other wage earners by inflation and high interest rates.

Mr. HEINKEL. Well, the cash receipts from farm marketings have continued to go up from 1958—from \$33½ billion in 1958 to \$44.1 billion in 1968, and then with the Government payments and nonmoney income for rent, food, and fuel, they have realized as they call it in the Department of Agriculture, gross farm income of \$50.8 billion. Of course, farm production expenses since 1958 has gone up from \$25.2 billion to \$35.9 billion, but it left agriculture with a net realized income of \$14.9 billion. That is higher than it was in 1967. It is lower than it was in 1966. It is higher than it was in 1965. And in 1958 it was only \$12.7 billion. So we have made a little progress in the right direction.

Mrs. MAY. Has it slowed up the migration of the farmer to the urban areas?

Mr. HEINKEL. I don't have the figures on that.

That was realized net income in the United States. Farmers total net income for 1968 is \$15.4 billion against \$13.5 billion in 1958. So we have made some progress in the right direction. I think our per capita percent of income as compared to nonfarm people has gone up. The figures would indicate they have.

So, again, while we are not realizing our fair share of the national income compared to other people, we have made some progress in the right direction. In 1958—and again this is just the first year that is on this page—farm per capita income was 55.5 of the nonfarm per capita income and last year it was 75 percent of the nonfarm per capita income.

So those, I think, confirm what I am saying that we have made some progress with these programs, and that is why we want to keep them.

We hope that we won't get into so much discussion over the limitation of payments and over the matter of a reserve that we will sacrifice the total program.

Mrs. MAY. I, like my colleagues that have spoken to you before, sincerely wish that would be the case. But I am afraid I have to anticipate that we will not pass on legislation this year in an atmosphere of peace and quiet. We never have. There will be controversy, and of course all we ever hope for are the winning votes, be they two or three. Many times we do pass our farm programs on that basis. I have taken more than my share of time. I will save any other questions to put to Mr. Heinkel later.

The CHAIRMAN. Before I recognize Mr. Alexander, since I am author of the bill that is coming under attack, I would like to point out that I really think Mrs. May gave a wrong impression of what she believed there in saying the bread and farm program have done no good.

Mrs. MAY. I didn't say that. I said Mr. Heinkel's statement said it reached almost all national farm objectives except that of fair share of return for labor and capital.

The CHAIRMAN. In any event, I know of no one who would claim the present farm program is anywhere near perfect, but I think it is far better than no program at all, and I think that we would be in much worse shape if we didn't have any kind of program at all.

Certainly, it has not raised farmer income to the level we would like it to have, and its reenactment will not bring farmer income up to where we would like to have it, but it will certainly prevent a disaster that I think would befall us if we didn't have any farm program at all.

Mrs. MAY. I agree.

Mr. ALEXANDER. Mr. Chairman, Mr. Heinkel, one or two short questions.

I notice on page 9 you referred to the commodity of soybeans. Would you explain in a little more detail your plan for the voluntary diversion program which you have in mind for soybeans?

Mr. HEINKEL. Well, it is our thought that soybeans might be included along with feed grains and wheat in an allotment that would cover wheat, feed grains, and soybeans, with some flexibility on the part of the individual within that total base.

Mr. ALEXANDER. Do you mean with that statement that you pose a full allotment of control of the soybean program as it is now known in some of the other commodities?

Mr. HEINKEL. Well, the soybean industry has been rather fortunate. When we submitted the so-called emergency feed grain program early in 1961, as I appeared before the Senate Committee on Agriculture, that was at a time when the price support on soybeans had just been raised, which the Feed Grain Committee had nothing to do with. I was asked a question "Aren't you inviting trouble for soybeans, will you not have overproduction real soon?"

Well, that was in 1961, and we haven't had it until now. But we are approaching an oversupply of soybeans. We may as well face it. This was discussed in various committees I have served on, some of them created by the Department of Agriculture, and others.

We feel it would be better to face it now and incorporate beans in the act that is to be considered here rather than to not recognize the problem and then suffer the consequences later and have to deal with it then.

Mr. ALEXANDER. By that statement, sir, would it be fair for me to conclude that you do favor acreage control for soybeans?

Mr. HEINKEL. Unless we can come up with something better, yes.

Mr. ALEXANDER. Now, one further question. Have you considered—

Mr. HEINKEL. Let me interrupt you. This wheat plan that I referred to being discussed in Kansas and also outside of Kansas, and I don't want to get into that today because I am not familiar enough to discuss it—I think it has a possibility of working with soybeans the same as it would with wheat.

That is why I say until we can come up with something better than an allotment program—yes, I would include soybeans.

Mr. ALEXANDER. Thank you, sir.

One further question. In your soybean program and your proposal, have you in your analysis considered the effect of new ground in production with reference to acreage control?

Mr. HEINKEL. You mean in, coming in the last several years?

Mr. ALEXANDER. Well, consider that question with reference to ground that is not now cleared and in production.

Mr. HEINKEL. Well, we have been considering it from the fact that a good deal has already been brought in in the last several years, some of it by nonfarm-oriented corporations that are clearing land and producing soybeans in competition with the farmers.

So I wouldn't lose any sleep about the increased acreage in the future.

There is provision in our commodity programs whereby it should be possible—I have always been told that it is—to give the farmer a base, to a new farmer. I think they are pretty hard to get. But provision is in the law, and I would assume it would be in there with respect to soybeans. But we seem to have more acreage for growing beans now than is good for the bean producers or the country, either one.

Mr. ALEXANDER. Shall I conclude, then, from that statement that you would recommend a control of ground that is not now in production for the future production of soybeans?

Mr. HEINKEL. Yes, I would.

Mr. ALEXANDER. Thank you very much.

I yield back the balance of my time, Mr. Chairman.

The CHAIRMAN. Mr. Mayne.

Mr. MAYNE. Mr. Heinkel, you assured the chairman that this reserve that you advocate could be effectively insulated from the market, but I don't believe at any point in your testimony you have indicated how that admirable result could be accomplished. Do you have any specific mechanism that you are recommending to accomplish insulating the reserve?

Mr. HEINKEL. Well, I think it could be done, of course, by stipulating a percentage above parity, below which it couldn't come out. What that percentage ought to be, I don't know.

But there are people that are knowledgeable in that area and a lot of thought was given to it last year in the Congress when there was

a bill to create a strategic reserve, a lot of thought was given to that subject and some figures were discussed, such as 115 percent of price support, and I think the figure could be arrived at and written in the law that would——

Mr. MAYNE. Did I understand you to say that you were considering some prohibition against release of Government stocks unless this were at a percentage above parity?

Mr. HEINKEL. Yes, sir.

Mr. MAYNE. Then you would support such a provision at this time?

Mr. HEINKEL. Yes, sir; that is the purpose of making it a strategic reserve, is to keep it out of the normal market channels, and keep it in a reserve to be used only for emergencies, domestically or internationally.

Mr. MAYNE. Well, as I recall, Mr. Heinkel, I offered an amendment in the committee to prohibit release of reserve stocks at less than 110 percent of parity, and that failed at that time, but I would be hopeful, with support from organizations like yours, we might be more successful this year.

Thank you.

Mr. HEINKEL. I hope we can be, too.

Mr. FOLEY. Mr. Chairman.

The CHAIRMAN. Mr. Foley.

Mr. FOLEY. While I understand your organization hasn't taken a specific position on payment limitations, I am sure you recognize that they represent an important part of any farm program, and will be considered before this committee of the Congress.

I would like to ask a couple of questions in relation to payment limitation.

Perhaps Mr. Bracey would like to comment on this. Mr. Bracey, do you believe that the present mandatory cotton program can be effectively operated with the \$20,000 payment limitation?

Mr. BRACEY. No, sir, it certainly could not be. This is why we are making some suggestions here as to an escape clause, so to speak, in the event of limitation.

Mr. FOLEY. Are you aware that one of the principal sponsors of the \$20,000 payment limitation in the House recently suggested an even better approach might be a \$15,000 payment limitation?

Mr. BRACEY. We are aware of such recommendations, and I might add to the question that Mr. Montgomery raised awhile ago, MFA has vigorously opposed limitation at any level on the farm programs, at the same time we have gotten the message, so to speak.

This is the reason why in your cotton recommendations we are trying to provide a way producers could continue to operate if it were enacted.

Mr. FOLEY. Thank you.

In regard to the food stamp program, in your statement on page 12, you indicate that you feel there should be a close working relationship between the political subdivisions and the Federal Government. You also note that 421 counties of the 3,129 governmental units do not now participate in the food stamp program. Do you feel that an individual county should have the right to veto the operation of the food stamp program within its own county.

Mr. HEINKEL. Well, I don't believe I would. I think I would try some stamps in there and see if it wouldn't make some——

Mr. FOLEY. In other words, you favor cooperation, if the counties are willing to cooperate, but you do not favor barring the food stamp program operation if the county refuses to participate?

Mr. HEINKEL. I think people are entitled to something to eat, and I certainly wouldn't withhold it.

Mr. FOLEY. Yes. Thank you very much.

You have indicated some doubt about the proposal to issue free food stamps. Although I note that your statement is qualified, have you a firm decision on it?

Mr. HEINKEL. Yes, sir.

Mr. FOLEY. I am sure you recall that the former major food program in the United States, the commodity distribution program, was entirely free to all recipients regardless of their level of income as long as they fell within the broad guidelines of qualification.

So, would it be fair to say that this is not really so radical a proposal to provide free food stamps to only a partial segment of the reciprocal group?

Mr. HEINKEL. Well, I hope I didn't leave the impression that it is a radical suggestion or move, but I just indicated that I felt it would be good for people who can to participate to some extent in the program. But I certainly wouldn't withhold it from people that have as little as \$30 a month income.

Mr. FOLEY. We are requiring a good deal more participation now in the food stamp program by individual recipients than required in the commodity distribution program; isn't that fair to say?

Mr. HEINKEL. Yes.

Mr. FOLEY. Thank you, Mr. Chairman.

Mr. GOODLING. Mr. Chairman.

The CHAIRMAN. Mr. Goodling.

Mr. GOODLING. Mr. Chairman, just very briefly—Mr. Heinkel, in speaking of the food stamp program you have brought up a completely new concept of the food stamp program that I personally have never heard of.

On page 10, you say:

We recommend the inclusion of cotton and wool products, with the continuation of the program for an indefinite date.

Now, you realize that tobacco is an important farm commodity. You see the possibility of including wool and cotton products. Would we also have to include tobacco products?

Mr. HEINKEL. Well, you can wear wool and cotton, but of course, you can chew tobacco and smoke it—and I have done both, and I am getting along very well now without either one of them—I don't intend to discriminate against tobacco, but I think there is a decided difference.

These two are necessities of life, and therefore I think it is logical that they might be given consideration.

Mr. GOODLING. I am not thinking of tobacco smokers, I am thinking of the tobacco producer.

Mr. HEINKEL. Yes, I have that in mind, too.

Mr. GOODLING. I am not being facetious when I ask the next question. If we continue to expand this program it will not be beyond the realm

of possibility that sometime the liquor people may ask for similar treatment. A lot of grain goes into the manufacture of beer and liquor. If we are going to include every farm product we are getting on dangerous ground.

Originally this was set up for food and food alone.

Mr. HEINKEL. Well, I will support it if that is all this committee is agreeable to putting in the bill. We will certainly support that.

Mr. MYERS. With the liquor stamps.

Mr. HEINKEL. No, the food and food alone.

Mr. GOODLING. Does your organization give any thought to the amount of money that is involved? That concerns me. Somebody has got to pay the bill.

Mr. HEINKEL. Right. And there is a lot of people involved, also, on the recipient end and in the Nation as a whole, and I think these programs are worthy of what they cost.

Mr. GOODLING. That is all.

The CHAIRMAN. Thank you, Mr. Goodling.

Are there any other questions?

Mr. BURLISON. Mr. Chairman, I would like to commend my friends for what I feel has been a very enlightening and helpful presentation, I would like to very briefly touch on some points that have already been discussed.

First, the matter that my colleague from Arkansas discussed with Mr. Heinkel about soybeans. Would it be a fair summary of your discussion with Mr. Alexander that you would prefer acreage controls on soybean production rather than a further decrease in the support price on soybeans?

You know, we just had a 31-cent reduction in the loan support on soybeans. Is that a fair conclusion from your discussion?

Mr. HEINKEL. Yes, sir.

Mr. BURLISON. On the matter of participation in the food distribution programs among the political subdivisions that you discussed with my colleague from Washington, Mr. Foley, you mentioned that there are over 400 subdivisions, counties, that do not participate in either program.

Would it be a fair summary of the position of your organization that if the State and if the county has not agreed to go along with the distribution program that the particular county should be able to avail itself of the program, even though the State may have refused to go along?

Mr. HEINKEL. Yes; that is what I indicated to Mr. Foley. I do think that all of the political subdivisions should participate, but if it decides not to, that is rather unfortunate, for the individuals are involved.

Since we have a national program, I would be reluctant to be responsible for withholding it from the people who are qualified and deserving of it.

Mr. BURLISON. One further point, Mr. Heinkel, and a further elaboration of your discussion with Congressman Goodling on the inclusion of fiber in the food stamp program. I don't find a detailed program dealing with fiber products in the program.

Do you have any details worked out as to how broad this coverage should be, or who should be included in the fiber aspects of the pro-

gram, or what particular fiber product or items of clothing should be acceptable in the program? Do you have any details that you would like to discuss along that line?

Mr. HEINKEL. Let's have your fellow southeast Missourian, Hilton, answer that question.

Mr. BRACEY. We don't have details spelled out as such, Mr. Burlison, but let me first of all, if you will, in response to Mr. Goodling's question about including fiber in the welfare programs, of course, we are thinking here of the basic necessities of life.

I think we all know there are three: food, clothing, and shelter. We think it is just as essential for man to have something to wear as it is to have something to eat, particularly children going to school and this sort of thing, and underprivileged areas and, of course, we felt that when we were talking about fiber we were talking about a basic necessity, and it certainly does not fit into a category of liquor or tobacco or things of that nature.

But, anyway, back to your question. We see no reason why the same general outline for food distribution could not apply to the cotton textile product distribution. After all, the people who qualify for one would probably qualify for the other. I suspect you know in the schools—I am sure you do—that each year local effort has to be made in many, many cases to get children adequately clothed just to get them into school.

They may get commodity distribution to get them some food, and of course they participate in the school lunch program, but there is no provision for clothing for these youngsters.

Mr. BURLISON. Do you think that it is a fair general statement or general assumption that if a person does not have an adequate diet, if he doesn't have the resources to have enough to eat, that it is fairly likely that he probably doesn't have adequate clothing as well?

Mr. BRACEY. I think that is an accurate statement, because the three go together. If he doesn't have one, he probably doesn't have an adequate house to live in or adequate clothes, if he doesn't have adequate food.

Mr. BURLISON. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Burlison.

Mr. Melcher.

I recognize Mr. Melcher.

Mr. MELCHER. Mr. Heinkel, I think your testimony has been refreshing, and I am glad you are addressing your testimony as to a farm program. I am also gratified that you are endorsing an enlargement of the food stamp program.

As you probably know, the Department of Agriculture has been here advocating the food stamp program, too. We have had indications that after September the Secretary of Agriculture will recommend a plan for land retirement. The cost of it and the details of it are still quite vague, but as much as has sifted out from behind the closed doors sounds like a new soil bank. One proposal is to make half of the retired land available for raising cattle to provide more beef.

I wonder if you would care to comment on the question of whether or not there won't be more beef raised under ordinary circumstances

without a new land retirement program simply because beef is worth more? In other words, whether the farmers and ranchers of the Nation won't provide more beef if prices are right without a costly land retirement program.

Mr. HEINKEL. Well, I think they would. The figures I have here indicate that the cattle and calves, on farms for 1958 was 91 million head; in 1965, 108 million head; in 1969, 109 million head. So there is that tendency that you talk about.

Even though the price of cattle has gone up some—but I understand recently that in the Omaha market they declined \$4 a hundred in a period of a few weeks, and are not as high as they were, but in 1958 the per capita consumption of red meat was 151 pounds; in 1965, it was 167 pounds; and in 1968, it was 182. So the cattle and hog producers, the red meat producers, have been supplying a greater quantity as the years go along, and it has increased at a little greater rate than has the population increased.

So I think that we can expect that this kind of an increase will continue on the part of the cattle and hog producers and other red meat producers of the country.

I think in addition to what I said, on a massive land retirement program—and it is not that the Secretary might submit one—isn't new, as you know, it has been talked about before. It has been offered before. We have been opposed to it and still are, for very good reasons. I think, as stated in this prepared statement, it would take a tremendous acreage to affect any reduction in agricultural output, as some studies show, 70 million acres, and that kind of land retirement program would not reduce production, except possibly in wheat.

So we don't think it is a sound program and we are not in favor of putting half of that kind of acreage into additional grassland to produce additional livestock at this time. I think if you were to, it would have a disastrous effect on the livestock industry.

Mr. MELCHER. Would it be your opinion, then, Mr. Heinkel, that the price of livestock at this time is high enough to attract the farm operators and the ranch operators into expanding their production normally without any further Government incentives?

Mr. HEINKEL. Yes, I think it is.

Mr. MELCHER. Would it also be your opinion—I gather it would—but I would like to have you verify it for the record—but as this is done, as livestock numbers are increased, there will be greater consumption of some of the surplus grains and possibly even wheat, which has not been regarded as a feed grain, that this would come into effect?

Mr. HEINKEL. That is right, and under the present programs wheat is being exported at world price levels. It enables some wheat to move in—well, it enables wheat to move into export trade and it also makes it possible for some of it to be consumed as feed.

Mr. MELCHER. Can I conclude from your remarks, then, that without any new incentives to a land retirement program or any other type of Government program, we can expect an increase in livestock numbers which will also in turn reduce some of the surplus of grains, which will in turn reduce the cost to the Federal Government?

Mr. HEINKEL. I think that is right, and I think, looking at it the other way around, that it is important and has been for the livestock

producers that we have had the feed grain program, because it has stabilized to a great extent the production and supplies and prices.

It has been in the best interests of the livestock producers to have those stable prices and supplies for the grains that he needed to buy. I don't think that it is in the livestock producers' best interests to have wide fluctuations in prices, valleys and peaks, so to speak. Sometimes when the price of grain gets too low and the supply too great, people get the idea that maybe they can do better by feeding it to livestock, and that is what in the past has caused us to have an over supply of cheap livestock following an oversupply of cheap grain.

Mr. MELCHER. One more question: If livestock prices remain on the present level, we can definitely anticipate a lower cost for the existing farm programs; would that be true?

Mr. HEINKEL. Yes, sir.

Mr. MELCHER. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Melcher.

Mr. Myers.

Mr. MYERS. Thank you, Mr. Chairman.

Mr. Heinkel, I am interested in your statement relative to which name you gave the reserve. I remember last year Mr. Purcell's bill provided for a strategic reserve. I notice today you give protection.

Mr. HEINKEL. May I interrupt? I didn't coin that name. I didn't invent it. Some other people did.

Mr. MYERS. What is the significance of that name, or title?

Mr. HEINKEL. Well, the significance, as I understand this—and I am heartily in accord with the name and I think it is very appropriate. The first time I saw it used was in this meeting of the 17 organizations to which I referred, which was held here in Washington about a month ago, and someone came up with that name. I think it is very appropriate, because in a nation with 200 million people—if I were living in the city I would sure be in favor of this.

I am, anyway. But I would sure be in favor of it, because I think we ought to have it for our protection, looking at it selfishly from the standpoint of the city people, a strategic or consumer reserve.

Mr. MYERS. Could you explain that? We have never had a famine in this country, fortunately. What do you mean? You said we would sell it because it was really a protection to the consumer.

Could you explain your reasoning here?

Mr. HEINKEL. I indicated, or thought, or intended that we haven't storage for the protection of the consumer.

Mr. MYERS. How will it protect the consumer?

Mr. SISK. Would the gentleman yield?

One example that comes to my mind is the situation that we found ourselves with in the cotton market just a year or so ago. For 2 or 3 consecutive years we had far below normal cotton production, and we found our textile mills couldn't get cotton.

So they started going into manmade fibers, and these are industries that—

Mr. MYERS. Commodity credit reserves all the time. Now, why didn't they do that?

Mr. SISK. These reserves, if you choose to call them reserves, were depleted. There was not cotton of the necessary quality available to

the textile mills. I think this is substantiated by the fact that we had cotton acreage limitations lowered, or the cotton acreage increased primarily to meet this situation.

This is just one item that comes to my mind as a situation in which a strategic security reserve would be helpful.

Mr. HEINKEL. I think it would be a protection to the consumer from the standpoint of supply and price.

Mr. MYERS. And price?

Mr. HEINKEL. Yes, sir.

Mr. MYERS. In other words, that reserve would be there to hold the price down in case of shortage, as you are speaking about it, the processor wouldn't have to bid the price up?

Mr. HEINKEL. It would be there to protect the country and its citizens.

Mr. MYERS. How is it protected? I want you to tell me how it protects.

Mr. HEINKEL. In time of disaster, a shortage of supply, we would draw upon this reserve. Certainly, if we had it to draw on, it would keep the price stable.

Mr. MYERS. The price stabilized. Other than that cotton situation, what other kinds have we had, which I wasn't completely familiar with, and I am not sure about the facts—maybe a specific grade of cotton was in somewhat short supply, but I thought we carried reserves through today.

Where can grains be interpreted as foodstuffs?

Mr. HEINKEL. Well, we have been operating these programs, and even before we had these programs we had what we call surpluses, and we have been calling them surpluses. In fact we had reserves, but we have been calling them surpluses, and in many cases treated as surpluses and they have had a depressing price effect on the market so far as farmers are concerned and they haven't always been in the best interests of the city people because that reduced the farmers' purchasing power.

Mr. MYERS. You have said that twice before in your statement and the chairman, I think, is right. How would the reserve protect the consumer? In what fashion are foodstuffs?

Mr. HEINKEL. Against a shortage.

Mr. MYERS. When have you ever had a shortage?

Mr. HEINKEL. Is that any assurance that we will not?

Mr. MYERS. Every insurance company I know of operates completely on history and on experience.

Mr. HEINKEL. But we are a nation now of 200 million people, and I think it is risky business to assume that we can never have a shortage of some of these supplies.

Mr. MYERS. Then, you think that people might go hungry and starve to death if we didn't have it?

Mr. HEINKEL. We might go without adequate supply.

Mr. MYERS. But there is a danger of starvation in this country; is that the extreme you are thinking about?

Mr. HEINKEL. Well, I am not necessarily saying it would be starvation. There might be some people starve, yes; that wouldn't have—they don't have enough money to buy food now, and certainly if it goes a lot higher they wouldn't be able to buy it.

Mr. MYERS. Really, you are holding to keep prices down. You keep coming back to price.

Mr. HEINKEL. No; it would stabilize.

Mr. MYERS. Stabilize down, instead of up. It would stabilize a lower price.

Mr. HEINKEL. Stabilize, also stabilize prices up, because you would be able to operate these commodity programs on a tighter allotment basis.

Mr. MYERS. But controls, then, tighter controls?

Mr. HEINKEL. We have them now.

Mr. MYERS. You are suggesting—we are writing a new bill and you are going to have it starting next year—we are talking about a new bill—you are using tighter controls with this reserve to guarantee controls will work?

Mr. HEINKEL. We are suggesting a bill that will have the mechanics in it that can be operated so that it will get to these people that Mrs. May and others are talking about, that don't have their fair share of the national income, a little more of what they are entitled to.

Mr. MYERS. I don't agree with it, but that is a matter of opinion. I think this is going to work the opposite.

Of course, you don't think history means enough. Every time we have had a surplus it is price suppressant.

I agree with the chairman, I don't care how many controls, the processor knows it is there. When you know the price is up you are going to get to it. So, you are not going to let that price get up there. I just don't think you are going to protect the farmer. I don't see any benefit to the farmer from this reserve.

Mr. HEINKEL. It just happens I do think there will be protection, and I know thousands and hundreds of thousands of other people that think there will, too.

Mr. MYERS. I can give you hundreds of thousands that think we don't need any bill at all, but I don't agree with them, either.

Mr. HEINKEL. I don't agree with them, either.

Mr. MYERS. I would like to find out the source of your information, percentage and total figures of income, what was that source?

Mr. HEINKEL. USDA statistics.

Mr. MYERS. Now, you spoke about livestock production and the land retirement, and you said you thought this would be costing more. Now, what happens to the feed grains today after they are produced at the farm? Where does it go?

Mr. HEINKEL. I would guess that the bigger percentage of it goes into livestock and poultry products.

Mr. MYERS. And feed them?

Mr. HEINKEL. Right.

Mr. MYERS. Now, an acre of, say, corn or milo, would that produce about equivalent to an acre of grass as far as total number of production of pounds of meat would be concerned? Which would produce the most, an acre of corn and milo or an acre of corn?

Mr. HEINKEL. I would think corn.

Mr. MYERS. How can you say this would cause a great influx of production of livestock pounds if you take it out of corn and milo and put it into corn?

Mr. HEINKEL. It wouldn't be taking it out of corn.

Mr. MYERS. How can you say that they wouldn't—

Mr. HEINKEL. With the massive land retirement program, it is obvious, based on all I have heard about what might be in such a program, that one of the objectives is to cut the cost down, and you offer it on a bid basis and you get the less productive land. So you will not reduce the supply of cotton, you will not reduce the feed grain production, or you will not reduce soybean production, because they are the crops where you get the highest yields and the highest returns.

Obviously, your massive approach will not get production out in those areas and those commodities.

Mr. MYERS. Well, we haven't written a bill yet, and maybe your assumptions are right. I don't know what we are going to come up with but my assumption in this, that it is more economical for the Department of Agriculture and for us interested in improving the lot of the farmer to take out of production the best land, not the cheapest. That has been one of the failures of the existing program, that we have taken the poorest land, and I am a farmer also and I am, like some of my colleagues here, I am not in the program today, but I know my friends out there in the river bottom areas, they give the land to floods every year and put that into land retirement, into land reserve, and that is the reason it hasn't worked.

I think we can rotate acreage or buy the best acreage, the most productive. I think we have decided here, a number of us have, that we must take the best land out of production.

Now, one last question.

Mr. HEINKEL. Pardon me. I don't admit the program hasn't worked. When we started this feed grain we had a surplus of 85 million tons. We cut that half in two. We had a staggering wheat surplus, and while we are still in bad shape in wheat, we reduced that surplus too.

Mr. MYERS. It has worked to a degree, I would agree with you there.

Mr. HEINKEL. Under this commodity program, we do get corn acres and grain sorghum acres and wheat acres out of production. Massive land retirement is a massive approach. You just get a mass of less productive acres obviously in one part of the country.

Mr. MYERS. I supported last year a 1-year continuation of this program because even though I think we can come up with something better, it was something better than nothing at all.

I would like to make one last comment.

Mr. HEINKEL. Pardon me. That is why we have made our suggestion, we are hoping that we can improve what we have, keep what we have and improve it.

Mr. MYERS. I certainly agree.

In your land retirement program discussion, you commented about studies—the statement that studies indicate 70 million acres taken out of production would cause a greater production. What was that study, or what are they, specifically?

Mr. HEINKEL. That was, as I recall, made by the Department of Agriculture.

Mr. MYERS. Give us the date of it, or something.

Mr. HEINKEL. About a year ago.

The CHAIRMAN. I have that.

Mr. MYERS. You have it.

Well, thank you.

Mr. HEINKEL. Thank you.

The CHAIRMAN. Thank you.

Any further questions?

(No response.)

The CHAIRMAN. If not, we are very much obliged to you, Mr. Heinkel, and to your associates.

I believe we have had a good discussion, which I think it is really the thing we need, all of us. We are very much obliged.

The committee will meet in the morning, to hear the tractor drivers from Illinois.

Mr. HEINKEL. Mr. Chairman, it is always an honor to appear here, and again let me say that we are supporting the existing programs as incorporated in your bill, but we offer these suggestions with the hope that you might improve them.

The CHAIRMAN. Glad to have you offer them.

The committee will meet at 10 o'clock tomorrow morning.

(Whereupon, at 12 noon, the committee adjourned, to reconvene at 10 a.m., Wednesday, July 30, 1969.)



GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

WEDNESDAY, JULY 30, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m., in room 1301, Longworth House Office Building, the Honorable W. R. Poage (chairman), presiding.

Present: Representatives Poage, Abernethy, Stubblefield, Purcell, O'Neal, Foley, de la Garza, Vigorito, Jones of North Carolina, Montgomery, Alexander, Burlison, Melcher, Belcher, Teague, May, Wampler, Goodling, Miller, Mathias, Mayne, Zwach, Kleppe, Myers, Sebelius, McKneally, and Mizell.

Also present: William C. Black, general counsel; Hyde H. Murray, associate counsel; L. T. Easley, staff consultant; John A. Knebel, assistant counsel, Martha S. Hannah, subcommittee clerk; and Fred T. Ward, assistant staff consultant.

The CHAIRMAN. The committee will please be in order.

As all of you see, we have a large number of guests this morning. Frankly we have more than we expected. We are glad to have you and welcome you all here. We are pleased that more of you came than we originally thought, because when Mr. Springer first mentioned this to me he said there were going to be some folks driving some tractors down here and would we meet with them—certainly we will meet with you.

Your group became larger and larger and now we do not have enough room for all of you.

I know some of you want to know why we did not move downtown or rent a tent or something, but this committee is not going to move out of its quarters when it has crowds. We have had crowds before and we will have them in the future. I know it is inconvenient. We are going to do the best we can.

We have Congressman Springer from Illinois, who we all look upon as a good friend of agriculture. Sometimes I think he is terribly mistaken—he wears that Republican emblem and I have got a jackass emblem. He is a good friend of agriculture and we are glad to have him here to introduce the group.

**STATEMENT OF HON. WILLIAM L. SPRINGER, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF ILLINOIS**

Mr. SPRINGER. Mr. Chairman, members of the committee, my colleagues in the House, witnesses and ladies and gentlemen of the press, I know that people in our area have been deeply concerned about the problems of agriculture. We had a group who had been working on this matter for the past several months trying to get some thinking together on what they thought could be done for the grain farmer. This resulted in this tractor drive. So many people wanted to get into the act and be a part of this drive for agriculture that you now see the culmination day, and may I say, Mr. Chairman, there is a local group of about 85 to 100 who came today by airplane and arrived only about an hour ago. This is the reason for the overflow in the hall.

I would like to introduce those who are the witnesses today. The principal witness who will speak for this group is Max Miller, who is, may I say, a farmer, a grain farmer, a dirt farmer. He and all of his family—I knew his father well during a good part of his lifetime. He only died this last winter. Max Miller, the principal witness, those supporting him and who will be able to answer technical questions if necessary are: Mr. Lloyd Reeser, Mr. Edward Freese, Mr. Raymond Cottle, and they are all from Illinois, and Mr. Dean Nichols, who comes from Indiana and is a constituent of a member of this committee, our good friend John Myers.

Mr. Chairman, these are the ones who are going to present the testimony for the United Grain Farmers of America.

We thank you for this opportunity and want you to know, on my own part, how gracious and kind you were to arrange this meeting so this group could have all this morning.

May I say to my friends who are here from my district, the Chairman, and the ranking Republican are great friends of agriculture and I am sure they are going to try to come through with a bill as soon as they can.

The CHAIRMAN. Thank you, Mr. Springer.

The secretary was just asking—she said the press wanted to take some pictures and we have a rule here against taking pictures while the committee is in session; but in a moment the committee will stand in recess just long enough to allow that to take place.

I also would like to explain to our visitors that we have 2 hours here this morning. Frankly, I know that you feel that a short time, but it is a longer time than we are giving to any other organization of the same size. The American Farm Bureau Federation is going to get 2 hours, the Midcontinent Farm Association got 2 hours yesterday, the Farmers Union will get 2 hours, the National Farmers Organization 2 hours, and the Grange 2 hours. You are getting 2 hours. We are not going to be available this afternoon. I regret that, but the House is in session on important legislation. It is the education appropriation bill. I think that all of you recognize the necessity that we be on the floor, and I am sure that you would want us on the floor. The result is that we will proceed until noon.

Now, before we start with the witnesses, the committee does stand in recess momentarily.

(Short recess.)

The CHAIRMAN. The committee will be in order.

We will be delighted to hear from Mr. Miller, spokesman of the group visiting us this morning.

Mr. Miller, we will be glad to hear from you.

STATEMENT OF MAX MILLER, SPOKESMAN FOR THE UNITED GRAIN FARMERS OF AMERICA

Mr. MILLER. Thank you, Mr. Chairman.

The CHAIRMAN. We are sorry that our public address system did not work, but if you are grain farmers you know what it is like for machinery to break down. That happens to the committee just the same as it does to you folks.

Mr. MILLER. Thank you, Mr. Chairman.

Chairman Poage, and members of this committee, we are the group of dedicated farmers that have driven tractors to Washington.

After considerable years of low-farm prices and continual decay of rural America, a group of farmers in the Midwest thought it was necessary to try a new approach to the farm problem.

This group had to have a name so it decided to be called the United Grain Farmers of America. We want you to know this is not to be a new farm organization; we have no dues nor do we have member solicitation. After the economic plight of the American farmer is solved by full parity—this group will disband and will not return to Washington again by farm tractors.

We have stressed at every opportunity that this was not a protest drive, our primary objective was to impress upon rural and city people as well as the Congress our sincere dedication to the farm program that we will present today. We would have to wonder if any other farm group would have enough dedication for their farm program to spend 11 hard days on a tractor riding to Washington? I can assure you as a tractor driver, those days were hard, but the experiences and observations were very gratifying.

The tractor drive accomplished much more than most of us expected. I would like to give you a few examples we found along the way.

1. When farmers all along the way heard of our program, they told us to keep going. "It sounds good to me—" several farmers got their tractors on very short notice and joined us.

2. Farmers have been told that city people were angry and disgusted with them. We found just the opposite as we traveled through several large cities such as Indianapolis, Wheeling, W. Va., even here in the District of Columbia—city people were very friendly, and helpful. They gave us much encouragement, and they did know in a small way of some of our problems.

3. Travelers on the highways were willing to put up with traffic congestion with very few complaints.

4. None of us realized the great number of people that have been forced off the land. Up until this trip, the millions that had left the farm was a mere number to us, but as we traveled and talked, it seemed as though everyone was a displaced farmer.

5. The general decay and ruin of rural America is much more evident from the seat of a tractor than the seat of an auto or airplane.

Farmers, as a rule, are a proud people and they would not live in such ruin if they were making a fair living.

6. The general public is grossly uninformed as to agriculture and its problems.

7. The American people do not know that 95 percent of the man-hours spent in the USDA is used for business and the general public.

8. The city people do not know that over half of the total agricultural budget is used for nonfarm uses. Farmers don't know it either, but they do know they are not getting their share of what they are being blamed for.

In short, we have found city people very favorable to our cause and we have found farmers from the plains of Illinois to the hill country of Maryland willing to control their production in order to have a fair price: What group do we have left to convince?

I am here today as a farmer. My brother and I are trying to pay for 700 acres of productive Illinois land. Some of it we inherited and most of it we purchased. I am here as a partner in a country elevator and I am here as a member of the Chicago Board of Trade. All the business that I have a part in makes a fair return with the exception of the farm. We have more invested in farming than all the others put together; why can't we make the farm pay? Simply because farming to date has not used business principles. Let me give examples. In selling grain dryers and other equipment, the manufacturer does not aim to over produce—if he does, he does not sell all of his production at a loss in order to move the product. In the country elevator we handle the grain on a working margin that leaves us a profit in order to maintain the services **that the farmers need** in our area. Elevators work basically **on volume, but they do** maintain a margin that will incur a profit. As far as the board of trade is concerned, we have this membership because of a need in the elevator business, but there is a sound business practice that is followed in Chicago; only a limited number of memberships are available and no matter what the volume may be, 5,000 or 500 million bushels, the commission charge is the same. They do not do more and take less. The American farmer has been sold this bill of goods—raise more and take less, and that is one of the reasons why he is in the situation that we find him in today.

I will not attempt to tell you of the inequities in agriculture because of the members of this committee are responsible for the booklet entitled "Food Costs and Farm Prices." This booklet spells out the problems—the question is what can we do about it?

The business practice that farmers have been missing is controlling their production and selling at a profit. Countless farmers have been robbed of their home and way of life because they could not control their production.

Misinformation is the capping climax to the farm problem. Much of this information has originated in the USDA. I could not hope to tell all of these, but I would like just one recent example. A Mr. Stephen Hiemster, one of the USDA economists, was quoted in a front page story of the Chicago Daily News as saying the reason that the cost of living went up in June was due to the high price of cattle. Now something cannot be high when it is selling below a fair price.

I don't know why the gentlemen made this statement and I don't know why other statements such as this are made, but we can see them almost daily in our papers.

Farmers have been told by just about everyone that they are pricing themselves out of the world markets. I have written the USDA and most farm publications asking for world prices and asking that the prices be published. I have had no answers, but I did manage to find out that corn prices in the EEC countries were around \$2.69 per bushel and soybeans were over \$4 per bushel in Japan. Because of tariff laws, I have been told that if we gave the corn to the EEC countries, it would still cost the consumer \$2.69 per bushel. We can never meet that kind of competition. Japan is on a percentage basis on tariffs so obviously if our prices are lower this does make a little difference, and I am sure it has. Do these prices sound like we are priced out of the world markets? Again, I feel we have been fed misinformation. Many economists say we would lose all our exports if farmers in America got parity prices. Speaking as a farmer in America, I can truthfully say that I do not care about producing for an export market if it means I am to go broke. We cannot maintain the high family and farm operating cost in a high cost economy and sell our commodities into a so-called, low-cost world economy. As farmers, we cannot see reductions in anything that we are going to purchase, therefore, the only other thing left is to improve our sales prices except here in the United States. If it is necessary that we export agricultural products, then let every citizen participate in the burden and not just the farmer. On page 42 in the booklet prepared by this committee, dated May 3, 1969, it is impossible for me to find an importing country that is not paying American parity and more for feed grains; therefore, I question the validity of a statement that we are priced out of the world markets at American parity.

We feel that at American parity only a small portion of our exports will be lost. Where else can importing countries obtain abundant feed grain supplies? Quite honestly it seems worse in this administration than in the past. If necessary, subsidize our agricultural exports, it is still far cheaper than our present policy.

I can cite you many examples of Government sales of grains that have caused the low farm prices and quite honestly, it seems worse in this administration than in the past. Maybe this is because corn production is going into its second year where demand has exceeded the supply and it therefore requires Government action to keep the price from going to parity. It seems that someone in the USDA is determined not to let supply and demand work to help farm prices; otherwise they would not have called the 1967 resealed corn in elevators and they would not have announced the dumping of soybeans on the take-over date to September 1. These injustices to the American farmer should terminate.

In the booklet put out by this committee May 3, 1969, it is clearly spelled out in great detail the problems of farming. These problems are clearly a lack of a fair price of most farm raw products. Most economists tell us that overproduction is the one cause for a lack of a fair price; therefore, it is simply a matter of controlling production in order to get a fair price. In the program that we have proposed,

we are asking the Government to tell us how many acres of production that we need and we will let any extra ground lay idle with no payment. We only ask that the Government support the price at full parity. The only reason that we ask for the support price is to see that the planners do not have us plant too much and cause excessive strategic reserves.

City people have been offended by the methods used to raise farm income because of poor public information. This program of cutting subsidies out and no longer paying farmers not to produce has wide city support and paying farmers a fair price for what they do has wide farmer support.

We produce here in support of farm legislation that will let the farmer decide what he wants and needs. There is all this talk about 35 years of failure in farm program and talk of failure in the present feed grains program. To the whole of America, they have not been a failure because the percentage of spendable income for food has had a consistent drop; to the farmer it has been a failure because his prices have not improved. Who really has been subsidized when food prices in relationship to spendable income are at record lows and farm prices are down 9 percent since 1952?

We are here to ask that farmers be given the right to vote on a program that would cause them to reduce their acreage of parity for cutting their production. No more of this buying land and paying people not to produce—just a fair price for what we do produce. We are asking farmers making 51 percent of their income from farming should be the only ones to vote and a simple majority should determine the outcome. This program would cut at least 3.5 billion from the Agricultural budget. If farmers do not choose to control their production, they should suffer the same fate that awaits any other manufacturer who refuses to cope with overproduction properly. We feel the American farmer should make this decision by voting.

We feel that the family type farm should be allowed to prosper. In recent years, we have witnessed the failure of collective, State, and corporate farms in other countries. These countries are now attempting to return to family type operations in order to produce an adequate supply of food for their people.

Our proposal will maintain the family farm in America and assure an adequate food supply of food, at a reasonable cost to all consumers.

Gentlemen, we have driven our tractors here to ask for no charity—we only want full parity.

Now, I would like to read three points in our proposal that we are proposing and then I will be finished.

The CHAIRMAN. I wonder if at that point it might not be well to ask those of you in the audience who would, if you would give up your places to let some of those on the outside in the corridor come in.

Any of you who will retire now—we do not like to ask you to go, but we have a lot more outside who would like to come in.

(Brief recess.)

We have about all in here we can put in. We will make another shift in about 20 minutes.

I do want to express the appreciation of the committee for the effort that our visitors are making to maintain order, and I know you are

doing a good job of it and we appreciate it. You are doing a whole lot better than I have seen many small groups do.

Mr. Miller we will be glad to have you proceed further.

Mr. MILLER. OK.

I just have the three points of our program which I would like to present at this time.

No. 1, we are asking that the Congress amend the Agriculture Act of 1965 to include enabling legislation that would permit grain farmers to bind themselves to a mandatory program whereby a certain percentage of their total acres diverted shall be based on the decision of a National Advisory Committee of Grain Farmers appointed by the Secretary of Agriculture.

Feed grains would then be supported at 100 percent of parity. Feed grains include all those grains used in whole or in part for feed purposes, such as corn, grain sorghum, wheat, rye, barley, oats and soybeans, and others.

No. 2, no payment will be made on land taken out of production and acreage taken from production must be placed in a 2-year rotation until all acreage on a given farm has had its turn. The farmer would retain complete control of the tillable land not taken from production and be permitted to plant and harvest any crop on it that he should chose.

No. 3, a national referendum of grain farmers be called and farmers be given the opportunity to vote for the acceptance of the above recommendations. All grain farmers who receive a majority of their income from farming shall be entitled to vote or as previously mentioned 51 percent and the election shall be held in each county ASCS office.

I might make a comment here that we feel that any type of election would not be any different than a Presidential election or when you gentlemen are elected. We feel it should be by a simple majority. Why should we be bound to 66 $\frac{2}{3}$ percent?

That is the conclusion of my statement. I thank you.

(The following proposal for a fair program for grain farmers, and the mechanics of the United Grain Farmers of America program was also submitted to the committee:)

A PROPOSAL FOR A FAIR PROGRAM FOR GRAIN FARMERS

We the committee representing farmers who are members of the National Farmers Organization, Farm Bureau, Grange, Farmers Union and farmers who are not members of any general farm organization respectfully submit the following recommendations to the President, the Congress, its House and Senate Agriculture Committees and the Secretary of Agriculture.

These recommendations are believed to be a practical solution to the economic problem that farm people generally could agree on since most farmers recognize that the basic problem is an excess of resources in agricultural production. Feed grain prices are based on supply and demand. If there is an excess of grain produced, the price that the farmers receives per bushel is low. In order for a program for feed grain farmers to work satisfactorily, it must result in:

(1) The necessary food and fiber to adequately feed and clothe every man, woman and child in America, to meet our export demand for dollars and be sufficient to meet the requirements of our federal and foreign aid programs.

(2) A proper reward to our grain farmers for reducing the supply to assure a satisfactory price, even though it may require some severe restrictions in production. Farmers, for the most part, are willing to accept their responsibility in bringing this about provided that all farmers share alike in the restrictions on an equal percentage of tillable acres.

THEREFORE, BE IT RESOLVED THAT:

(1) The Congress amend the Agricultural Act of 1965 to include enabling legislation that would permit grain farmers to bind themselves to a mandatory program whereby a certain per cent of their tillable acres would be removed from production. The percentage of acres diverted shall be based on the decision of a National Advisory Committee of grain farmers appointed by the Secretary of Agriculture. Feed grains would then be supported at 100 percent of parity. Grain feeds include all those grains used in whole or in part for feed purposes—such as: corn, grain sorghum, wheat, rye, barley, oats, soybeans and others.

(2) No payment will be made on land taken out of production and acreage taken from production must be placed on a two-year rotation, until all acreage on a given farm has had its turn. The farmer would retain complete control of the tillable land not taken from production and be permitted to plant and harvest any crop on it that he should choose.

(3) A national referendum of grain farmers be called and farmers be given the opportunity to vote for the acceptance of the above recommendations. All grain farmers who receive a majority of their income from farming shall be entitled to vote. Elections shall be held in each county at the ASCS office.

The above resolution would provide for the following:

(1) It would reduce surpluses to a point where our domestic and export needs would be met, and where farmers would receive an adequate price for their grain.

(2) It would return to the farmers a fair price for their production and bring farmer's income up to a par with other segments of our society.

(3) It would be less costly to the taxpayer and the consumer since only a small amount of storage would be involved and needed for government take-over.

In conclusion, we commend the Secretary of Agriculture who has made known to the public and unfair and poor financial status of the American farmer. The impact of loss of income and lack of purchasing power has just now reached the suppliers of farm goods and services and will have a further depressing impact upon the American economy.

We trust the meetings with farmers across the country will convince the Secretary of Agriculture that the above recommendations deserve consideration. Farmers are willing to accept their responsibility to bring forth a better agriculture.

We the farmers of America pledge to you, Mr. President, and to our urban friends, our continued cooperation in seeking steadily improved soil conservation projects, outdoor recreation, wildlife production, hunting and fishing privileges and a continuance of the rights of all to share in the resources of this great country's agriculture, labor and industry. Keep America strong—Be Fair! Give the farmer a fair share. Let the man—the farmer who tills the soil—make the decision for his profession.

THE MECHANICS OF THE UNITED GRAIN FARMERS OF AMERICA'S PROGRAM

The USDA projections of usage and the USDA projections of yield are presented to the National Advisory Committee, consisting of farmers, USDA representatives, consumer representatives and processor representatives. The National Advisory Committee then decides the acreage required to produce the projections of usage and also the percent of tillable acreage to be taken out of production to keep the supply and demand in balance.

This percent of tillable acreage is relayed to the individual farmer through the ASCS county office. The county office is the enforcing agency in this program and will enforce any penalty decided upon, by the USDA, for violation of the acreage reduction rule.

The farmer in turn will produce to the best of his ability and dispose of his grain in any manner he sees fit. However, if the National Advisory Committee has not reduced the tillable acreage enough and the price is below parity, he can store his grain and will be eligible for a CCC loan on a percent of parity basis. Perhaps this percent of parity could be the present price support level. If by the next harvest parity has not been reached, he is eligible for a price support payment of the difference between the CCC loan and the local market parity price. The CCC will then take his grain through existing channels and deposit it in the national reserve. This grain will be considered overproduction.

At anytime the price of grain reaches 110% of parity the CCC will be free to ship into the free market until such time as the price falls back to 100% of parity. At this time shipment must cease.

If the CCC should have damaged grain or out of condition grain, it could be put in the marketing channels at the time the damage is discovered, however the CCC would be required to replace this damaged grain with good, storable grain from the free market.

The CCC must maintain a national reserve of not less than approximately 4 months usage, not to be released except in national emergency. This grain can be rotated however.

The Secretary of Agriculture has the authority to maintain this national reserve through the existing feed grain program. Title 7 Agriculture, Chapter VII Subchapter C, Part 775 Feed Grains, Sec. 775.401 General, part D.

The CHAIRMAN. Thank you very much, Mr. Miller.

Now, if any of the other gentlemen present want to make a statement at this time, or if you simply want to join in the discussion as we pursue this matter—

Mr. MILLER. No; I believe that is all.

The CHAIRMAN. I think, then, that it would be well for us to review Mr. Miller's statement and let members raise such questions as they see fit. For instance, I would like to merely comment first that certainly all of us on this committee recognize that farmers are not getting an adequate or a fair share of the national income for their labor and their investment. It is certain that they were getting no more than two-thirds as much as nonfarmers for the same kind of work and/or investment. The question comes, I think, to be exactly what Mr. Miller is suggesting: Have we arrived at getting a fair share for our farm people? I think that we can pretty well simplify that and say there are only two places you can get it. We would all prefer to get it in the marketplace. You haven't been able to get it in the marketplace. Throughout the history of the world farmers have not been able to get a fair share of the national income in the marketplace, except during periods of emergency and national crisis when they always get probably more than their fair share in the marketplace in the way of price.

You gave the impression—and the only way of getting it, of course, is from the Government through the use of governmental power, either through payments directly made or through the use of governmental power to control the amount of production, and guarantee prices. I take it that it is the second one that you are suggesting we should use rather than the first, which we have been using with rather limited success.

I think that you intimated that you feel rather strongly that city people do understand your problem and that they will support you. I wish that I could indulge in that belief, because the great majority of the people of the United States do live in the cities, in the large cities. The great majority of their representatives are from those urban areas and must reflect the viewpoint of those areas. I am just not of the belief that we have the story of the farmer before the urban public as you seem to think that we have. Our experience here on the floor of the House is that we don't have the support of a large part of the representatives from those areas, and until we get that support it doesn't make any difference what you have got in the way of reception along the road, you have got to have the votes on the floor here and we have not got them. We did not have them the last time we voted.

Mr. MILLER. I would just like to comment on that that I might have left the wrong impression. I meant to say that we had support for the program in these cities that we traveled through in what we were trying to get done. In fact, this morning I talked to a taxicab driver coming over here and he wanted to know what we were trying to do, and I told him and he said I can understand that, what you would rather have than not raise 10 acres and lose money, you would rather raise seven or eight and get a fair price. I said that is right, and he said "even I can understand that."

I think these city people we talked to as we traveled through understand. We say we don't want to get paid for not producing, just paid for what we do produce and control our production like you people do. You get a fair price for that. This is what I meant.

The CHAIRMAN. I understand that. That is correct, that if we could get the story over to the people I think the American people will fight for it. But my colleague, Mr. Belcher, has been on the committee a long time and he can remember back, as I can, when we used mules instead of tractors and he has a saying that I think is very apropos to what you are faced with: That he hasn't got time enough to sit on the wagon tongue to talk to every farmer in his district and explain these things. The city Congressman hasn't got time enough to stand on the street corner and talk to every constituent in Baltimore or Philadelphia, and he is not going to try to do it in your behalf. The result is, it is not done and until we get that done I don't think we are going to have those votes. We have been passing farm bills by the slimmest kind of majorities and by making compromises. You wonder why we have such poor legislation, you have wondered it in Republican and Democratic administrations alike. The answer is the same in both cases, there wasn't enough unanimity of support and we had to make compromises—we had to make so many compromises to get anything. Even between the farm organizations we had to make so many compromises to make complete ineffectual programs that would have worked.

I will say it for Mr. Benson, who was not a great administrator, although I liked him as a man, maybe if he had had his program like he wanted, he could have made it work. Mr. Freeman couldn't get his working like he wanted. Mr. Hardin isn't going to get his like he wants it.

This Congress represents all the people of the United States, and I think the greatest thing you can do is to talk to some of these other Congressmen. If you could get the Illinois group united for a farm bill we could pass it. I will just make you that proposition.

Now, Bill Springer is a good supporter of the farm bill, I am sure of that. But if you can get the Illinois delegation to support a farm bill I will guarantee you it will pass.

We don't have to have all the Illinois farmers, but if they will get all the Illinois Congressmen to support a farm bill I will guarantee you it will pass. Of course, you can't get them all and I know it.

Now, gentleman, let me tell you, you have got just as much trouble at home as you have got in New York. We will get more votes out of New York than we will out of Chicago and we will get nearly as many out of Chicago as we will from the farming areas of Illinois, and you know it and I know it. Now, there is where our trouble is.

Mr. MILLER. Well, I think that farmers, as we have stated in our proposals, farmers are ready to accept their responsibility. Now, I don't know how we can ever get a fair price unless we control production. That is how every other industry has been able to operate.

The CHAIRMAN. I have got no criticism of that. I agree with you fully.

Mr. MILLER. When we eliminate these payments to farmers for not producing, I do not find any city people that object to eliminating this payment because it knocks billions of dollars out of your budget.

I do not follow what we are talking about that we can't get the city Congressman on—

The CHAIRMAN. If you do not follow it, go out and get 10 Illinois Congressmen that will support this and I think it will go along.

Mr. MILLER. Why are you saying they wouldn't support it? That is up to them. I don't know why they wouldn't support it.

The CHAIRMAN. I am just asking you to get your own delegation and I am not talking with Bill Springer and some of the others. You have got some of the strongest opposition in the United States right in your State.

Mr. MILLER. Well, I think it is a terrible way to have to do it, to bring the country to a brink of shortage and starvation in order to get a fair price.

The CHAIRMAN. I agree with you. But I am asking you how do we get the votes? It is not going to do any good unless you can get it passed on the floor of the House.

Mr. MILLER. I have failed to find anybody to say that they are not in favor of the farmer getting a fair price.

The CHAIRMAN. You have not found anybody who says he is opposed to God, home, or motherhood, either.

Mr. MILLER. But when you go up and you ask a Senator or Congressman, do you favor a fair price for farmers, what are they going to tell you?

The CHAIRMAN. What does he tell you when you ask him if he is going to stop whipping his wife?

Mr. MILLER. We have got to say—and I think we will say—and I think we will mean that they can recognize these inequities, and when you present this they cannot say anything except yes, we know the farmers are in trouble and we want them to have a fair price.

The CHAIRMAN. Mr. Miller, the wheat farmers of America were polled almost exactly on your proposal—what, 6 years ago? The wheat farmers voted on almost exactly the proposal that you have here and they turned it down. That wasn't city people. That was the wheat farmers of America. They turned it down.

Mr. MILLER. Mr. Cottle would like to have a comment on that.

Mr. COTTLE. Mr. Chairman, I would like to comment. They did not turn it down as a simple majority vote. It had to carry by two-thirds majority. It carried by 57 percent. So this is a majority vote for this wheat referendum. But this was 6 years ago and we have a President of the United States today who was defeated as President one time, he was defeated as the Governor of California, also, but today he is the President of this great United States. Should this man have given up because he was defeated once he would never have become the President of the United States.

So I really feel like this is a poor alibi for not giving the farmer the right to vote. This is all we are asking, give the farmer the right to vote for this program and if he don't see fit to vote, then he will have to suffer the consequences.

But through the Midwest I have been fortunate enough to come in contact with several farmers and this is why I am interested, because I am a farmer, this is all I have ever done, I have no other business and I am interested in farmers. Before we put this proposal together, through my own individual poll—and I did not necessarily pick farmers that I thought might say yes—but some 80 percent said they felt like they could vote for this proposal. This is why we went to battle for it. This is why we drove tractors here to get public attention and this is why we are sitting in this room here today, Mr. Chairman.

The CHAIRMAN. Mr. Cottle, I am not finding fault with your proposal. I think there is a great deal to be said for it. But I don't believe we are going to pass anything, if instead of discussing them, each time we point out the problems. We are not finding fault with anything you are doing. I am congratulating you on doing it, but I do recognize some of the practicalities of life, and I don't think it is smart for us to spend our time and money working on something without recognizing what we are up against. I am trying to point out some of those things that I know you are up against, because I have been sitting here for 33 years and you haven't. I hope I have been able to see something here that maybe you haven't seen. I would certainly believe you know a whole lot more about planting a crop of corn in Illinois than I would know, and I certainly think I would know something about the reaction here in Congress. I regret that you take offense when I try to tell you what I think it will be, because I think you have got to face these facts and unless you face them you cannot win.

I would like to see you get paid for everything, not simply for corn—and I would want to point out that this committee is not going to pass a bill here—not with my vote at least—that simply solves only the corn problem. Even if we could—I don't know how we could, because it is interrelated with everything else—we are going to try to take care of the wheat farmer, the tobacco farmer, the soybean farmer. We are here to look after agriculture. You are an important part of agriculture. I grant you that feed grains are the most basic part of our agriculture, but we are not going to come out here with simply a bill relating to one commodity even though it is perfectly proper for you to come and present the one commodity. We have to pass legislation that is going to take care of all segments of agriculture, and that requires a lot of compromise.

What I am trying to tell you is what I have tried to tell this committee, we have got to make a great many compromises to get anything, and when you find fault with the program because it isn't perfectly exact, you generally have a choice of taking a part of something or getting all of nothing.

Too many of us have said "Well, if I can't get everything just as I want it, I will take all of nothing," and that is what we generally get when we take that attitude.

Mr. BELCHER. The Chairman and I agree on most things, but I don't entirely agree that it is the city people that are going to defeat your

plan, because if I represented a consumer district and a group of farmers presented your plan to me I would a whole lot rather take it than the present plan for the reason that some of the objections that consumers and taxpayers have to farm programs is that you pay them for doing nothing.

Mr. MILLER. Right.

Mr. BELCHER. And the hardest thing you have got to explain is why you pay a farmer for just laying out acres and not doing a thing with them, but you pay him. That is the reason that city people are against farm bills, because they are taking their taxpayers' money from their district to pay farmers for not doing anything.

Now, as I understand your problem, you are going to reduce the acreage enough to balance production with consumption. When you do that the consuming public is going to have to pay parity in order to buy that in the marketplace, and when you do that it is not going to cost taxpayers' any money, because if you have a support price at the same price of your grains in the marketplace, the Federal Government is not going to be involved at all except in case you have an excess crop on your allotted acres. You just don't know how many acres it takes to produce how much grain. You are going to have times when the allotted acres, figured out just as accurately as you can figure, you are going to have a bumper crop for that particular year and you are going to have a surplus and your support price will have to come into operation. However, if you are honestly administering your program you will take care of that surplus in the next year and it still won't cost taxpayers scarcely any money.

Now, here is the one thing that I don't think you have taken into consideration entirely: it is going to mean a tremendous reduction in the number of acres for your allotments, and when you try to do that—I admire your theory, I admire a group of people that will come down there and say all we want to do is—we are willing to cut back our production in order to get a fair price. I don't think there is any proposition you can make to any government that is any fairer than that. But what I am wondering is can you get enough farmers to do that when you figure out to them how much they are going to have to cut back and how many acres that are going to have to lay idle. I think you are going to have trouble with the farmers and not the city people, because I think the city people would rather have that kind of program in which they pay people for doing nothing.

However, there is one statement in here that I think might foul up your whole program, and that is the statement that you say the farmer wants to retain complete control of the idle land, not taken from production, to be permitted to harvest any crop that he should choose. These laid-out acres are not to produce anything; is that correct?

Mr. COTTLE. That is right, cover crop.

Mr. BELCHER. You are going to keep them from growing up to weeds and being infested?

Mr. Chairman, I think if you can sell every farmer in America on that kind of program it could be passed with city votes in the Congress. I think the problem is selling the farmers.

(Applause.)

The CHAIRMAN. I just wonder if we should ask some of the folks here in the audience at this time—we have been in here about 30 min-

utes—to make a little rotation. There are still a number of people outside, and I think we should try to give them an opportunity to come in.

(Short recess.)

The CHAIRMAN. The committee will be in order, and we will recognize Mr. Abernethy.

Mr. ABERNETHY. Mr. Miller, do you base your program on domestic consumption or domestic consumption and foreign export?

Mr. MILLER. Well, naturally I think it would have to be based on domestic and foreign.

Mr. ABERNETHY. Domestic consumption?

Mr. MILLER. And foreign.

Mr. ABERNETHY. How are we going to determine how much will be consumed and exported in advance of the production of a crop?

Mr. MILLER. I think that there would have to be some survey made of these other countries. Surely they know what kind of food supplies they are going to have to have and where they are going to have to get them from.

Mr. ABERNETHY. That is true, but how do they know where they are going to buy them? They are going to buy where they can get the best price.

Mr. MILLER. Mr. Nichols.

Mr. NICHOLS. Mr. Abernethy, the imports and exports in this country are controlled by the State Department, if I am not mistaken.

Mr. ABERNETHY. No, sir; not entirely.

Mr. NICHOLS. For diplomatic reasons most of them are, and they use our production for diplomatic reasons. If this is true it is a taxpayers problem and not the farmers.

Mr. ABERNETHY. You say you have 360 acres of land, and you have—I don't know what your proportions are in Illinois—but let's say you normally would plant 120 acres of that in corn. How much of that would go to export and how much would be consumed domestically?

Mr. NICHOLS. I would assume that you would have to use a past history by percentage points. There is no other way of doing this. We know that most years we produced no more than 3 to 4 percent more than we have consumed, which has been put in storage or other places. As it adds to itself it becomes the burden that we are faced with today.

But really it is not any burden for this reason, and we have less than a 2 month supply of soybeans or we will have when this season is over. We have less than a 4 months supply of corn. And wheat, the one in the most trouble, we have less than a 6-months supply.

I think the people of this country, if they are interested in eating, would certainly want us to have an adequate supply of food in reserve.

Mr. ABERNETHY. I don't want you to misunderstand me. I am trying to determine how we would arrive at this.

Mr. NICHOLS. It would have to be done by percentage, past history and so forth.

Mr. ABERNETHY. Yes.

Well, I will just ask the question, because I don't know of anyone in this Government who can determine how much cotton or corn is going

to be exported during the next crop year. They might make a guess at it.

Mr. NICHOLS. They have been doing that for years, sir.

Mr. ABERNETHY. But your program is based on the crop production coming out almost exactly even—that is, a balance between supply and demand—thereby getting in the market your price instead of getting any of it out of the Government; that is right, isn't it?

Mr. NICHOLS. We would have to assume that, but it looks to me like sometime this governing body of our country is going to have to say we have to have some reserve of food, you will have to name it.

Mr. ABERNETHY. I think we have adequate reserves.

Mr. NICHOLS. But it is surplus and it controls our prices.

Mr. ABERNETHY. I know it is surplus. You call it reserve and I would like to say, too, that it is only a reserve, but when we get on the floor of that House they don't refer to it as a reserve.

Mr. NICHOLS. Might I suggest some of the things that you might say to your city Congressmen that could give them a different light on this thing?

Mr. ABERNETHY. Yes, sir.

Mr. NICHOLS. You know, each year we are losing millions of farmers. They are going to town and taking jobs because they are people that are not afraid of work and they will work and do good work.

Mr. ABERNETHY. Yes, sir.

Mr. NICHOLS. So what we are doing is taking those people's jobs.

Mr. ABERNETHY. Yes, sir.

Mr. NICHOLS. We are making the purchasing power of the farmers that are there less and less every year, so we need less of the stuff these boys in town do produce. They are not able to buy it. So that puts them out of jobs.

Mr. ABERNETHY. Right.

We have been telling them that. There is nothing new about that idea. We have been telling them that, and the facts about it are that the number of farmers are being reduced every year for another reason, that is each farmer is learning to produce more and more as the years go by, thereby making a problem of a surplus of farmers.

Mr. NICHOLS. Might I say this? That history has taught us that times of high price means less production, low prices mean more production.

Mr. ABERNETHY. You know, there was a time when everyone in the Nation was a farmer.

Mr. NICHOLS. That is right.

Mr. ABERNETHY. It would not have been wise to maintain that sort of a program throughout our economy and history would it?

Mr. NICHOLS. No, I assume not. There is one thing Mr. Belcher brought up, and I think we haven't clarified it. I think I might assume that is a voluntary program. It is mandatory?

Mr. ABERNETHY. I think we all understand this is a mandatory program based on a majority vote.

Mr. NICHOLS. The reasons that our programs have been unable to do the job they should have is because of the inequalities in it. In other words, if you planted corn during the years your base was set then you have got a dandy surplus.

Mr. ABERNETHY. What would you regard as the normal base for determining a particular farmer's allotment in a fixed year, the year ahead, we will say?

Mr. NICHOLS. Going from the figures that I have seen, we have been producing something like 5 percent more than we are consuming.

Mr. ABERNETHY. No, that is not my question. I think you misunderstood it.

Mr. NICHOLS. Maybe I did.

Mr. ABERNETHY. Would you allot acreage for 1970—assuming this program goes into effect this year—would the allotment be based on a percentage of what a farmer planted in 1969 or 1968 or what? What would you base it on?

Mr. NICHOLS. No.

This changes this completely. We asked the Agriculture Department to say that they want 20 percent, 10 percent or whatever it is that we can produce on it to keep production down where it belongs. Farmers can take care of their own production, sir.

Mr. ABERNETHY. No. You do not understand me.

What would be the base, what would you base the acreage on?

Mr. NICHOLS. Tillable acres.

Mr. ABERNETHY. Sir?

Mr. NICHOLS. Tillable—

Mr. ABERNETHY. How many acres on your farm?

Mr. NICHOLS. About 1,000 acres tillable land.

Mr. ABERNETHY. How much of that did you put in corn this year?

Mr. NICHOLS. I have 185 acres in the feed grain and 140 acres of corn planted.

Mr. ABERNETHY. What would be your planted acreage next year under your program?

Mr. NICHOLS. I would not have any. I would have to lay out 10 or 20 or whatever this committee decides, then I could plant whatever I wanted to and I would plant as many soybeans as I am now, because I like soybeans. People in corn will plant corn.

Mr. ABERNETHY. What are you going to do if you plant more next year?

Mr. NICHOLS. Then I will cut out a little more. If you cut 10 and that doesn't do it, we will cut 15, and if that don't 20.

Mr. ABERNETHY. What would your allotted acreage be next year?

Mr. NICHOLS. I would have none, sir, I would have to cut the percentage out. I would have to lay out the percentage decided that did not need production. We will have no allotment.

The CHAIRMAN. May I point out, if you will yield, that when you do this you run into one of the great problems. That is the reason I think the committee and Congress has not for years used an acreage rather than a crop basis. We use a crop basis because it is crops you are trying to reduce, not acreage. It is the production of corn or the production of cotton that you are trying to reduce.

Now, if you simply say everybody in the United States has got to lay out 10 percent of his acreage, then everybody will lay out. There will be a little milo down in our part, mighty little sorghum or Sudan grass grown—they would lay that land out and plant all the cotton and corn they wanted to on that 90 or 80 percent of their land that

they had left. You have got to cut your acreage over the Nation by something like 50 or 60 percent if you are going to use a national total.

Mr. NICHOLS. What you are saying is that farmers are not smart enough to figure out what they can plant and make a profit on. Is that what you are saying?

The CHAIRMAN. No, I am saying farmers are so smart they can plant whatever is more profitable in their area.

Mr. NICHOLS. But next year it won't be.

The CHAIRMAN. That doesn't save you and that doesn't save the Nation. You can cut everybody's acreage by 20 percent and still grow 6 billion bushels of corn in the United States. That is easy. And you can cut everybody by 20 percent and still grow 2 billion bushels of wheat in the United States, and you can cut everybody's acres by 20 percent and still grow 20 million bales of cotton in the United States, and you have not done a thing toward actually reducing what we need to reduce.

True, you would probably have upset a lot of dairy farmers. You would have messed up a lot of other operations, but you would not have cut the things that are causing the problem.

Mr. NICHOLS. That is why we are in trouble with soybeans, sir. We have cut corn, we have worried about corn and we have not worried about soybeans. So we planted soybeans where we could not plant soybeans and to stay within our allotment, and so we got soybeans in trouble.

The CHAIRMAN. You can take a 20 percent cut over this whole United States and just wipe out 20 percent of all the acres in the United States and still grow far more than you can sell of corn, of grain sorghum, of wheat, of barley, of cotton, of tobacco. You can grow more of all of those things that you can possibly use on the remaining 80 percent.

Mr. ABERNETHY. May I inquire further about that question?

The CHAIRMAN. I am sorry.

Mr. ABERNETHY. Now, as I understand, you would have an annual referendum; is that right?

Mr. NICHOLS. Not necessarily. I don't know if that would be necessary.

Mr. FREESE. Annual or every 2 years.

Mr. ABERNETHY. Anyhow, you would have a referendum periodically, maybe every 2 years, maybe every 3. Would votes be taken by commodities or just by farmers? In other words, would a southern cotton farmer vote on the corn program or vice versa?

Mr. NICHOLS. Maybe I am not informed enough. We are talking about feed grains, sir. The cotton have their own. The feed grain—

Mr. ABERNETHY. I have some wheat farmers down in my district who moved down there from the great State of Illinois, and they are producing pretty good wheat. Would those wheat farmers vote in the same referendum as the corn farmers?

Mr. NICHOLS. Yes.

Mr. ABERNETHY. Their votes would be equal?

Mr. NICHOLS. Yes.

Mr. ABERNETHY. Would your vote as a 1,000-acre farmer—would your vote, under your program, be of the same value as one who had 30, 40, or 100 acres?

Mr. NICHOLS. It would if he got over half of his income from farming, it would mean just exactly the same.

Mr. ABERNETHY. Over half. I see.

That is all, Mr. Chairman.

Mr. FREESE. In regard to Mr Abernethy's question, how to implement how many acres right now, the USDA does have records of every acre planted in the county, State, and so on. These acres then would be distributed by percentage of tillable acres instead of by past history.

Mr. ABERNETHY. Or suppose a farmer had no history at all of having planted soybeans but he had tillable acres available for the planting of soybeans, could he move in and plant them?

Mr. FREESE. Absolutely.

Mr. ABERNETHY. Then that would add to what we are already producing?

Mr. FREESE. The others would be reduced by that amount. He should have the same right to plant corn or soybeans. Just because he had a past history where in those 2 years he had no acreage, for whatever reason—this is one of the big arguments against the feed grain program right now. They feel this should be done by a percentage of tillable acreage instead of by past history.

Mr. ABERNETHY. Thank you, Mr. Chairman.

Mr. COTTLE. I would like to make a comment on what Mr. Belcher said. I was very happy that he said what he did. But I was a little disturbed as to what he felt like that some of the farmers wouldn't go for this program because they would have to cut too many acres or too much of a percent.

Now, in our own University of Illinois, which is a land-grant college back in Champaign, Ill., they ran a cost figure in the university and they said it cost \$112 per acre to produce an acre of corn in the State of Illinois. Now, if you gentlemen will bear with me—I am sure you already know this—that the average yield of corn in Illinois last year was 89 bushels per acre. Now, whenever you divide 89 into \$112 you come up with \$1.29½ per bushel for corn. To my knowledge there has been no corn—the price has never reached \$1.29½ for this farmer in Illinois to break even last year, and this is on record at the University of Illinois for anybody who would like to get this.

So on my own farm I could lay out—I farm—and my son—840 acres of the blackest, tillable, richest ground on earth. I could lay idle over 50 percent of it and produce corn and beans on the other 50 percent and come out with much, much more net income than I do today by going along with the farming program.

Now, I would like to straighten one thing out for certain here. This is a bad public relations image as far as I am concerned. People say that I get paid for laying acres idle. I don't get paid a dime for laying acres idle. I lay acres idle, but all I get is a support price of \$1.09 per bushel on my corn plus 30 cents a bushel on 40 percent of my base yield, but I don't get paid a dime for laying an acre idle. But whenever you add \$1.09 and 30 cents you come up with \$1.39, and the parity price on corn today, the USDA—I don't say it, the Government says it, that I have got to have \$1.72 to 3 in order to make a profit. So if nothing else comes out of this meeting I would hope that somebody in these Halls of Congress would have enough gumption to set the record straight that I and other farmers in this room today do not get paid—or we don't in Illinois—for laying acres idle.

Thank you.

The CHAIRMAN. Thank you.

Now, I want to recognize Mr. Myers.

Mr. MYERS. Thank you, Mr. Chairman.

I want to thank my colleagues this morning for listening to this group, especially. Many of them are my constituents—Hoosiers, here also are those from Illinois. I went to school at Charleston, so I know many in your area. We have had some differences of opinion about bringing tractors here, which I have expressed to you. I think you have some right ideas and I want to congratulate you, for I understand the problem.

I might take issue with your statement. I think you have simplified the problem. I think you are beginning to realize the problem we have here, too. It does seem very easy. I could write a farm bill that would work, but we would never pass it. I think this is the important thing, that we have to write a farm bill that will pass.

I think you have some parts in your recommendation that we probably will incorporate in a new farm bill. I hope we can.

As far as numbers of bills that have been recommended, I think I have as many recommendations in my office as there are people in this room right now. So there are farm programs, and I think every one of them contains facets that are needed and which can be worked on. I think you have simplified the referendum. As inviting as it seems, as a farmer—and most of you know that I am a farmer—to let a farmer produce or raise on his land anything he wants to, with a reduction in acreage, the remainder he can farm, I don't think it will work. It will work over a period of 20 years, yes, but it will be just as rough with this voluntary program. I have talked to you about this. I think we will have just as many problems. We want to solve these problems. We are going to have difficult problems even at its best. But we want to head off these problems before we get to them.

I would like to ask one question. You talk about parity. I think everyone here will take issue about what is parity and what is a fair parity. Where would you bring parity into this? How will you guarantee it? Now, I agree with you, parity, not charity. Explain that to me.

Mr. COTTLE. The parity price is price set up by the Government.

Mr. MYERS. I understand that. How are you going to guarantee parity? How is it guaranteed by the Government?

Mr. COTTLE. Naturally if we cut the percentage of acres enough to bring supply in line with demand we all know they will receive parity even at market price.

Mr. MYERS. You think it will be automatic? You don't think the Government has to do anything?

Is the proposed loan and purchase program of Commodity Credit Corporation such that it will go ahead and purchase feed grains?

Mr. COTTLE. They shouldn't have to.

Mr. MYERS. Shouldn't have to. What if the processor won't bid up?

Mr. COTTLE. He will bid up because this plant is nothing but a big chunk of concrete unless there is grain going into it. He can pay this price. The only thing is he isn't forced to pay it today.

Mr. MYERS. What mechanics have you put in your legislation to compel him? That is what I am asking.

Mr. COTTLE. We don't compel him to do anything. If he has a plant processing feed grain or wheat or what have you, he isn't going to leave it lay idle and he can pass the cost on to the consumer if there is any extra cost. Whenever the price of wheat went down he did not necessarily lower flour that went into bread.

Mr. MYERS. Well, would your parity be at all times on annual parity?

Mr. COTTLE. Parity or what?

Mr. MYERS. You just cut your wheat. We all know we took less prices at harvest time. You are going to cut your beans and corn. Corn has already started to go down. People are emptying their bins for the fall crop. It looks like a good crop. At harvest time it is going to be less.

Mr. COTTLE. I am glad you brought that up. Almost 1 week ago today the Federal Government came out with the report of corn in all positions, and I heard a gentleman say we guessed at it—and I am sure they do—but I know what that guess cost me as a farmer already. Yes, sir; it cost 13 cents a bushel already, this guess, and I think it is a guess.

Mr. MYERS. But to answer my question about at harvest time, because the processor cannot handle all of this at one time, he doesn't need it.

Mr. COTTLE. No, sir.

Mr. MYERS. How are you going to guarantee the price at that particular time?

Mr. COTTLE. We don't have to get rid of it.

Mr. MYERS. I don't have storage at my farm. I have to sell, but the processor doesn't need all that that particular day I am harvesting the corn. How are you going to guarantee a certain price?

Mr. NICHOLS. Exactly the way you are guaranteeing today, your storage and loan.

Mr. MILLER. It will be very similar to soybean, as long as we had everybody who could get a loan on beans how many did? They sold them below loan. If he farms commodities to sell below the loan that is his decision.

Mr. MYERS. That is what I wanted to find out.

Mr. NICHOLS. The only way you can guarantee even supply is to store. If you don't, just like you said, if you sell it today you can take whatever you can get, but if you are in a position to set there you can perhaps let the glut get out and the price will work up. If the supply isn't there and we can get these people to quit guessing—we are sure they are guessing a little high—but if we can get them to stop—

Mr. MYERS. If we could do all those things we probably wouldn't have to worry about a farm program.

Mr. MILLER. Yesterday we talked to a gentleman that has a fairly high rank in the USDA and he made the statement that the corn carryover would be around 750 million bushels. This report just came out last Thursday, which indicated we will probably have about as big a carryover as a year ago, and his figure is down 300 million bushels, and so I got him over to the side and said in light of that report that came out Thursday how could you make such a statement and he said "Well, I think they made a mistake on the report." So, I

mean, I don't know whether he is in a position to know something that the rest of us don't know or not, but I am like Mr. Cottle, it took about 10 cents off the corn market in nothing flat.

Mr. MYERS. It always has. That is right.

Thanks, Mr. Chairman. Thanks to the committee, and thank you, folks.

The CHAIRMAN. Do we have more people waiting?

I think we should again ask as many as will to rotate and let others come in.

(Short recess.)

The CHAIRMAN. The committee will now proceed.

I will recognize Mr. Jones.

Mr. JONES of North Carolina. Thank you, Mr. Chairman.

I first want to commend you gentlemen here this morning. At least you are thinking and trying to approach a very serious problem which the results affect our economy.

But as one suggestion to you, as a result of our experience in my part of the country with the very fine tobacco program, I think you need to move with the concept of total production and not acreage. We tried acreage on the tobacco program for many years. The more we reduced the acreage the more total production we got. Only in 1965, I think it was, it became apparent that the control program was not working—but the tobacco farmers voted to control themselves by applying poundage control.

Thank you.

Mr. NICHOLS. Sir, did your tobacco farmers accept this pretty easy, or did you have to do a lot of convincing?

Mr. JONES of North Carolina. It took a selling job, but it was done.

Mr. COTTLE. Are they happy with it, sir?

Mr. JONES. The majority are extremely happy and realize it was the salvation of the program, there is some feeling, justly so, because the Department of Agriculture, in my opinion, did not make allowances for previous existing conditions which did not give them a fair base poundage allotment.

Mr. COTTLE. Mr. Chairman, I would like to make a few statements on these idle acres. I think that we have some differences of opinion in the committee. You say we are fortunate—I say in this country that we can only produce in the feed grains area, especially, anyway, one crop a year. So you are not going to be doubling up as some of the impressions that have been left here this morning would suggest. You are not going to plant more acres on a farm or more crops per year than you have acres.

It does make a great difference where you lay these acres idle. You see, in our program we have stated that it can be on a 2-year rotation, but this field cannot be kept in idle acres more than 2 years until the whole farm has gone through the rotation. This is one inequity that we find in our present day farm program, whether it be intentional or unintentional, I am not sure. I have got my own ideas. Because this would take out good productive acres sooner or later, maybe, possibly the first 2 years it might not be as great as it would the following years. But whenever you start reducing idle acres in the breadbasket of this world in the Middle West and you take out acres, you will reduce this so-called surplus, which, in my opinion we don't have, and

I can't understand how we could ever have it with people saying that we have several million people going hungry in this world every day. It certainly must be a matter of distribution or something besides overproduction.

But if we do have overproduction I ask these Hall of Congress to think this over seriously. We are not asking for a handout or a charity. All we are asking to give the farmer the opportunity to vote, whether you think he has the ability to decide his own decisions or not. But please let these farmers—give them an opportunity to vote in a fair referendum, and we don't care if we have more than our referendum on this ballot. If you have other farm programs—and I am sure you have, as the chairman has stated—put them all on this ballot, give the farmer the opportunity to choose, because we have men in foreign soils fighting today that, as I understand, the only reason why we are fighting is to give these people a right to vote on a form of government that we would like to live with.

This is all we are asking today, Mr. Chairman, is an opportunity for the farmer to vote on a program that he feels would best suit him, regardless of how many are on this ballot. We are not asking for ourselves alone. If we could just get this vote for the farmer.

I feel like today the farmer is willing and able and is smart enough to control his production so he can contribute to the great society of this Nation. [Applause.]

The CHAIRMAN. The rules don't allow any showing of approval or disapproval. I don't want to cut you off, but that is the way the rules are written.

Mr. Jones, are you through?

Mr. JONES of North Carolina. Yes, sir.

The CHAIRMAN. Mr. Cottle, I would like to point out that just 10 days ago a substantial number, possibly half or more of this committee, went down on the north plains of Texas, Mr. Price's district. That is an area as large as the State of Indiana. We saw thousands of acres going into corn, irrigation corn. They never grew much corn down there before. But they are going into corn in a big way. If you gave them a program that would allow them to plant 80 percent or even 60 percent or even 40 percent of their land, put water on it, which they are doing—and they report to us that they are growing 100 bushels or more with that irrigation—what is going to happen to your program? How long are you going to have to cut these acres—I mean, everybody's acres, because you are going to have to say that nobody can plant more than x percentage of his acres in corn, aren't you, under your program?

Mr. COTTLE. Yes, sir; we are not sure of what the x percentage—

The CHAIRMAN. That is x percentage in all crops I should say.

Mr. COTTLE. That is right. We keep referring to corn and feed grains take in.

The CHAIRMAN. If a man had a section of land of 640 acres, and you cut out half of his production where he probably has been growing grain sorghum and wheat, when he could grow 120 bushels of corn to the acre, he is not going to put much of that land in wheat on which he might grow 20 bushels to the acre. He is going to put it in corn; isn't he?

Mr. COTTLE. I am not sure he could probably grow more corn.

The CHAIRMAN. He can grow up to—they told us wheat there is anywhere from 12 to 60 to 70 bushels per acre. But that corn looks attractive to him. Suppose he can only plant 400 acres out of 640? He can plant 200 in corn and 200 in wheat; can't he?

Mr. COTTLE. Yes, sir.

The CHAIRMAN. That doesn't mean any limitation on the amount of corn you are producing in the United States. It probably means an increase.

Mr. COTTLE. Well, sir, of course, always when the human element is involved there is always chance for error, but should there be a larger volume of corn than has been anticipated—and we are using corn—why, then you are going to have a shortage of soybeans, maize, or barley, or something, because you can still only raise one crop per acre. So whenever you overdo the corn, why, possibly these other prices would raise above parity prices if there was a shortage of them, and this would tend to make this gentleman balance his crop rotation out and especially—the labor problem in any area, talking for myself now—I certainly wouldn't do this because of the labor problem. I would like to have my workload spread out over the year where I can do a better job of planting and harvesting and marketing this crop. So when you bring everything up in balance I don't really believe that you are going to have a problem of overproduction in one commodity and underproduction in the other. This has been the problem today because of the uncertainty of price, so sometimes we do overproduce heavily on one commodity more so than the other.

The CHAIRMAN. Mr. Cottle, if we had just a feed grain program and did not have cotton or wheat programs wouldn't every farmer try to take the guaranteed price in feed grain?

Mr. COTTLE. Mr. Chairman, I consider wheat is a feed grain. You can feed wheat.

The CHAIRMAN. You can consider cottonseed and soybean as a feed grain, too, but we have historically had separate programs for them. I think we are going to have to include all.

Mr. COTTLE. I don't see anything wrong with the inclusion of all crops. However, the tobacco man and cotton man has had a separate program, hasn't he?

The CHAIRMAN. The cotton man had marketing quotas and they have been down to where they could not sell if they grew in excess of their marketing quota. You have never had those kind of controls in feed grains.

Mr. COTTLE. Didn't they raise the acreage this year, sir?

The CHAIRMAN. If we take all controls off, then it seems to me we are going to have all kinds of shifts. I recall very well that I used to drive between Little Rock and Memphis on the way to Washington, and except for a little rice near Monroe, it is almost one solid cotton-field. Today it is almost a solid soybean field, because they could shift to soybeans. There was not anything to keep them from shifting to soybeans and they have done it.

Mr. COTTLE. Yes, sir.

The CHAIRMAN. They are going to do it under any program unless we make that kind of shift.

Mr. COTTLE. That is right. This is what our program specifies.

We are not specifying to control any commodity on these tillable acres. But we say that the marketplace will control the volume that he plans.

The CHAIRMAN. Well, the marketplace will control it over a number of years. I think we all agree on that. I find the market hasn't yet shifted in my country into more productive crops, or out of those in the loss leaders, because people stay with crops they are accustomed to unless some regulation comes in and rescues them. But I don't want to take up the time.

I guess Mr. Jones has finished.

Well, Mrs. May.

Mrs. MAY. Thank you, Mr. Chairman.

Gentlemen, I realize this has been a traumatic discussion between yourselves and members of this committee. May I assure you that I personally think you have made a great contribution in coming here by tractor, if only by calling public attention to many of the problems of this committee. Many of our committee members who have served in Congress longer than I, have been trying to alert people of the United States in all parts of the country, cities and suburbs, to the real problem of the farmer. Your efforts may help this story.

May I present my credentials in that I do represent one of the very few remaining rural districts in the United States. As you know, over 90 percent of the U.S. Congress is made up of city districts, not rural districts.

I thank you for at least getting attention put on this program, because this is always what we are searching for.

One more comment on this before I ask my questions. You have given us several arguments that you say we should give to our city Congressmen and their constituents. For instance, the argument that you are not paid not to produce. May I suggest you pick up some Congressional Records, if you have not already seen them, and read the debates on farm bills in the House of Representatives or Senate. Those points are made over and over, I promise you, by your farm representatives on this committee. Then be sure and read the rebuttal we get from the city Congressmen. We are trying to make these points, but we need a lot of help. That is why I would like my questioning to go to the effect of the specific program you propose, facts I must have in trying to sell it to my colleagues in the State of Washington. Tom Foley, another member of this committee, and I will always vote for the farmer, but our other five members of the delegation do not always give us a vote of support. They have different district problems and they don't quite understand the problem many times. My questions will be the kind that will be raised should we ever bring this program to our colleagues.

Now, I think it would be a great mistake if we don't go into what your program will do to our export market. You have mentioned it in passing—Mr. Miller did. I assume at parity corn would have to be at \$1.72 or \$1.73; wheat, \$2.77; soybeans at \$3.50; are we in agreement on that?

Mr. MILLER. Yes.

Mrs. MAY. I think you will have to agree this certainly prices us out of the world market. It just seems to me that to make this program workable you will have to also propose about a billion in export sub-

sidy. Our export market is important (1) to the farmers, desperately important to them, and (2) it is important to the U.S. balance of payment. This is something on every Member of Congress mind. Soybeans are our biggest export crop and very important to us.

Would you comment on my feeling that there would have to be something done by the Government on an export subsidy on this type of program?

Mr. REESER. Yes, Mrs. May, we definitely appreciate your comments, and I think we must recognize and have recognized this particular fact. As we pointed out in our presentation, we feel that this subsidy, if it is being necessary—and I am sure that it will be—should be a part of the general fund instead of being charged directly to Agriculture.

Mrs. MAY. We would like that, too. We would like not to be charged with the food stamp program, the school lunch program, but we have not been able to accomplish it yet.

So, since that is not obtainable—export subsidy would have to be sold as part of your farm program package, wouldn't it?

Mr. REESER. Yes, definitely.

Mrs. MAY. And we have the factor of cost.

Now, the second question—your taxicab driver would have asked you if he had thought it through, Mr. Miller. What will be the effect of this program on the cost of meat or wheat products for the consumer?

Mr. MILLER. No, he did not care.

Mrs. MAY. I don't think that he did not care. I think that a lot of people when presented the theory of a farm program would express support until someone points out the cause and effect on consumer cost. This I assure you is pointed out by speaker after speaker on the floor of the House of Representatives. What is this going to do to your hamburger price and your bread price?

Mr. REESER. Honestly, it works out in the history basing of the pricing of your raw commodity and your prices of your processed commodity. If you go back to the history I think we can definitely point out the price of raw commodity, soybeans or wheat or whatever, whenever they drop it does not seem to have any effect on the continuing increase of the produce—on your consumer end.

Mr. FREESE. But the rises, definitely goes on up. There is never any retraction, but we should point out, as in the presentation, our products are now priced at 9 percent less than 1952 and consumer price is priced at 23 percent more. Now, does that indicate—

Mrs. MAY. Yes.

Mr. Purcell of Texas and I were members of the National Commission on Food Marketing. Our study of this area showed that it is very true that the upward cost pressure does not come from the price of the raw farm product. The point is, however, that there does come a point of no return for a processor or retailer. He makes 1½- to 2-percent profit on gross income in spite of increased retail price. We know labor, handling, transportation, inflation, all of these things go to increase the price of the product.

In other words, under your program I am afraid we cannot honestly say that if this program became effective and provided prices of parity

to the farmer that we could promise the price of wheat products and meat would not go up, would it?

Mr. REESER. And we don't intimate that would be the case, but I think we do have a point. It shouldn't be the case in reverse and I think we should emphasize this every chance we get.

Mrs. MAY. The third thing, Mr. Chairman, we haven't discussed in depth why we have not been able to get general support among farmers throughout this Nation for this type of a program, and a big factor is that you have objection from those States that are feed deficit. My own is one. What are we going to do to get the support of poultry farmers in Georgia and in the Northeast? They resist this type of program, as you know. Our Lake State dairy producers, dairy producer area, who are in the feed deficit area, see this grain price going up. They have to either raise feed on the farm, and 83 percent of corn, as I understand, is consumed right on the farm, or they have to go through an expensive process of buying it elsewhere. In the feed deficit areas I don't know how we will buy the support of the farm groups representing poultry, dairy, those groups that are so dependent upon the purchase of feed or having adequate feed available.

Mr. REESER. Isn't there a cycling effect on this price structure that indicates whenever there is a high return on this type of sales your poultry, your meat products, and your dairy products and a low price on feeds, that it is not too long until those prices come down? Now, I have been in the livestock business and I have always found that I get my best returns whenever the feed grain is high, because that eliminates this cycling of the in and out.

Mrs. MAY. In other words, you think that these people raising poultry, cattle, dairy herds, would be able to project ahead that with high-feed grain prices the price for their product at the market would then go up?

Mr. REESER. Yes, many do, and I realize also that many interpret it as you have indicated. This is a public relations thing. I think what your committee here and this group here are well aware of is that public relations is one of our biggest problems, and getting these points across, not only to the city man, but also to the farmer, and we feel that there are statistics and facts available that we could be using in this area that are not being used. We would hope that we could precipitate this kind of action.

Mrs. MAY. I think our problem here is that we cannot argue on both sides of the coin.

Mr. REESER. Right.

Mrs. MAY. We cannot go out and say to the dairy, cattle, poultry producer, look, you can pay high feed grain prices and the cost of your product is going to go up and therefore you can get more return. Then we cannot go in and tell the consumer, really, the cost of chicken and meat and bread won't go up. We have to make the two arguments fit together and live with them.

All I am trying to point out here, again, is what other members of this committee have pointed out to you earlier, our problem is finding arguments to gain congressional support. I am certainly sympathetic in trying to give you the opportunity to vote on what program that you think you can live with best and best manage your own farming.

We cannot get to that point unless we can get the bill passed by Congress and to do that we need wide national support.

I was just underlining the nitty gritty of the questions that are going to be raised that we must try to answer satisfactorily on any program that we agree to present to the House of Representatives.

Mr. MILLER. I would like to make a comment on the livestock angle. We, too, have a few cattle back home, and I really don't know anyone that is raising and feeding livestock that does not want to do this. They have got to have it in their heart. We love livestock.

Mrs. MAY. Are you in a feed deficit area?

Mr. MILLER. No.

Mrs. MAY. I was talking not about your State but—

Mr. MILLER. I think anyone out there raising chickens or poultry is doing this because they want to, and it is a way they can supplement or make a living.

I think, as the gentlemen pointed out, the cheap feed has always led to cheap livestock and these people have ended up losing money. I think there are several people in this group that raise livestock, and they have not voiced one objection to \$1.70 or \$1.80 on corn.

Mrs. MAY. They do not have to buy. They raise their feed right on their farm.

Mr. MILLER. That is true.

The CHAIRMAN. I think in all fairness we must let the few that are outside—

Mrs. MAY. Mr. Chairman, I am through.

The CHAIRMAN. Those who are still waiting outside should have an opportunity to get in here before we adjourn. We will adjourn in a very few minutes. In the meantime, Mr. Shipley from Illinois is present.

(Short recess.)

The CHAIRMAN. If that is everyone, we are delighted that all of you can at least see inside the committee room because, there is only going to be a few more minutes.

I would again introduce Mr. Shipley of Illinois who is with us.

(Applause.)

The CHAIRMAN. He is not a member of this committee, but he has taken it upon himself to come over here to this committee.

The chairman is going to recognize Mr. Purcell and Mr. Kleppe. He will recognize Mr. Purcell first.

Go ahead, Mr. Purcell.

Mr. PURCELL. Well, I think, like all of us who have been speaking here, we are trying to express to you an understanding of your problems. Now, you have not mentioned one thing, you have not come up with one single idea that we haven't long since strived over and worked on. I would like for—I think I speak for the committee when I say I would like for you to accept the attitude that we on this committee have, because this is the difficulty of getting a kind of workable farm program started in good faith. We are trying to deal with you gentlemen realistically and with the facts as they are.

I would just like to ask one or two questions because we are pressed for time.

Now, what do you conceive would be done with the surplus, the abundance, whatever you want to call it, of the commodities we now

have or would have at the time a program of this kind would go into effect? What would you have the Government do with the CCC stocks that would then be on hand?

Mr. MILLER. Do you consider these stocks to be excessive at the moment?

Mr. PURCELL. We can play around all day, Mr. Miller. I can ask you a few questions and you can ask me some. They are Government property, what do you want the Government to do?

Mr. MILLER. Well, I am sorry. I did not mean to present a derogatory question, sir.

Mr. PURCELL. What are you going to do with them?

Mr. MILLER. We are going to keep them and call them a strategic reserve, because I think we should never put ourselves in a position to have a shortage in this country. I think they need to be called a strategic reserve and be held.

Mr. PURCELL. Some of us have introduced strategic reserve bills and put very considerable work into it. So that would be an expense the Government would continue to maintain.

Mr. MILLER. Yes, sir; unless they don't want to.

Mr. PURCELL. What would you say about carrying forth acres laid out and not using them? What would you do, you and me, or farmers do with those acres?

Mr. MILLER. We would require the same thing now, planted down in some type of cover crop and the weeds and so forth be controlled.

Mr. PURCELL. And you do not contemplate any kind of a soil bank program anywhere with the long-term buying up or leasing, I believe?

Mr. MILLER. No, sir.

Mr. PURCELL. Now, then, if by any chance we were to ever be able to have another referendum-type mandatory program that you are talking about, do you have an alternative plan that—just say it did not pass, then what do you think would be the next best thing for the Congress and the Government and the program to take?

Mr. MILLER. Well, as was stated in the statement, that if a farmer won't control his production, we just kind of feel like just let her go. That is what some of them want to do anyway. It will be corrected right quick. That will be some drastic changes. Why fool around? We have fooled around for 35, 40 years. If we want to get it over with, get it over with once and for all.

Mr. PURCELL. Are you expressing your opinion or that of your organization that you are speaking for?

Mr. MILLER. I thought that was the feeling of the organization. There are other individuals here—

Mr. COTTLE. I would like to speak on that. We would be happy to put our proposal on a ballot with any other farm organization's proposal and let the chips fall where they may. The ones with the most vote should be the program. This will be the democratic—

Mr. PURCELL. The most votes would represent the program, you are voting for this program or nothing, and if it is nothing you are willing to live with it?

Mr. COTTLE. If this is the only one on the ballot.

Mr. PURCELL. There won't be but one program for each. You won't have a multiple choice Sears, Roebuck and Farmers Union. I am asking if your program is not accepted if you are willing for the Government getting out and letting all these commodities seek their own level?

Mr. COTTLE. I would be; yes, sir.

Mr. PURCELL. All right.

Now, let me ask you one more question. Do you have the support of any of the nationally known farm organizations in Illinois or Indiana, since some of you are from Indiana, is that right, Joe?

Mr. NICHOLS. No.

Mr. PURCELL. Are there any recognized farm organizations that are going along with you on this idea that you know of?

Mr. MILLER. The answer to your question is "No." And we feel like that we are grassroots farmers that are not being represented by some of the people that profess to be and they have ulterior motives.

Mr. PURCELL. I am sure you are right on that. But you do not have the endorsement of the Farmers Union or NFO or any of them?

Mr. MILLER. We had members of every one of that group in our representation here, but we do not have their approval, no.

Mr. PURCELL. Just one more remark. When you people make remarks: "If the Congress has gumption enough or if we are allowed to vote," gentlemen, we have been working for 33 years to 1 or 2 years on every idea you have come up here with. I agree with you the public image is poor. We do not sell our products. You don't. We haven't been able to.

I would just close my harangue—if that is what you are going to interpret it to be—that we must work to have whatever we can get for farmers in the way of reasonable income for their money, their land, their effort, but in the big picture the farmers of America have not sold themselves—we take the idea I will grow my corn, somebody else come and get it. I will grow my cattle and that's all I have to do. Well, that won't sell anything. There is not another businessman in this country that does not sell his product.

So I would encourage you, first, I think you have done a good job in bringing this to the attention of the people. You have talked to the wrong ones, the taxi drivers and folks along the way are going to be sympathetic. They don't really influence anybody in the big cities. If we can get together and learn how to sell these products domestically and foreign we can at least make some headway. So let's work together. I am willing to work with you and everybody else is. We are not crotchety; we are not idiotic; we are not inexperienced. We must work together and accept each other on a knowledgeable basis—please do not assume this bunch does not know what you are talking about and does not know how to say anything to you.

The CHAIRMAN. Thank you, Mr. Purcell.

We will recognize Mr. Kleppe. The bell has already rung.

Mr. KLEPPE. Thank you, Mr. Chairman.

I want to add first of all my compliments to you gentlemen and to all of you that have come down here as a part of this activity. I want to add to those compliments of your discipline. I want to add those

compliments, to Congressman Springer and his activity in your behalf. He is a respected Member of this House. He is an interested and respected member of the problems that you recite. I think it is very much in order to include him with these compliments I am passing out now.

I want to indicate that you are my kind of people. If anybody represents an agriculture district in this United States, I think I can claim credit for it. I come from the west district of North Dakota, and we do not have anything but agriculture out there. So the problems that you recite are very well known. As a matter of fact, you may be surprised to know that over 80 percent of the farmers in my district have gross incomes of less than \$15,000 a year. So when you talk about small family farms and the problems, we are well aware of what has happened to them economically.

This leads me into the question that I want to ask you and concerns me a little bit.

We have had a great deal of dialog regarding your proposal, the pros and cons and problems of it. I think we have had an expression here that we have thought about many of these things and what we are trying to do to find something we can pass. So, I won't go into that.

But when I think about the small family farms and the proposition of taking out of production how many acres it would necessitate to get down to this supply and demand business and receive full parity for, I wonder what might happen to my small farmers, to your small farmers and all the rest as to how low they may go in total acreage insofar as providing a sufficient income to allow them to stay on the farm. You and I agree that the exodus from the farms has been astronomical. It is the heartland of the district that I represent. So, if we have got a small farm and we take away 25 percent, 50 percent, 60 percent of his acres to comply with your proposal, how low can we go before we are going to chase more of these men off the farm, even though the acres he does put in will be profitable? I wonder if someone would comment on this particular thought?

Mr. NICHOLS. Congressman Kleppe, I would not know the percentage but I would say they are taking 50 percent of his income away by low prices. So how long is he going to last under these conditions? Maybe if we could take 20 or 25 percent of his total acreage out of production and give parity prices to the rest he will be better off than he is today. So he will be better off.

Mr. KLEPPE. You would like to hope you are right.

Mr. NICHOLS. I know we are not in Utopia and never will be.

Mr. KLEPPE. Frankly, I don't know. I know what is happening today.

Mr. NICHOLS. He is going to have to live anyhow. If something isn't done he is going to leave by Groves Day.

Mr. KLEPPE. It is that something that I would like to correct.

Mr. NICHOLS. We think it is price and nothing else. This country can produce items to take men to the moon with ease. It was just almost fantastic, you see, but today we cannot even figure out a way farmers can get a parity price.

Mr. KLEPPE. Then it is the point of diminishing returns to a point below which we cannot go. We are talking about your proposal and I am thinking about it along the lines——

Mr. NICHOLS. What you are saying again is a man laying out 25 or 30 percent of his land and still making a go of it.

Mr. KLEPPE. Yes.

Mr. NICHOLS. If he cannot do it that way he cannot do it under today's program.

Mr. KLEPPE. You are speaking of your proposal that it is better than what we have got?

Mr. NICHOLS. Yes.

Mr. KLEPPE. I am not quarreling with that, but this is a serious question in my mind, because in so many parts in America they do not have anything left once we take the land.

One more question. Your proposal basically is along the line of feed grains, but you also include wheat. Wheat has a separate program. How do you specifically relate this? Basically we have wheat, you know.

Mr. NICHOLS. Many farms, especially in our area, are feeding wheat. It is cheaper.

Mr. KLEPPE. It is still a small part of why wheat is raised in the United States.

Mr. NICHOLS. The wheat raised in the area we are from, there has never been any surplus, it is a soft wheat, and we are not really——

Mr. KLEPPE. You have not expanded your thinking insofar as wheat is concerned?

Mr. NICHOLS. I do not see why the wheat farmer could not take his plant out of production just the same as we do. The question came up a while ago, I think, they mentioned they saw corn growing in Texas. The only reason they saw corn in Texas is that corn is a controlled crop and has a support price. So they switched to corn. Sure, if other grains had been supported at a parity price they would not have switched.

Mr. KLEPPE. Specifically, then, you are saying that your same proposals and your same program should apply to wheat?

Mr. NICHOLS. I see no reason why it shouldn't.

Mr. KLEPPE. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Kleppe.

Mr. Belcher, you would like to say a few words?

Mr. BELCHER. I would like to say, on our side of the aisle I appreciate the courtesy you have shown this committee—your attitude. This has been one of the most orderly crowds before this committee for the size of it. I want to say to my colleagues from Illinois and Indiana, you certainly have the privilege of representing a very fine group of constituents.

The CHAIRMAN. The Chair would also like to say in behalf of all the committee, not just one side, that we do appreciate this attitude. We are delighted to have you folks come in from the rural areas and talk to us about your problems. We do resent it when people come in here and simply use this as a forum to put on a show or something of that kind. But you have come with constructive ideas. Whether they are

workable or not is something we have to study over. But they are constructive. We appreciate the fine attitude. We wish we could give you more time. There is a quorum call in the House at this minute. That is what those three bells meant.

The committee will stand adjourned.

Thank you very much.

(Whereupon at 12:15 p.m., the hearing was adjourned.)

GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

THURSDAY, JULY 31, 1969

**HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
*Washington, D.C.***

The committee met, pursuant to recess, at 10:05 a.m., in room 1301, Longworth House Office Building, Hon. W. R. Poage (chairman) presiding.

Present: Representatives Poage, Abernethy, Abbitt, Stubblefield, Purcell, O'Neal, Foley, de la Garza, Vigorito, Jones of North Carolina, Montgomery, Alexander, Burlison, Lowenstein, Rarick, Melcher, Teague, May, Goodling, Miller, Mathias, Mayne, Zwach, Kleppe, Myers, Sebelius, and Mizell.

Also present: Christine S. Gallagher, chief clerk; William C. Black, general counsel; Hyde H. Murray, associate counsel; L. T. Easley, staff consultant; John A. Knebel, assistant counsel.

The CHAIRMAN. The committee will please come to order.

We have met this morning to discuss the extension of the Food and Agriculture of 1965 and food stamp legislation. We have with us the National Grange: John W. Scott, master of the National Grange, accompanied by Mr. Ingwersen, by Mr. Nelson, and by Mr. Frederick.

We will be delighted to hear from you gentlemen in any way you care to present this statement.

Mr. Scott, you make any presentation you care to and call on any of your sources.

**STATEMENT OF JOHN W. SCOTT, MASTER, NATIONAL GRANGE;
ACCOMPANIED BY JAMES W. INGWERSEN, CHAIRMAN, EXECUTIVE COMMITTEE, NATIONAL GRANGE, AND MASTER, KANSAS STATE GRANGE; A. LARS NELSON, OVERSEER, NATIONAL GRANGE, AND MASTER, WASHINGTON STATE GRANGE; AND ROBERT M. FREDERICK, LEGISLATIVE REPRESENTATIVE, NATIONAL GRANGE**

Mr. Scott. Thank you, Mr. Chairman.

Mr. Chairman, members of the committee, I am John W. Scott, master of the National Grange. Although this is my first opportunity to appear before some members of this distinguished committee to discuss with you the problems facing American agriculture, I am sure you are familiar with the position of the National Grange regarding farm legislation. If I might take a little bit of the committee's time, I would

like to acquaint you with my background and introduce to you members of the National Grange executive committee who are appearing with us today.

I am a product of the family farm, spending most of my productivity or productive years on a dairy farm in Butler County, Pa. At an early date in my life, I became active and have remained active for over 35 years in the Grange movement in Pennsylvania, serving in various capacities at local and county levels and being elected master of the Pennsylvania State Grange in 1962, serving in such capacity for 6 years.

In 1965 I was elected to the office of secretary of the National Grange and served in that capacity until November in 1968, when the then worthy national master, Herschel D. Newsom, resigned to accept an appointment to the Tariff Commission. My duties as master of the Pennsylvania State Grange compelled that I move from our family farm, from Butler to Harrisburg, Pa., the State Capital. However, at approximately the same time, our farm was taken over by the State, through a proceeding of right of eminent domain, to be made into a State park. So I guess I can be classified along with some 16 million other people that have left the American farm since 1952 as a displaced farmer. However, I would hasten to point out to this committee that the decision that I made to leave agricultural production was one brought about action of the State and by own independent decision. I was not displaced by farm programs, as has been alleged by many people who have left American agriculture.

I feel that we are quite fortunate that our time to testify before this distinguished committee on farm legislation and food stamp proposals for 1969 fell at the same time that the executive committee of the National Grange was holding one of its regularly scheduled meetings at our headquarters at 1616 H Street NW., Washington, D.C.

Therefore, several of the members of our executive committee will make short statements as part of our presentation to this committee. Others are here as observers and, perhaps, may have some contribution to make in the way of answering questions from members of the committee. The chairman of the executive committee of the National Grange is seated at my right, Brother James W. Ingwersen, LeRoy, Kans. In addition to his other capacities at both the national level and locally, Mr. Ingwersen is master of the Kansas State Grange. We have also Ermil S. Jerome, secretary of the executive committee and master of the Idaho State Grange; serving on the executive committee as past master of the Rhode Island State Grange, Woodrow W. Tucker, and from our neighboring State across the Potomac, the great Commonwealth of Virginia, John B. Burgess, master of the Virginia State Grange. The overseer of the National Grange, A. Lars Nelson, is also master of the Washington State Grange. We also have with us the lecturer of the National Grange, program director in fact, Mr. William J. Brake. With us also is Attorney Alton L. Denslow, who is staff of the legislative counsel of the Grange.

We also have at the table this morning Robert Frederick, who is the full-time legislative representative.

As you all know, the National Grange is a farm-rural-urban-family organization representing 7,000 rural community organizations located in 40 of our 50 States. The Grange has a heterologous membership that represents producers as well as consumers. We are pleased

to be able to support H.R. 12430, introduced by the distinguished chairman of this committee, to extend the Food and Agriculture Act of 1965 and the Food Stamp Act of 1964.

We certainly want to thank the chairman for calling early hearings on farm legislation as well as the Food Stamp Act of 1964 because we firmly believe that the extension of both bills should go hand in hand, as we feel that you cannot have an effective food stamp program without first assuring the producer of America's food and fiber a level of income equal to his counterpart in other segments of the American economy. The Grange is in strong support of continuation of the Food and Agriculture Act of 1965, and already has previously testified in the Senate on the extension of the Food Stamp Act with some amendments.

We would like to take the time allotted to us today to discuss with this committee the importance of the Food and Agriculture Act of 1965 and how we feel it has helped solve some of the problems existing in rural America and how it has bolstered farm income and stabilized consumer prices. We are privileged, once again, to come before this distinguished committee which has in the past heard with compassion the pleas of the farmers for a more adequate return for their products in the marketplace and for more equitable income as compared with the rest of our economy. As you have worked your will with your considered judgment in the years since the Grange has been coming before you, the answer which you have provided for the problems of America deserve our gratitude and thanks, rather than the criticism of those who would destroy existing agriculture programs and thereby provide the fertile ground of economic chaos.

We appear today in support of the Agriculture Act of 1965, ask for its extension as a cornerstone or the firm foundation for farm programs in the seventies, and will suggest some refining amendments to make it perhaps more equitable, more appealing, and more workable.

At the 102d annual session of the National Grange held in Peoria, Ill., in 1968, the agriculture committee presented to the delegates the following statement on general farm programs and policies. It was unanimously adopted by the voting delegates of the National Grange, and I think it deserves quoting:

Gross and net farm income is estimated to be up from 1967 levels, although the parity ratio shows little change at 73 percent. While the parity ratio of income between farm and nonfarm people shows a steady gain from 55 percent in 1960. It must be realized this is the result of many factors—including division of net farm income between fewer farmers. Realized net farm income at \$4,900 is second highest in history, again the result of many factors—including the contribution made by the Grange-oriented farm programs. However, farm income is still far below the equitable financial reward agriculture desires for the efficient production of food and fiber.

Therefore, the Grange supports the extension of the Food and Agriculture Act of 1965 as a basic farm program. History has proven over and over in recent times that orderly marketing alone cannot bring a reasonable and fair return to agriculture when the agricultural plant produced more of a given product than the market could absorb. Price times volume in an excessive surplus situation has never meant more income from a given crop. After the favorable market price reaction to a balanced supply and demand situation as experienced in 1966, American farmers will do all they can to maintain the favorable market price levels which were reached, by controlling production and at the same time, produce the additional quantities desired for export, provided such additional production is not permitted to adversely affect prices on the domestic market.

The National Grange vigorously supports a Strategic Reserve of food and fiber isolated from the market in such a way that its release could not be obtained

except at a parity price level. This very sensible emergency reserve of food and fiber would make possible the setting of production goals for these commodities much closer to actual need without fear of jeopardizing abundant food supplies.

The Grange believes a voluntary supply-management program of basic crops is workable. However, such a program must have sufficient incentive by direct payments to producers to generate a high percentage of participation.

The Grange reaffirms its belief in the family-type farm system, not only as very efficient in the production of food and fiber, but as the backbone of the rural society comprising rural America.

The Grange does not envision a static size family farm system, but rather growing farms because of ever-developing new technology, larger machinery and automation.

Seventy percent of our population is already jammed onto two percent of the land. And we face the possibility that another 80 million people will have to join them in the next 30 years.

Many say this shift to the cities is a historical and worldwide pattern. Inevitable in a modern society. Some say it is desirable. But more are saying, it is not in the national interest, is not inevitable, and is not desirable.

Instead of jamming more people in big cities, heaping up their problems already almost insurmountable, the Grange recommends that industry and business come out to rural America and strengthen our rural society that rests on a thriving family farm system.

Large corporate structures in food processing and retailing are demanding a large volume of a given product of specified quality, at the time they want it. They are finding it advantageous to have control of their source of food production by owning and operating land and feeding livestock worked by wage labor, or through contracts. Either way leaves the farmer's role as little more than a hired man. However, family farmers can supply the needs of the big corporate structure by organizing horizontally and marketing through group action.

The Grange recommends and urges that agricultural producers form marketing groups, using present cooperative structures, but new ones where necessary. Also, to support legislation that would strengthen producer group action.

To date, the act of 1965 has not entirely corrected the basic problem facing modern agriculture.

The inequity that is built into our economy by legislation which has been designed to improve the income of business and the wages of labor without correspondingly building and making improvements on the income situation of the American farmer must be corrected. The cost of the products that the farmers buy has little relation to the law of supply and demand. The supply-management of labor and the production controls of industry effectively counteract the so-called automatic stabilizers which are a part of the "supply and demand" theory of economic distribution.

The Agriculture Act of 1965 has been severely criticized by the public and some farm organizations because it has not stopped the cost-price squeeze in which American agriculture finds itself caught. However, we hasten to point out that the Agriculture Act of 1965 was not meant to, and certainly cannot, stop the cost-price squeeze. This is brought about by conditions of our economy far outside the control of the American farmer. However, they are in the control of this Congress and of this Nation.

The Food and Agriculture Act of 1965, as extended in 1968, was meant to provide an abundance of food and fiber for the American consumer at fair and reasonable prices and at the same time try to supply to the farm economy a return that would make it equal to its counterparts in the other segments of the Nation's economy. We will agree that this has not been completely accomplished to the satisfaction of the farmers or to their organizations. However, it is because of the tremendous inflation that has gripped our country that this has not been brought about, and not because of the failure of the Food and Agriculture Act of 1965.

The Grange has been in strong support of the extension of the surtax both in the House and in the Senate. We feel that it is the Government's responsibility to its citizens to bring the rapidly rising spiral of inflation to a halt. The immediate extension of the surtax, thus making a firm declaration to the Nation and to the financial world that America is willing to take the steps necessary to control inflation, is long overdue. To delay this further is to compound our already present difficult problems in American agriculture. We do not believe that you can formulate any program to solve the problems of American agriculture in the face of the rapidly rising spiral of inflation that has our country in its grips, a condition to which, we might add, the American farmer has contributed the least of any segment of the economy.

Therefore, serious consideration and prompt action must be given to the economics of other segments of our economy before there can be any improvement in the position that agriculture faces today. Our support of the extension of the Agriculture Act of 1965 is not to be interpreted as abandonment of a field in which we have equal interest, since the level of farm costs is directly related to net farm income in a way which, at the present time, is even more critical than farm income itself. The Grange is also in favor of, and has stated that there must be, cuts in the Federal budget. These cuts should not be made at the expense of farm programs, because the farm sector cannot afford a reduction in income or we may find ourselves in a position that we have been in before. The continued spiral of inflation will find a recession taking place in the farm economy which can lead to a very serious depression or a serious recession in the Nation's economy. This cannot be allowed to happen. Therefore, it seems to us quite inconsistent for people to be complaining about the deficiency of the present farm program in terms of farm income, and at the very same time, suggesting that \$3 billion of farm income be dropped by eliminating the wheat, feed grains, and cotton programs.

THE AGRICULTURE ACT OF 1965

The Agriculture Act of 1965 was not, and is not, perfect legislation, if indeed there has ever been perfect legislation, but it was solid and it is sound and productive legislation which can be perfected if the Congress will take the time and expend the effort to do so just as was done in 1965 and in previous years.

I think, in judging the accomplishments of the act of 1965, we first have to go back to 1961. The problem then and the problem still is that at the core of this problem is the American farmer's fantastic ability to produce more and more for a highly inelastic market. In 1961 agriculture was confronted by a nightmare—the prospect of a half billion bushels of grain rotting on the ground. There were 2 billion bushels of corn in storage, there was enough grain sorghum to carry us for a full year and a half, plus more than enough wheat to fill our domestic needs for 2 years. The leaking dike of price support was all that kept this ocean of grain from breaking loose and ravaging the agricultural economy. The then existing programs virtually guaranteed that the situation would worsen unless decisive action were taken. If production in 1961 continued at the 1960 levels, we would add up to 400 million bushels of surplus feed grains to our already almost uncontrollable stocks. Grain was stored in every conceivable space, even on

ships. New bin sites and new elevators dotted the landscape everywhere. Storage cost was a national scandal, costing taxpayers more than a million dollars a day. There simply was no place for a half billion bushels of surplus grain to go except on the ground. The consequences for grain producers, livestock farmers, the grain industry and rural America in general appeared to be disastrous. The then farm programs, the bulwark of farm income stabilization, simply were not dealing realistically with the situation. To be more specific, the wheat carry-over which had been only 256 million bushels in 1952, was 1,411 million bushels and the feed grain carryover, 20.1 million tons in 1952, was 85 million tons. The Government actually owned roughly \$6 billion worth of farm commodities. As farmers produced more, their income became less. Farm net income was \$14 billion in 1952 and in 1960 was only \$11.7 billion, a drop of 17 percent. Beginning in 1961, a series of voluntary production adjustment programs were hammered out to replace the ineffective programs under which the surpluses had developed.

I need not dwell too long on the situation that faced the American farmers and the American farm economy in 1961, because most of you gentlemen lived through this period and helped to hammer out the legislation that corrected the surplus situation that then existed. The Agriculture Act of 1965 has hit hard and reversed the downward trend in farm prices and farm income from those commodities which were under support programs. True, it has used Government money as part of the income of farmers, but it was money which has been well earned by the American farmer who has contributed not only to the stability of the cost of living in terms of a particularly static wholesale price index for farm products, thereby saving consumers millions of dollars in extra food costs, but also has made the greatest contribution of any segment of our economy to the solution of the extremely critical problem of foreign exchange and balance of payments.

There has been no cheap food policy, as some have charged. The policy of the Department of Agriculture under the present programs has been, in setting price support levels, clear and simple—to protect farm income while enabling farm products to compete in the market. Every price support level in effect today is higher than in 1960 and most are considerably higher. Where we have allowed prices to seek market levels for competitive purposes, we have protected farm income through direct payments. Let me point out here that these are not welfare payments; they are payments made to American agriculture, as an integral part of supply-management, and in their proper sense should be referred to as consumer subsidies.

If American agriculture has not earned the gratitude of the American people because of our contribution to the highest standard of living which has ever been enjoyed by any people in history and at the least amount of cost in terms of hours worked for their food in all the history of the world, then we should have at least earned their gratitude for the contribution that we have made to the economic welfare of the United States. This was accomplished by the Agriculture Act of 1965. Therefore, Mr. Chairman and Members of the Committee, the Grange comes before you today without any apology for farmers or for what they have received from the Government when the prices of agricultural commodities in the marketplace were not adequate for the financial requirements of the producers of America's food and fiber.

Net farm income in 1968 was in excess of \$15 billion, some 28 percent higher than in 1960. During the past 8 years, net farm income has averaged \$13.7 billion. This is nearly \$1.8 billion a year more than the average of the preceding 8 years. Net income per farm this year is estimated at nearly \$5,000, about \$2,000 more than in 1960. Farm people also earn more from off-farm jobs. The total per capita expendable income (income after taxes) of farm people in 1960 was about \$1,100. This year we estimate it at in excess of \$2,000, or roughly double that of 1960.

In 1960 the average person on a farm had only a little more than half as much income as the average nonfarm person. This year he has about three-fourths as much. The income gap between farmers and nonfarmers has been cut in half. From January 1961 to January 1968, owner equities in agriculture increased by more than \$55 billion, or \$18,000 per farm. Even after allowing for inflation, the improvement in the balance sheets of agriculture during these years has been very substantial. Farmers are obviously moving closer to economic equality with nonfarm people. We cannot turn our backs on the past and on present programs and turn to some unknown and untried programs because a few of our commodities now are in somewhat of a problem.

USDA BUDGET

The total budget outlay of the U.S. Department of Agriculture for all its programs including the nonfarm activities, which is about half of the total budget of the Agriculture Department, increased from \$5.9 billion in fiscal 1961 to \$6.7 billion in fiscal 1968, an increase of about 14 percent, compared with 68 percent for the entire Federal Government. The 1968 budget, however, financed programs that were far more effective than those of fiscal 1961. The 1968 budget also financed on an adult level a number of programs that were only in their infancy in 1961, such as programs to revitalize rural America. In addition, it financed generally expanding food sharing programs, consumer activities and resource conservation, yet as a percentage of nondefense outlays by the Federal Government, the total Agriculture budget dropped from 17.4 percent in fiscal 1961 to 6.8 percent in fiscal 1968.

Not only have the costs declined, but the intended beneficiaries of the programs are receiving the money rather than those who stood between the farm and the Department of Agriculture. In this regard, we might also point out that it was the desire of most of the farm organizations that the second certificate added to wheat in the 1965 act be taken from the marketplace which we thought could afford it. However, it was the decision of the Congress that this be taken from the general fund as an aid to the consumer. This item of close to \$300 million could probably be charged to a different account, as can a great many of the services which the Department renders for the general welfare and not specifically for the farm community.

In 1960, the CCC losses were \$1,884.5 million. In 1961, it increased to \$2,081.8 million. Payments to farmers increased by \$1,500 million. In 1966 CCC stated losses were \$2,984.9 million. Payments to farmers were \$3,300 million. In other words, the CCC had a net earning in that year had it not been for the payments to farmers. The difference in terms of farm income between this and previous programs is simply that the farmers get the money. We believe that this was the

intention of this Congress and the members of this committee who were presiding at that time, and we believe that their intentions have been fulfilled in the record of this program.

I would also like to point out that I think perhaps one of the greatest indications of the popularity and the success of the supply-management aspects of the Food and Agriculture Act of 1965 has been the tremendous response of American farmers in signing up for the program in 1969. I think it would be well to put into the record and bring to the committee's attention the sign-up for the following programs:

Wheat.—Farms signed up—981,153. That's 139,019 more than were enrolled last year, and record percentage of national allotment acreage on signed farms was 88.7 percent, compared to 85.4 percent in 1968. The 981,153 farms represent 45,722,428 acres in allotments, a 13-percent-average cutback from the 1968 program. A total of 11 million acres have been diverted.

Cotton.—Farms signed up—477,587, compared with 463,800 in 1968. Allotments totaling 14,948,744 acres this year compares with 14,760,561 acres in the final 1968 report, representing 90.5 percent of the national total.

Feed Grains.—Farms signed up—1,661,770, which is 161,411 more than were enrolled last year. Total intended diversion of 41,342,442 is planned by the signed farmers who had feed grain base acreage totaling 94,005,566 acres.

The 1969 farm enrollment is 161,411 greater than last year's record number of 1,500,359. Base acreage on signed farms this year total 7 million acres more than the record of 87 million set in 1965. Total intended diversion is nearly 5 million acres greater than the record of 36.7 million acres established in 1965. It is 7 million acres larger than the total for 1968. A total of 60.3 million acres will be diverted in 1969, made up as follows: 41.3 million in feed grains; 11 million acres in wheat; 3 million conservation reserve; 4 million cropland adjustment; 1 million in crop conversion, for a total of 60.3 million acres diverted in 1969. Total number of farms enrolled in wheat, feed grains, and upland cotton programs: Wheat 981,153 farms; upland cotton 477,587 farms; and feed grains 1,661,770, for a total of 3,120,510 farms.

We think this is indicative of the interest of the American producer, the interest of the guy out there on the farm in present farm programs and his willingness to divert and control acreage on a voluntary basis to bring supply in line with demand. Once again, let us point out that the greatest benefactor of supply-management under present farm programs is the American consumer because it provides him with a managed abundance of food and fiber for him to feed and clothe his family.

Mr. Nelson, our National Grange officer, is a man who has long been associated with feed programs. He is a wheat farmer himself. He has been chairman of the Grange Wheat Committee since 1955. He has been a member of the National Agricultural Advisory Committee.

Mr. Chairman, with your permission, I would like to let Mr. Nelson present our wheat program.

The CHAIRMAN. May I just comment off the record.

(Discussion off the record.)

The CHAIRMAN. I wonder if members have any questions on the statement so far?

Mr. Teague?

Mr. TEAGUE. Just one, Mr. Chairman.

On page 13, Mr. Scott, you indicated, and I do not question your accuracy that about almost a million wheat farms participated in the program in 1969, signed up. For the record, does not that constitute about one-half of the total wheat farms, or am I wrong in my recollection?

Mr. SCOTT. Mr. Nelson, would you like to respond to that question?

Mr. NELSON. I think it covers more than that, Mr. Chairman. You said about half?

Mr. TEAGUE. Yes, that was my recollection or understanding. Maybe I am wrong. Are there not something like 2 million farmers growing wheat?

Mr. NELSON. I have the actual record here if I can turn to it. I would rather not comment without that.

Mr. TEAGUE. Well, you can supply it for the record. I do not wish to pursue it further. I would just like to have the record show that that question was raised and have the answer provided.

The CHAIRMAN. You will put that in the record?

Mr. NELSON. Yes.

(The information referred to follows:)

WHEAT: ENROLLMENT IN 1969 WHEAT PROGRAM

State	Total wheat farms (number)	Enrolled farms (number)	Percent of farms enrolled (percent)	Total 1969 allotment (acres)	Enrolled allotment (acres)	Percent allotment enrolled (percent)
Alabama.....	6,977	2,862	41	62,137	33,406	54
Arizona.....	1,101	523	48	39,193	27,599	70
Arkansas.....	14,237	3,532	25	134,128	60,125	45
California.....	6,298	2,459	39	367,616	282,651	77
Colorado.....	21,584	17,041	79	2,339,072	2,226,194	95
Connecticut.....	78			311		
Delaware.....	1,491	575	39	25,920	15,777	61
Florida.....	1,268	567	45	16,835	10,233	61
Georgia.....	20,702	11,668	56	123,572	83,357	67
Idaho.....	26,656	17,259	65	1,080,794	1,010,846	94
Illinois.....	129,492	60,689	47	1,621,393	1,056,255	65
Indiana.....	117,337	52,427	45	1,247,578	744,010	60
Iowa.....	12,925	3,485	27	137,815	64,271	47
Kansas.....	142,571	111,830	78	9,671,319	9,243,991	96
Kentucky.....	23,189	9,792	42	204,149	109,381	54
Louisiana.....	1,324	289	22	38,153	19,985	52
Maine.....	28	16	57	229	162	71
Maryland.....	13,053	4,250	33	156,863	78,974	50
Massachusetts.....	24	1	4	174	13	7
Michigan.....	111,589	62,337	56	1,078,761	781,551	72
Minnesota.....	63,253	40,743	64	930,569	809,165	87
Mississippi.....	3,219	816	25	53,317	27,766	52
Missouri.....	123,800	68,014	55	1,515,462	1,085,575	72
Montana.....	22,711	17,741	78	3,554,209	3,435,218	97
Nebraska.....	74,453	58,566	79	2,880,545	2,694,817	94
Nevada.....	474	177	37	15,379	10,865	71
New Hampshire.....						
New Jersey.....	4,222	1,940	46	46,173	30,476	66
New Mexico.....	4,649	2,502	54	427,676	370,438	87
New York.....	32,489	17,309	53	300,886	221,353	74
North Carolina.....	82,890	43,022	52	392,416	241,675	62
North Dakota.....	68,406	61,671	90	6,628,809	6,386,037	96
Ohio.....	133,093	72,985	55	1,476,308	1,055,908	72
Oklahoma.....	74,903	55,325	74	4,454,505	4,205,384	94
Oregon.....	15,313	7,353	48	770,370	708,031	92
Pennsylvania.....	71,981	27,583	38	533,943	264,873	50
Rhode Island.....	12			157		
South Carolina.....	35,894	19,409	54	176,898	121,080	68
South Dakota.....	41,494	30,254	73	2,504,338	2,327,334	93
Tennessee.....	29,672	11,017	37	188,178	95,845	51
Texas.....	67,975	43,400	64	3,703,018	3,411,585	92
Utah.....	10,605	4,997	47	269,341	229,577	85
Vermont.....	77	2	3	443	6	1
Virginia.....	42,967	17,010	40	268,356	147,562	55
Washington.....	16,613	9,803	59	1,799,542	1,725,457	96
West Virginia.....	4,553	1,532	34	27,392	13,118	48
Wisconsin.....	10,531	4,374	42	52,802	29,106	55
Wyoming.....	3,343	2,006	60	348,674	225,396	91
Total.....	1,691,516	981,153	58	51,565,718	45,722,428	89

SUMMARY OF WHEAT ACREAGE

I believe it should be brought to the Committee's attention that out of the total 1969 allotment of 51,565,718 acres, 45,722,428 acres were enrolled, or a whopping 89 percent of total national allotment was under the wheat program. In our judgment, this indicates the wishes and will of the wheat farmer. In addition, 58 percent of all wheat farmers, according to the U.S.D.A., enrolled in the program, further indication that the wheat farmers support present farm programs. We also should point out that the total figure of 1,691,516 acres includes any farm that had an allotment of one acre or more of wheat in 1969, whether it was planted or not.

Further evidence of the support of the present wheat program by the commercial wheat farmer can be determined by studying the chart state by state. For example, the large wheat state of Kansas had 78 percent of total farms enrolled and 96 percent of the state's total allotment was enrolled. On the other hand, Virginia, with only 40 percent of total farms enrolled, had 55 percent of their national allotment under the program. However, Virginia in 1968, according to the U.S.D.A., had only 169,000 planted acres out of an allotment of 268,000-plus acres.

By dividing the total number of wheat farms in a state into the total state allotment, you arrive at the average number of acres per farm. Example: Illinois, 1,621,393 allotted acres to 129,492 farms, or 1,252.11 acres per farm; Kansas, 9,671,319 allotted acres to 142,571 farms, or 6,783.51 acres per farm; Colorado, 2,339,072 allotted acres to 21,584 farms, or 10,837.06 acres per farm. The percent of farms enrolled in the program from our 3 example states is: Illinois, 47% of total and 65% of allotment; Kansas, 78% of total, and 96% of allotment; and Colorado, 79% of total and 95% of allotment. Such a detailed analysis of the above chart will show that a large majority of the commercial wheat farmers support the present wheat program.

The CHAIRMAN. Any other questions of Mr. Scott on what has been gone over?

Mr. MAYNE?

Mr. MAYNE. Mr. Scott, I noticed at the bottom of page 14, you seemed to emphasize the voluntary aspect of the program. Do I take it from that that your organization does strongly favor a voluntary as distinguished from a mandatory program?

Mr. SCOTT. Traditionally, the Grange has favored a voluntary program, because it appears to be the will of the farmers that the mandatory program that was enacted by Congress was not accepted by farmers. So we have taken this voluntary approach. I think the acceptance on a voluntary basis indicates that farmers do accept it in this manner.

Mr. MAYNE. Thank you.

Mr. NELSON. Mr. Chairman, might I comment in answer to the question of the Representative?

The CHAIRMAN. Yes.

Mr. NELSON. The final signup for 1969 showed that 88.7 percent of the national allotment was signed up for the program. Now, the Department of Agriculture in this release of April 23 did not show the exact number, the total number signed up versus the total number of wheat farms. But there were 981,153 farms signed. I am of the opinion that this is much more than 50 percent of the wheat farms of the country, since they embrace that amount of the available national allotment.

Mr. TEAGUE. Well, I have just been advised by counsel that his figures show that there are about 1.8 million wheat farmers, which would mean about half.

Mr. NELSON. All sizes, 10 acres on up.

The CHAIRMAN. May we go a little further there? One of the reasons involved is that there is an exemption on wheat farmers and no exemption——

Mr. MURRAY. The 15-acre exemption, Mr. Chairman, was repealed by Public Law 87-703 in September 1962. So there is no 15-acre exemption any more.

Mr. TEAGUE. Mr. Chairman, as I said, I do not desire to pursue this. I just wanted the record to show the accurate figure.

Mr. ZWACH. Mr. Chairman?

The CHAIRMAN. Mr. Zwach?

Mr. ZWACH. I want first of all to compliment the Grange for their presentation, and then come to a couple of questions.

On page 4 of your testimony, second to the last paragraph, you state: "However, farm income is still far below the equitable financial reward agriculture desires for the efficient production of food and fiber."

What does the Grange have as a goal? What are you striking for? I have not seen that in your testimony. Is it full parity for agriculture?

Mr. SCOTT. Mr. Congressman, the Grange feels that the farmer is entitled to full parity for that part of his production which goes into domestic consumption.

Mr. ZWACH. And your organization is fighting for full parity for the producer?

Mr. SCOTT. For the part that is used for human food.

Mr. ZWACH. Now, is there anywhere in this testimony where you spell out how you can improve, how you think the Congress—what we could do to improve that financial reward for efficient production? We all agree there should be efficient production. Do you have one, two, three recommendations for improvement in the farm bill? You ask for its extension, do you have any suggestion for improvement?

Mr. SCOTT. Yes, Mr. Congressman. As we go through the testimony, we have suggested some amendments to certain portions of the farm bill which we think will improve substantially the income of the producer.

Mr. ZWACH. They come up later?

Mr. SCOTT. Yes.

Mr. ZWACH. Fine.

That is all, Mr. Chairman.

The CHAIRMAN. Any other questions of Mr. Scott?

Mr. MYERS. I had one comment, Mr. Chairman, about page 6, which I do not take issue with. You say the Grange itself recommends that industry and business come out to rural America and strengthen our rural society. I very much agree with you, but out in Washington, Mr. Nelson's country, a few weeks ago, we met a number of farmers who were opposing some industry locating in their area. They said they were taking away the farm labor, said they could not hire anybody today. You always have these opposing forces in the farm community. Do you have any comment on that?

Mr. SCOTT. I know this is true in all areas. We had this happen in one area in Pennsylvania. I think we have to be selective.

One thing that we are concerned about is that when industry does come out to rural America, it does not use the best land in rural America, that it uses land which is not prime agricultural land and I think

that this initial impact, if we can get agricultural income to where it should be, the farmer will be able to compete better with industry for labor than he can today. His financial position just puts him in a very poor competitive position for labor today.

Mr. MYERS. Secretary Hardin a number of times has spoken in general terms in favor of a program to revitalize rural America. Do you have something further in your statement relative to this, what your plan might be for industry?

Mr. SCOTT. No definite plan, except that we think there, we have testified on other bills in support of programs which would help industry to come to rural America, but it is not included in this statement.

Mr. MYERS. There have been some programs introduced by our colleagues which would give tax incentives and other incentives to encourage industry to locate in some of the rural areas.

Thank you.

Mr. NELSON. Mr. Chairman, may I reply, since the State of Washington has been involved in this particular matter?

The CHAIRMAN. Yes.

Mr. NELSON. There is a strong drive throughout the States, regardless of what you may have been informed, to take industry wherever it is adapted and wherever it will make a contribution to the economy. We recognize that there is a drain on farm labor, both by the Vietnam war and by other areas of more complete return to the laborer. But this is not deterring the going ahead and establishing this for long-range purposes and benefits throughout the State. We have a department in our State government that emphasizes this, plus the port district and others who work jointly to develop these opportunities in rural areas.

Mr. MYERS. I think you are right, but we do have opposition within farm groups and with farmers. Within this committee, there is going to be pressure brought against us.

Mr. NELSON. But not in the Grange in our State.

Mr. MYERS. OK. Thank you.

The CHAIRMAN. Are there other questions?

(No response.)

The CHAIRMAN. I would like to ask you, Mr. Scott, on page 5, you make the statement:

However, such a program must have sufficient incentive by direct payments to producers to generate a higher percentage of participation.

That seems to me to be a substantially correct statement. But you are familiar with the votes that have been taken in the House on this matter of limiting those payments. It seems rather clear to me that the majority of the House is going to vote to limit these payments in the future, so that we will not be able to use the direct payment system that we have used in the past. What's your judgment on that? Do you think there is any chance of our retaining a system comparable to what we have had in the past?

Mr. SCOTT. I am aware of the pressure for a limitation of payments and as you know, the Grange testified very strenuously to oppose these limitations.

The CHAIRMAN. I know it, and I am opposed to it, too. But I am just trying to look at the facts. Do we have a chance of maintaining

a farm program such as we have had in the past in the face of that kind of pressure? I think that it is a misunderstanding of the program, but nevertheless, it exists.

Mr. SCOTT. I agree heartily with you. I think that these payments have been pictured in the press and by the press and by certain Members of Congress as welfare payments, when really, they are part of a food and fiber policy. If you are going to curtail production in order to maintain farm income, you have to do it where the product is being grown. If it is a big farmer that is growing it, that is where it has to be.

I know we face a tremendous challenge in this area. We may have to, this committee in its wisdom may have to arrange farm programs in a different way in order to still maintain the same end without these large payments to individuals. But it is going to make that task much greater, I think.

But in the face of public opposition, we are going to have to face it.

The CHAIRMAN. I fully agree with you as to the desirability of the direct payments. I think it is the cheapest method we can use by far. More of the money goes to the farmer. You can do the same thing by making the same payment somewhere else, but the farmer will not get all of the money. I think that all that these people have done, these bleeding hearts who did not want a large farmer to get a large payment, is probably making it necessary for us to pay these into the hands of some third party. This third party then is going to charge us a commission for handling the money, just as sure as the world, and the farmer is going to wind up with less money or a smaller percentage of what the Government puts out than he is getting at the present time. Do you not think that is true?

Mr. SCOTT. I think that is right.

The CHAIRMAN. Some of our friends from Massachusetts and elsewhere get up and tell us that these are charity payments to people who do not need them. If I read the record correctly, there were only 43 percent of the farmers who got above the \$20,000, only 43 percent of them who put in as much land as they could have under the program. Now, in the face of that, does it look like it was so clear that there was a charity payment there, that they were just making a windfall? If there had been a windfall, would it not have been clear to those men, who were right intelligent people or they would not have gotten to the point where they could draw \$20,000—would they?

Mr. SCOTT. That is right.

The CHAIRMAN. They would have known that it was profitable for them to take more of that, if it in fact was a pure gift or a handout, as our colleague from Massachusetts and Illinois said it was. Had it actually been a handout, do you think there would have been only 43 percent taking the full advantage, or do you think there would have been more than 90 percent taking the full advantage of it?

Mr. SCOTT. I think human nature would have enticed 93 percent.

The CHAIRMAN. As a matter of fact, it seems to me that those figures prove conclusively that it is rather questionable whether these big farmers are making a profit by getting into the program now, and that some of them do not feel that it justifies them to tie up all of their land. Is that not the reasonable explanation of it?

Mr. SCOTT. I think it is, Mr. Congressman.

The CHAIRMAN. In other words, those who are putting their money up do not know for sure whether they will be repaid when they go into the program, or whether it is profitable for them not to go in. It seems to me right clear that the actual actions of these large farmers prove more conclusively than anything any of us can say, that this is not a giveaway, but that it is a razor blade question as to whether it makes money for the participant or not.

So while I am in full agreement with you there, do we not get into the position where we are probably going to have to look for something else?

Mr. SCOTT. We sure hope not.

The CHAIRMAN. Do you think we can get the votes of this House on the floor to pass a program that continues to depend upon payments? I would like to; I think it is the best and the cheapest program we have. But do you think we can pass it?

Mr. SCOTT. It is our hope, Mr. Chairman, that these hearings—

The CHAIRMAN. I am not interested in your hopes, Mr. Scott. I am interested in what you think.

Mr. SCOTT. We will work strong for passage and continuation of this kind of a program to tie it closely with the needs of urban people in the food area—

The CHAIRMAN. Can you advance as many as six members from the Pennsylvania delegation from the big urban areas of the Pennsylvania delegation? Can you get us six of either party?

Mr. SCOTT. I will do my best.

The CHAIRMAN. Of either party or both parties? Can you get us six from Philadelphia and Pittsburgh who will vote for a continuation of a sound program?

Mr. SCOTT. Mr. Chairman, through my work in the Legislature of Pennsylvania for the Pennsylvania State Grange, I have some very good friends who have now moved to the Congress, and I will tell you this much: I will do my very best.

The CHAIRMAN. Good. That is what we need. That is more constructive than almost anything we can get. That is the only way we are going to pass this bill, get votes. The only votes you are going to get are from people you know and who have confidence in you. You are not going to get any votes from New Mexico or from Washington State or from Texas. They do not know you.

You have to deal with the people whom you know.

Mr. SCOTT. Right.

The CHAIRMAN. I have people come up here from my district all the time, talking to me about what can I do to pass this bill. Now you can talk to me, and that is all you can do, and you can go see your Senator.

Mr. SCOTT. Mr. Chairman, there are many Members of my Congress with whom I have walked in their district, as I have Mr. Vigorito in Erie County, Pa., and I will do my best.

The CHAIRMAN. I think that will be good. That will be helpful.

Mr. TEAGUE. Will you yield for just a moment?

The CHAIRMAN. Yes.

Mr. TEAGUE. I will try to be helpful to Mr. Scott and give him a little warning to get a good explanation to these people from Pitts-

burgh and Philadelphia when you go to talk to them what they tell their people back home about a cotton producer in California getting a payment of \$3,700,000. They are going to need some good selling.

The CHAIRMAN. I think there is a good answer.

Mr. TEAGUE. I just hope Mr. Scott will have that answer.

The CHAIRMAN. I feel I just gave it to Mr. Scott. I have not gotten the figures from your State. For the Nation over, as to those people who have gotten as much as \$20,000, there were not but 43 percent who took full advantage of this program.

Mrs. MAY?

Mrs. MAY. I am very sorry, Mr. Chairman, that I was late and did not get to greet Mr. Nelson who is from my State. I do want to show for the record that Mr. Nelson will get two votes for farm programs from Mr. Foley and me, he can count on that.

But I quite agree with the chairman. Mr. Nelson, I think, understands that he would be working with the already saved as a missionary if he did not go to the other five members of the Washington State delegation and help Tom and me with getting a farm program through.

I will be glad to yield to my colleague from Washington, Mr. Foley.

Mr. FOLEY. I want to join the lady from Washington in the greetings to the distinguished State Master Lars Nelson and the others who are appearing before us today.

Mr. NELSON. Thank you.

The CHAIRMAN. We hope you will go to work with the people from Seattle.

Mr. NELSON. Mr Chairman, may I admit that I am from the Fourth District of Washington?

Mrs. MAY. You are supposed to say that proudly, Mr. Nelson.

The CHAIRMAN. Are there other questions of Mr. Scott at this point? What we are doing is dividing this up.

Mr. KLEPPE. Mr. Chairman, on the line of dialog I have just heard, I would like to add I am sure there are a couple of votes from North Dakota for a farm program.

The CHAIRMAN. You did not say what they would do on this problem of limitation.

Mr. KLEPPE. If you want me to get into that, that is something else again.

The CHAIRMAN. That is what we are talking about.

Mr. KLEPPE. In North Dakota, we have a little issue of corporate farming that becomes involved in the payments and overrides the issue here. This becomes a separate sort of question. I would not belabor this point.

The CHAIRMAN. I would merely point out to you, Mr. Scott, as one who is starting in this game, but I know you have been in the legislature: The people who will do you the most harm—I do not mean this for Tom Kleppe—are the people who will tell you this program has no better friend than I, but—

If there are no further questions on this part, we will hear from Mr. Nelson on the wheat program.

Mr. NELSON. Mr. Chairman, members of the committee, you have before you the wheat section which comprises pages 15 through 22.

I would say in general and specifically that we are in full support of the wheat provisions, wheat title, and its reenactment in the H.R. 12430 for 1969, with no limitation on the length of the bill; that is, we would remove the 1970 expiration and go on from there.

WHEAT PROGRAM

The domestic parity wheat certificate program was developed and first recommended by the Grange, which in cooperation with commodity groups and other general farm organizations, succeeded in writing the program into law in the 1964 farm bill and in extending it to a 4-year program in the Food and Agriculture Act of 1965.

This program is an intelligent recognition of existing marketing problems and a correct application of economic laws, in that:

1. It distinguishes between primary and secondary uses of wheat — “primary” referring basically to food and “secondary” referring to nonfood uses;

2. Reliance is placed upon the primary and most profitable market for the major return for the factors of production and this wheat is priced at parity;

3. The difference is recognized between the American and the international price levels, and it provides for pricing policies within existing treaty agreements;

4. It makes the production of marginal or surplus wheat considerably less profitable than the production for primary and export markets;

5. It avoids the twin fallacies of pricing that portion of the commodity which is most in demand at a marginal price level as would be done under the so-called free market principles, and at the same time it avoids pricing the marginal production at the level returned by an open end support system in which all the wheat is supported at the same high level;

6. Basic attention is given to the demands of the domestic and foreign markets, and seeks, by economic rewards and penalties, to adjust the production to the demands of the market;

7. Diversion or conservation payments are made for land diverted from wheat production; and

8. All production within the allotment is supported at approximately 50 percent of parity. The producers participating in the program are issued certificates covering their historic share of the primary use market in an amount equal to the difference between the support level and the parity price. Additional certificates are issued for the farmer's share of the export sales based on his historic production in an amount equal to the difference between the loan level and the sale price. Thus the effective allotment for shares of the market is in terms of bushels, a long-standing Grange objective.

The Grange approves the use of the substitution clause and CCC loans on farm-stored wheat. We urge the earliest possible announcement of the programs and maximum acreage diversion payments to assure wheat growers an adequate income.

The Grange will seek attainment of the following objectives:

1. Proportionate distribution of all domestic wheat marketing certificates issued among all wheat producers who remain in compliance with the wheat marketing allocation program;

2. The issuance of domestic wheat marketing certificates for wheat exported through concessional sales or for relief distribution and/or increased nonrecourse loans to obtain price support on this wheat equal to the domestic price support level;

3. The orderly issuance of purchase authorizations for exporting wheat;

4. Fifty-percent payment of the domestic wheat marketing certificates to producers at the time of wheat sign-up—this payment fully identified to the grower and others as an integral part of the wheat price and income to the producer; and

5. The use of bushel or hundredweight in connection with necessary production controls and market regulatory measures whenever feasible.

6. That wheat certificates should be computed on the basis of the difference between county loan rate and parity, rather than the difference between national average support price and parity.

7. The present proven wheat yields are based on a 3-year average for the producer and the county average is based on a 5-year average. Therefore, the Grange believes that all averages should be based on a 5-year period.

The National Grange favors the continuation of the International Grains Agreement, as it is a vital addition to the total supply-management program.

In addition, the Grange opposes the use of an oat-rye factor in establishing a wheat base and recommends that every possible effort be made to reestablish a 100-percent substitution base for the oat-rye producers.

The Grange fully realizes that we cannot eliminate all of the inequities of the present wheat program, but we do, however, have some specific amendments to the Food and Agriculture Act of 1965 as it applies to the wheat program.

We might state for the record that the proposed amendments to the wheat program have been worked out in conjunction with the National Wheat Growers Association and other general farm organizations that are in support of the extension of the present farm programs.

We are proposing the wheat provisions of the Food and Agriculture Act of 1965 be amended as follows:

(Exhibit A follows:)

EXHIBIT A—WHEAT AMENDMENTS

SEC. 501(a) Section 506 of the Food and Agriculture Act of 1965 is amended by striking out the language preceding the colon and inserting in lieu thereof the following: "Section 107 of the Agricultural Act of 1949, as amended, is amended to read as follows."

(b) Section 107 of the Agricultural Act of 1949, as amended by section 506 of the Food and Agriculture Act of 1965, is amended—

(1) by striking out that portion which precedes paragraph (3) and inserting in lieu thereof the following:

"Sec. 107. Notwithstanding the provisions of section 101 of this Act, beginning with the 1969 crop—

"(1) (A) Price support for wheat accompanied by domestic wheat certificates shall be at 100 per centum of the parity price therefor; and (B) price support for wheat accompanied by export certificates shall be at such level not more than 90 per centum or less than 65 per centum of the parity price therefor as the

Secretary determines appropriate, taking into consideration the factors specified in section 401(b).

"(2) Price support for wheat not accompanied by marketing certificates shall be not less than \$1.25 per bushel after subtracting national average storage and interest costs, as determined by the Secretary, in cases where wheat is placed under Government loan."

(2) by adding at the end of such section a new paragraph as follows:

"(5) For any crop of wheat harvested during the calendar year 1969 and any subsequent calendar year, the Secretary shall provide, in the case of each farm, for the payment of a special export wheat payment of 65 cents per bushel on a number of bushels determined by multiplying not less than 40 per centum of the number of acres in the farm acreage allotment for wheat by the projected farm yield (as defined in section 301(b)(13)(K) of the Agricultural Adjustment Act of 1938, as amended). Export payments under this paragraph shall be in addition to any price support payments otherwise provided and shall be available only to cooperators."

SEC. 502. The Agricultural Adjustment Act of 1938, as amended, is amended as follows:

(1) Paragraph 13 (K) of section 301 (b) is amended by striking out the period and inserting in lieu thereof a comma and the following: "and in no event shall the projected farm yield for any crop of wheat for any farm be reduced by more than 5 per centum below what it was for the immediately preceding crop if the actual yield from such farm was reduced as the result of drought, flood, or other natural disaster."

(2) Subsection (d) of section 332 is amended by striking out "in the calendar years 1966 through 1969" and inserting in lieu thereof "in the 1966 and subsequent crop years."

(3) The first sentence of section 339 (b) is amended by striking out "in the calendar years 1964 through 1970" and inserting in lieu thereof "in the 1966 and subsequent calendar years."

(4) Section 379b, as amended by section 502 of the Food and Agriculture Act of 1965, is amended by striking out "in the calendar years 1966 through 1969" in the first sentence, and inserting in lieu thereof "in 1966 and subsequent calendar years."

(5) Section 379c (e) of such Act is further amended by adding at the end thereof a new sentence as follows: "A producer shall be entitled, under such rules and regulations as may be prescribed by the Secretary, to receive, at the time he agrees to participate in the wheat marketing allocation program, an amount in cash equal to not less than 50 per centum of the face value of the domestic and export marketing certificates to be issued to him."

(6) The last sentence of section 379e is amended by striking out "for the marketing years for 1966 through the 1970 wheat crops" and inserting in lieu thereof "for the 1966 and subsequent marketing years for wheat."

SEC. 503. The Agriculture Act of 1964 is amended as follows:

(1) Amendment (7) of section 202 is amended by striking out "effective only with respect to the crops planted for harvest in 1965 through 1970" and inserting in lieu thereof "effective beginning with the crop planted for harvest in calendar year 1965."

(2) Amendment (13) of section 202 is amended by striking out "effective only with respect to the crop planted for harvest in the calendar years 1965 through 1970" and inserting in lieu thereof "effective beginning with the crop planted for harvest in calendar year 1965."

(3) Section 204 is amended by striking out "effective only with respect to the marketing years beginning in the calendar years 1964 through 1969" and inserting in lieu thereof "effective beginning with the marketing year which begins in the calendar year 1964."

SEC. 504. Section 502 of the Food and Agriculture Act of 1965 is amended by striking out the language preceding the colon and inserting in lieu thereof the following: "Section 379b is amended to read as follows."

Simply stated the amendments we are proposing will do the following:

1. Make the wheat program permanent legislation by removing the December 31, 1970, expiration date.

2. Provide for an export certificate on a portion of the cooperator's production.

3. Establish the national average support price loan value of \$1.25 per bushel at harvest time rather than at loan maturity.

4. To provide that a producer will not have a reduction in his projected yield for any year by over 5 percent of the preceding year by reason of a natural disaster.

5. Provide for the payment of at least 50 percent of value of domestic and export marketing certificates at time of program signup.

We are not proposing any changes in the domestic certificate, the substitution clause, the overseeding privilege or any other provisions of the present wheat program of the 1965 Farm Act.

EXPORT CERTIFICATE

Despite the desirable features of the wheat provisions of the 1965 Food and Agriculture Act, the commercial wheat farm economy is deteriorating rapidly. The domestic certificate assuring 100 percent of parity on domestically consumed wheat has been an important bulwark against the cost-price squeeze the farmer is suffering. However, even the domestic certificate has been unable to hold wheat returns at a survival level.

In the 3 years since the certificate program went into effect the blend price for compliers (national average market price per bushel plus returns for certificates) has been :

1966	-----	2.22
1967	-----	1.87
1968	-----	1.79

In addition to this disastrous drop in blend price, the wheat farmer has had his allotment cut 32 percent and has seen his input costs rise by 15 percent. Large wheat stocks throughout the world have depressed prices to or below the loan level. Relief is desperately needed.

At the present time, the American farmer is carrying the full cost of wheat that is exported as a part of our foreign policy and wheat exported under the food for peace programs. This is unfair to the American farmer. If such programs are a part of our international policies, they should be supported by Americans and not just U.S. wheat farmers.

For these reasons, we are requesting an export certificate which would in effect, make a three-price program for wheat.

Using this year's parity price and also this year's domestic certificate percentages, a complying farmer would receive:

Domestic : \$2.77 per bushel for 3 percent of his normal yield.

Export : \$1.80 per bushel for 40 percent of his normal yield (if minimum 65 percent of parity was used).

Noncertificated : \$1.25 per bushel for 17 percent of his normal yield. Thus, the blend price to farmers would be \$2.12 per bushel for the normal yield on allotted acres.

LOAN VALUE AT HARVEST

It is now the practice to subtract 10 cents per bushel storage cost from the support loan price if the wheat is placed in commercial stor-

age at time of harvest. It is our suggestion to get the full loan rate paid when the wheat is put into storage at harvest time and then make the farmer liable for paying his own storage cost when his wheat is either sold or turned over to the Commodity Credit Corporation.

In effect, this would set the market price floor, which is dependent on the loan level, 10 cents higher at harvest time. We believe the effect on the market price would be most desirable, whereby the loan rate of \$1.25 would set the market price, being 10 cents higher than under the present operation of the program, more farmers would sell a portion or all of their wheat at harvest rather than place wheat under the loan and it would return 10 cents more per bushel to the small farmer who is less likely to be in a position to store on the farm or to have capital to place his wheat in commercial storage.

REDUCTION OF PROJECTED YIELD

Under the present provisions of the wheat program in the Food and Agriculture Act of 1965, there is no protection from having a very low per acre yield caused by fire, hail, flood, or other acts of God, used as a part of the formula setting a farm's projected yield. This, of course, can drastically reduce the number of domestic certificates a farmer is eligible for, thereby reducing his income through no fault of his own.

We are asking that a limit of 5 percent be set as the most a projected yield might be reduced as the result of any one bad year due to acts of God.

ADVANCE PAYMENTS

Our reasons for supporting this amendment briefly are: First, it would bring the wheat program into conformity with cotton and feed grains in which advance payments are made a considerable time before the harvesting and the final compliance with the program.

Second, and more importantly, the advance payments would be received at a time of relatively great need as far as the farmer's production expenses are concerned. If the payments were made after the spring signup and preceding the market receipts for the wheat by several months, this would be an economic advantage of no small consequence to the farmer, who finds himself in a hard-pressed credit situation at this time.

Our third reason for supporting this bill is that we believe it would be an additional factor to strengthen the program and to increase compliance in the program. We also are convinced that the larger the number of wheat growers complying in the program, the better the program will be and the easier to administer. The planning that is a part of the programing would be simplified considerably as well.

Since these payments are basically made as a reward for compliance in the programs, it does not seem to us to be particularly reasonable to assume that the farmer has not complied at the time he has planted his acreage within this allotment. The change in departmental procedures to permit certification of compliance with only spot checking to determine whether or not the farmers were in compliance indicates that the Department itself is convinced that, in general, the farmer is to be trusted when he certifies that he has complied with his acreage allotments.

At the National Grange's 102d annual session held in Peoria, Ill., in November of 1968, the delegate body passed the following resolution which indicates the Grange's strong support of the certification plan for wheat.

CERTIFICATE PLAN FOR WHEAT FOLLOWING TERMINATION OF 1968 EXTENSION

Whereas the 1968 U.S. wheat crop of over 1.6 billion bushels has exceeded all expectations; and

Whereas this production may jeopardize the current farm program, including the certificate plan of payment; and

Whereas the certificate plan of payment for wheat domestically consumed of 600 million bushels provides the basic income for wheat growers to survive and continue in business; and

Whereas this is a form of insurance in case of minimal yields in future years; and

Whereas there are certain farm organizations, milling companies, exporters, and others who want the certificate plan of payment eliminated now or later, thus gaining at the expense of the growers: there, be it

Resolved, (1) That the National Grange opposes any move to destroy said certificate plan; and

(2) that we oppose any other additional move to destroy the economic base of wheat growers of this country.

Thank you, Mr. Chairman. I think maybe I have taken more of your time than I should.

The CHAIRMAN. No, but I would like to ask you if you think you can get us six members from Washington.

Mr. NELSON. I will take that challenge from the chairman. I have two here already and they are going to fan out and with us working together, we are going to bring the Washington delegation pretty strongly into support, especially if you tie the food stamp and the production program together. They are complementary.

The CHAIRMAN. We think so.

Are there questions of Mr. Nelson?

Mr. KLEPPE. Mr. Chairman, I just had one question. I want clarified if I may, Mr. Nelson, on page 19 of your statement, the sentence reads "In addition to this disastrous drop in blend price, the wheat farmer has had his allotment cut 32 percent." Right prior to that, you have a table which shows the blend price for 1967 and 1968. I want to be sure I understand this. As of January 1, 1966, we had a 30-percent increase in wheat acreage allotment.

Mr. NELSON. This was due to the Secretary of Agriculture being in the situation of a limit as to whether or not he would have sufficient supply to take care of demands.

Mr. KLEPPE. I know what it was due to. Nevertheless, it happened. We had a 30-percent increase.

Mr. NELSON. Right.

Mr. KLEPPE. After that, we had two cuts that kind of wiped out that 30-percent increase, so we are at status quo.

That is about where we are standing from the standpoint of acres. Any proposed cut that takes place will be a net cut from where we were, starting in 1966, is that correct, in acreage allotment?

Mr. NELSON. What acres are you talking about?

Mr. KLEPPE. Wheat allotment.

Mr. NELSON. I know, but are you talking about 68½, 62½, are you talking about 52? What was the 1966 acreage that you are making reference to?

Mr. KLEPPE. I do not have in mind that specific number. I am thinking of the cuts that were made in the allotments in 1966—not the cuts. I means the increases made in allotments in 1966, and then subsequently cut so that the cuts offset the increases of 1966. We are just about now at the same number of acres that we had at the beginning of 1966.

Mr. NELSON. I think this is substantially correct. They counter-balance.

Mr. KLEPPE. If that is correct, then I understand your statement, but it was misleading to me because you were referring specifically to an allotment cut of 32 percent.

Mr. NELSON. I think I was in on this 30-percent increase at that time. Our National Grange Executive Committee conferred with Secretary Freeman shortly before the announcement. We were concerned about that additional 10 percent that was going to go in at that time. We needed assurances it was not going to throw us back into the surplus condition from which we were beginning to emerge and the best indications he had were—

Mr. KLEPPE. Just following through on this, how do you feel about reducing acreage allotments now based on the supply?

Mr. NELSON. If we carry on a substantial increase in the income to agriculture and a further curtailment of a reasonable nature had to be made, I am relatively sure—I am not sure how far it goes, of course—that the wheat farmers, if this is to their advantage, to get the surplus in control, wheat farmers have not backed off from this.

Mr. KLEPPE. They are talking about 10 percent, they are talking about 16 percent.

Mr. NELSON. Well, 16 percent would be too much.

Mr. KLEPPE. Sixteen percent would be too much. Ten percent?

Mr. NELSON. Maybe. We would have to see what the figures were on which the Secretary based that particular recommendation.

Mr. KLEPPE. Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Chairman.

The CHAIRMAN. Mr. Purcell.

Mr. PURCELL. Mr. Nelson, these are not really direct questions, but this has been an opportunity for some of us to philosophize, so I want to provide my share this morning.

I find that in the country, when dealing with farmers, we never give credit—at least additionally—for the certificate being on top of the price of wheat farmers are getting. Do you find that to be the general attitude?

Mr. NELSON. Yes, sir.

Mr. PURCELL. Do you have any suggestion as to how we can get a better image or more reality reflected in what the farmers really are getting for their wheat? They want to get a lot more.

Mr. NELSON. Well, I think I alluded to that in the testimony here, where at market time, you got the full \$1.25, wherever you were, relatively so. This would add almost a 10-cent boost. Where, in some parts of the country, in the high mountain country and the plains, they are down to a price of \$1 or less, this would be a substantial improvement, to be able to get this additional amount in terms of the loan arrangement.

Mr. PURCELL. I am talking about how you get the farmers to acknowledge that they are really not getting \$1.50 or \$1.25 for their wheat if they are in the program and how you get them to admit that you have a certificate on top of price.

Mr. NELSON. Well, this is a problem and I think probably there is quite a need for impressing not only upon the farmer but upon the press and all those who comment on the agriculture situation that this is part and parcel of the domestic parity price. I think maybe one of the things that would help would be this payment right after signup and have it very clearly understood at that time that the farmer, in signing up, was getting an advance as part of the price he is going to get in terms of the 600 million bushels, roughly, that are in the domestic category for human use. I think this would be one thing.

Mr. PURCELL. Well, do you not feel that if we gave him part of that money when he signed up, not only would he not ever admit he ever got it, but it would be totally forgotten about, the fact that he ever did get it, and he would want some more? I am not expressing my final opinion on it, but some way, we do not get the psychological credit for having provided for the farmers, and it is not enough, but it is significant—

Mr. NELSON. I recognize that this has been one of our bugbears in terms of the program in getting our people to realize and admit, and there are farm organizations which have helped them in this respect, do not recognize that part of the supply management domestic parity program, that this is an essential part of the income provision as far as the marketing is concerned. Most fellows think, well, they go down and get their certificates—

Mr. PURCELL. I understand how they do it. Let me, while I have you in a cooperative mood here, assign to you the missionary task of working with that organization that you are referring to, and also could you kind of redouble your effort with your own farmers?

Mr. NELSON. Well, the State of Washington shows a pretty strong signup, 96 percent. If you can beat that anywhere else—

Mr. PURCELL. But they are not going to tell me—I have not been to the State of Washington lately, but your farmers are going to do just what my farmers do. If you ask them what they got for their wheat, they are going to tell you \$1.18 or \$1.23 or whatever they got, and that is not what they got for their wheat.

Mr. NELSON. That is right. I agree.

Mr. PURCELL. My only request to you while you are so benevolent this morning on all this you are going to do, is to tell me that you are going to go out there and preach the gospel to your farmers a little stronger about let's be straightforward about what we are really getting for most of our wheat.

Mr. NELSON. Thank you. May I comment?

Mr. PURCELL. I am kind of like Mr. Mayne; I wish you would say yes or no to that question.

Mr. NELSON. Well, I have been on the yes side on that for some time. This is not a sudden conversion on my part. I have led the fight. I made 18 speeches in three States on the 1963 act and I had the young fellows look at me as if I were not telling the truth.

But I would say this: We have a radio hookup of some 18 stations that we put a regular program on and these are being stressed on these

regular programs. We have a TV program which we put this on. We have a publication. We have news releases, and I make speeches all over the State. Brother Foley there can tell you that I do not minimize this situation, and so will Representative May. So I am fully with you.

Mr. PURCELL. All right. Now, we saw some very consoling evidence a couple of weeks ago in the Panhandle of Texas, where, on a local level, several major farm organizations—the Farm Bureau, the Farmers Union, and the NFO, come into the same room to meet. They did not even have to bring their six-shooters to check at the door. They even appointed a joint spokesman, which, to those of us there, was a very, very good feeling. Do you have any reason to believe that the agricultural situation of this country is finally so drastic that the real interest and need of farmers might become paramount and over and above the philosophy or the determination of each separate outfit to be the “big dog” so that they might begin to cooperate for the sake of farmers?

I do not want a speech about how many speeches you have been making. I want to know if you can give me any evidence of what has been going on.

Mr. NELSON. Let me be specific, Mr. Chairman. In 1963, I drafted a resolution at Portland, Oreg., directing the national master to call the organizations together.

Mr. PURCELL. I am talking about 1969.

Mr. NELSON. Let me follow through if I may, please.

Mr. PURCELL. All right, hurry up.

Mr. NELSON. I will do it as rapidly as I can.

Following that, the national master continued to call the farm organizations together, extending an invitation to all of them for consensus. Just recently—2 weeks ago, Mr. Chairman—there were 17 or 18 organizations right in this room visiting with the chairman, which had been called together by the National Grange. We have always taken the lead in this and we will continue to. But to guarantee you that the American Farm Bureau Federation, about which we are talking, will join on the national level with the other farm organizations is one of the most difficult things to accomplish that I know of. Now, if you go their whole way and give up all your own thoughts and all your own facts, you can get them all together. But we are not about to do that.

They would destroy this program that the chairman of this committee has introduced into the Congress. They would destroy our supply management programs over a period of time. And I do not think any bona fide farmer, wheat farmer, wherever he is, can go down this alley, with the reduction of some 75 to 90 million acres. This is not an income-raising thing for agriculture, this is a disaster.

Mr. PURCELL. I think you said no, if I heard you.

Mr. NELSON. I sure did.

Mr. PURCELL. All right. Will you try again?

Mr. NELSON. Excuse me. Maybe I missed the point of the question. Will I try to get them together once?

Mr. PURCELL. Will you try once more?

Mr. NELSON. We will try as long as there is any opportunity to get all the agricultural organizations together.

Mr. PURCELL. All right, thank you.

The CHAIRMAN. Mr. Melcher?

Mr. MELCHER. Mr. Nelson, I am interested in your \$1.25 figure at harvest time. Are you proposing that there seems to be a little doubt here—would the \$1.25 be for everybody or would it be less freight?

Mr. NELSON. In my understanding—I am going to refer this to Bob Frederick here for a reply, if I may.

Mr. FREDERICK. Actually what happens, of course, is that the cost of storage is taken out at that time.

Mr. MELCHER. I am not referring to that. I am referring to the blanket proposal of the \$1.25. Is that a national average less freight from various points, or is it \$1.25 disregarding freight?

Mr. FREDERICK. It is less freight.

Mr. MELCHER. Thank you.

Thank you, Mr. Chairman.

Mr. JONES of North Carolina. Mr. Chairman.

The CHAIRMAN. Mr. Jones.

Mr. JONES of North Carolina. Mr. Nelson, you referred to small farmers, and since we do not have much wheat down my way, what's your definition of a small wheat farmer, acreagewise?

Mr. NELSON. That varies in our State and it varies elsewhere. I think I am a small wheat farmer. I only have 870 acres of available arable land and about 375 acres that I can produce under the substitution clause and the wheat allotment. I think I am a small farmer and I am getting smaller everyday.

Mr. JONES of North Carolina. Do you possibly have figures as to the percentage of those in a similar category that produces wheat?

Mr. NELSON. In my category?

Mr. JONES of North Carolina. Or under.

Mr. NELSON. I would say in the largest wheat-producing county in the Nation, where my farm is located, roughly half of the 1,800 producers in that county are in that category.

Mr. JONES of North Carolina. Thank you, sir.

The CHAIRMAN. Mr. Foley.

Mr. FOLEY. I would like to say that I think we have heard very fine statements from Mr. Nelson and Mr. Scott. I do not think that those of us in the wheat areas need too much encouragement to support this program. But I think it is helpful to have the specific recommendations that the Grange has given today for areas of amendment. I know too that the Grange realizes it is going to be difficult enough to pass the bill without improving it at least as much as those of us who are concerned about income would like to see it improved. We have to find a balance between what we would like to have and what we can actually realize.

I do not have any other questions or statements to make, except this with respect to two matters. First of all, I want to assure my own colleagues in this committee that we have all had the experience of farmers who have joined the program and damned it at the same time. Lars Nelson and the Washington State Grange have not been among these. There has been no more vigorous supporter and enforcer of the wheat program personally than Lars Nelson or the Washington State Grange. I think that that fact ought to be in the record.

Secondly, I dislike being in the position of talking about other farm organizations when they are not present, but I would say this about the Farm Bureau: Its national policies do not often find reflection in local agricultural areas, and in our own areas, there are substantial and important wheat-raising areas which have heavy Farm Bureau membership. These individual Farm Bureaus have not taken the position of hostility to these programs that has been reflected on the national level, and the fact introduced into the record by Mr. Nelson of 96 percent signup in the State of Washington is very good evidence that this program is extremely popular with operators in the wheat area generally. I think the effort has to be made to bring organizations together and I know the Grange is going to do its full share of cooperation in that effort as it has in the past.

Thank you, Mr. Chairman.

Mrs. MAY. Mr. Chairman?

The CHAIRMAN. Yes, Mrs. May.

Mrs. MAY. Mr. Nelson, I certainly agree with what my colleague from Washington says on the fine job you in the Washington Grange have done in our State. It is the one organization in which farmers do have more unanimity of opinion, I think, than any other area. We who represent these areas always appreciate that.

That gets us right back to the point that other Members have talked about. When it comes to selling this or any other program to Congress, I think you know the real hard-core questions that we are going to have to answer, whether this is tied with food stamps or not. I agree with you that that is a factor that we have to consider very seriously in selling it. But I have been convinced, and you and I have talked about this, since the two key votes on the \$20,000 limitation, that this Congress is not going to give their support to a program that costs more without, certainly, promising some better income to the farmer. At the same time, many, many Members are going to insist that we cannot prove—and I have colleagues who say I have to prove—that this will not increase consumer prices of food products. This becomes an almost impossible situation, as I think you realize.

Mr. NELSON. Right.

Mrs. MAY. Now, bringing up the arguments that you and other farm groups have made, we think the people should be told these facts. For instance, the fact that the big producer who is so highly criticized today for his big payments does at the same time have to suffer greater losses than the medium-sized farmer. I hope, and I think I am sure that you have read the debate in the Congressional Record on the floor of the House, when the House adopted the \$20,000 limitation. I think you will find every one of the arguments are in that record as presented by many members of this committee, and other Members of the Congress who represent rural districts. As you can see, as good as the arguments were and as factual, they did not prevail on the final vote.

Having made this philosophical background statement, let's go to the proposal for making the export certificate, providing an export certificate on a portion of the cooperators' production. Have you, in developing this, come up with an extra cost figure? What would be the increased cost of this to the Government, Mr. Nelson?

Mr. FREDERICK. We do not have the exact figure on this. We have discussed this entire program along with other amendments that have been suggested in our testimony with Dr. Paarlberg of the Department of Agriculture. It is suggested that the farm portion alone of the amendments, including the ones for feed grains and the ones on the conservation reserve, would be about between a \$600 and \$700 million increase.

Mrs. MAY. \$600 to \$700 million overall? Not just the wheat?

Mr. FREDERICK. Yes; depending upon how much would be appropriated or authorized for the cropland adjustment and the conservation practices act portions of our suggested amendments.

Mrs. MAY. We are doing some quick figures up here. I think mine agree just about with yours.

Mr. NELSON. I would go through the formula.

Mrs. MAY. I wish you would.

Mr. NELSON. I think if you take the 40 percent, then take the average yield of the country, you could come to a pretty close figure on a 55-cent increase that would result from the export certificate.

Mrs. MAY. Which is what?

Mr. NELSON. I cannot tell you the exact amount. I would have to figure it out, but it would be substantial.

I recognize, too, as long as we are on this point, that we have the Council of Economic Advisers, we have the Bureau of the Budget, and maybe some other factors that have been a limitation throughout the last 20 years on what can be allocated to the agricultural segment of the economy. The Congress has been up against this and so has the Secretary of Agriculture, regardless of party, and so has everybody.

I would also like to say that income to agriculture flows back. They do not hang on to it. They cannot, because they are in debt \$55 billion right now. So it has to flow back into channels that are productive of jobs, and of course, business, and strengthening of the economy. What can go into this can be of very great benefit, I think, to everyone.

Mrs. MAY. Mr. Nelsen, I can just hear my city colleagues, asking how much of this increase of the farmers' income is that going to add to the big cooperators in your district, Mrs. May? We are already getting about 55—

Mr. NELSON. You have very few large farms of that nature in the Fourth District. Some of the farms are pretty good size.

Mrs. MAY. But it is a pretty awkward question when I am trying to be a salesman.

Mr. NELSON. The vast bulk of those farmers are in the medium group and the smaller size.

Mrs. MAY. I am sure you understand. I know the arguments, but I do not get very far with them.

Mr. NELSON. We will help you all we can.

Mrs. MAY. Also, and I do not even know how to put a question on this, because it is hard to answer at this point but we will have to answer it some way—what will be the effect on our export market? That market is in sad condition—we know the wheat price fell drastically a few days ago. We hope that will strengthen. We know we are in a crucial export situation and that 12 cent cut—

Mr. NELSON. Maybe another one will come along on top of it. It is even rumored now. I do not know whether it is going to be a fact or not.

Mrs. MAY. Well, we will pray.

Mr. NELSON. It could. Certainly, we are concerned about this. We have been strong supporters of the International Trade Agreement and the adherence to that agreement by the signatories. But we are also aware of the Russian influence and they have even starved themselves to bother our markets and cause us trouble. I am not going to say anything of the satellite countries.

We have exported know-how to the developing countries and they are coming in with exports. Here is India almost self-sufficient because of the Mexican shorty wheat and the country right up above there that they have trouble with, they are ready to export and so forth. This sort of situation we face.

Then we have the EEC, with everything they can do, the French getting out into the eastern part of the pack and the western part of it and selling wheat 20 cents a bushel under the minimum price setup in the international agreement—cut throat. This sort of thing. No desire, at least under De Gaulle, to cooperate with other nations, but to emphasize only themselves. What's going to happen under the new regime there, I do not think anybody can predict at the moment. But we hope there is going to be more cooperation so we all can have it.

Mrs. MAY. I think we have learned a very hard lesson on the international agreement, that no agreement is any better than the loyalty and the faith of those cooperators who sign it.

Mr. NELSON. This is right.

Mrs. MAY. Maybe we will learn from this. It is a very bitter lesson for those of us who were so dependent on export.

Mr. SCOTT. Being one of the richest nations in the world, we are looked at with more scorn when we break such an agreement than other nations are.

Mrs. MAY. I can say this, Mr. Scott.

We are not really off the subject, Mr. Chairman.

It seems to me that at the beginning of the International Wheat Agreement, other countries were unofficially breaking the rules and when we decided finally, at long last, with our backs to the wall, to break the agreement, we did so honestly above board. Immediately we got ourselves slapped down by all these others who preferred to negotiate under the table or took the attitude—we do not want the left hand to know what our right hand is doing. Good guys finish last in this case, I guess.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mrs. May.

Now, I wonder, Mr. Scott, if you might not take up at this point and more or less summarize the rest of this, because we do want to go over it. We will not have any chance to come back this afternoon. You know this education bill is on the floor.

Mr. SCOTT. Mr. Chairman, that is what we planned to do. We expect to stay within the allotted time. With your permission, I have asked Mr. Frederick to present a very important area in the bill, the dairy section. Bob is prepared to present it to you.

The CHAIRMAN. Mr. Frederick.

DAIRY PROGRAM AMENDMENTS

Mr. FREDERICK. The National Grange respectfully requests that the Food and Agriculture Act of 1965 be amended by amending section 101 (a), the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937. (See exhibit B, attached.)

EXHIBIT B—DAIRY AMENDMENTS

SECTION 101 (a). The Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, is further amended by striking in subparagraph (B) of subsection 8c(5) all that part of said subparagraph (B) which follows the comma at the end of clause (c) and inserting in lieu thereof the following: "(d) a further adjustment, equitably to apportion the total value of the milk purchased by any handler, or by all handlers, among producers and associations of producers, on the basis of their marketing of milk during a representative period of time, which need not be limited to one year, and further adjustments to provide for the accumulation and disbursement of a fund to encourage seasonal adjustments in the production of milk, and (e) a further adjustment, equitably to apportion the total value of the milk purchased by any handler, or by all handlers, among producers and associations of producers, on the basis of their marketings of milk during a representative period of time, which need not be limited to one year and which may be either a fixed period of one or more years, or a moving average of one or more years, as provided in the order, and which may be adjusted, and re-adjusted from time to time, to reflect the utilization of producer milk by any handler or by all handlers in any use classification or classifications. In the event a producer holding a base allocated under this clause (e) shall reduce his marketings, such reduction shall not adversely affect his history of production and marketing for the determination of future bases, or future adjustments of bases, except that an order may provide that, if a producer reduces his marketings below his base allocation in any one or more use classifications designated in the order, the amount of any such reduction shall be taken into account in determining future bases or future adjustments of bases. Bases allocated to producers under this clause (e) may be transferable under an order on such terms and conditions as may be prescribed in the order if the Secretary of Agriculture determines, in connection with such order, that transferability will be in the best interest of the public, existing producers, and prospective new producers. Provision shall be made in the order for the allocation of bases under this clause (e) to new producers and for the alleviation of hardship and inequity among producers, and prescribing terms and conditions under which new producers may obtain bases on an equitable basis with old producers. Producers holding bases so allocated or obtained shall thereafter participate pro rata in the market in the same manner as other producers. In the case of any producer who during any accounting period delivers a portion of his milk to persons not fully regulated by the order, provision may be made for reducing the allocation of, or payments to be received by, any such producer under this clause (e) to compensate for any marketings of milk to such other persons for such period or periods as necessary to insure equitable participation in marketings among all producers. Notwithstanding the provisions of sections 8c(12) and the last sentence of section 8c(19) of this Act, order provisions under this clause (e) shall not be effective in any marketing order unless separately approved by producers in a referendum in which each individual producer shall have one vote and may be terminated separately whenever the Secretary makes a determination with respect to such provisions as is provided for the termination of an order in subparagraph 8c(16)(B). Disapproval or termination of such order provisions shall not be considered disapproval of the order of other terms of the order."

(b) Such Act is further amended (1) by adding to subsection 8c(5) the following new paragraph:

"(H) Marketing orders applicable to milk and its products may be limited in application to milk used for manufacturing."; and (2) by amending subsection 8c(18) by adding after the words "marketing area: wherever they occur the words "or, in the case of orders applying only to manufacturing milk, the production area."

(c) The legal status of producer handlers of milk under the provisions of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, shall be the same subsequent to the adoption of the amendments made by this Act as it was prior thereto.

(d) The Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, is further amended by adding at the end of subsection 8c(5) the following new subparagraph (I) :

(I) Establishing or providing for the establishment of research and development projects, and advertising (excluding brand advertising), sales promotion, educational, and other programs, designed to improve or promote the domestic marketing and consumption of milk and its products, to be financed by producers in a manner and at a rate specified in the order, on all producer milk under the order. Producer contributions under this subparagraph may be deducted from funds due producers in computing total pool value or otherwise computing total funds due producers and such deductions shall be in addition to the adjustments authorized by subparagraph (b) of subsection 8c(5). Provision may be made in the order to exempt, or allow suitable adjustments or credits in connection with, milk on which a mandatory checkoff for advertising or marketing research as required under the authority of any State law. Such funds shall be paid to an agency organized by milk producers and producers' cooperative associations in such form and with such methods of operation as shall be specified in the order. Such agency may expend such funds for any of the purposes authorized by this subparagraph and may designate, employ, and allocate funds to persons and organizations engaged in such programs which meet the standards and qualifications specified in the order. All funds collected under this subparagraph shall be separately accounted for and shall be used only for the purposes for which they were collected. Programs authorized by this subparagraph may be either local or national in scope, or both, as provided in the order, but shall not be international. Order provisions under this subparagraph shall not become effective in any marketing order unless such provisions are approved by producers separately from other order provisions, in the same manner provided for the approval of marketing orders, and may be terminated separately whenever the Secretary makes a determination with respect to such provisions as is provided for the termination of an order in subsection 8c(16) (B). Disapproval or termination of such order provisions shall not be considered disapproval of the order or of other terms of the order."

(e) The first sentence of section 201 of the Agricultural Act of 1949, as amended (7 U.S.C. 1446), is amended by striking the words "milk, butterfat, and the products of milk and butterfat" and inserting in lieu thereof the words "and milk". Paragraph (c) of section 201 of the Agricultural Act of 1949, as amended (7 U.S.C. 1446(c)), is amended to read as follows :

"(c) The price of milk shall be supported at such level not in excess of 90 percentum nor less than 75 percentum of the parity price therefor as the Secretary determines necessary in order to assure an adequate supply. Such price support shall be provided through purchases of milk and the products of milk."

The amendments made by this subsection shall become effective for the marketing year beginning April 1, 1970.

Mr. FREDERICK. The amendments to the act that are contained in exhibit B are, in brief, as follows :

1. To extend the class I base plan for fluid milk and make it permanent legislation.

2. To establish and provide for a system of mandatory checkoff in market orders for milk to provide for the development of projects on research, advertising and promotion of dairy products.

3. The first sentence of section 201 of the Agricultural Act of 1949, as amended (7 U.S.C. 1446), is amended by striking the words "milk, butterfat, and the products of milk and butterfat and inserting in lieu thereof the words "and milk."

Paragraph (c) of section 201 of the Agricultural Act of 1949, as amended (7 U.S.C. 1446(c)), is amended to read as follows :

(c) The price of milk shall be supported at such level not in excess of 90 percentum nor less than 75 percentum of the parity price therefor as the Secretary

determines necessary in order to assure an adequate supply. Such price support shall be provided through purchases of milk and the products of milk.

The National Grange appreciates the opportunity to support the proposed amendments to title I, Food and Agricultural Act of 1965. These amendments represent the long-term objectives of the National Grange and we believe they will make the class I milk base plan more attractive and equitable to dairy farmers and provide stability to the marketing of dairy products which will directly benefit the American consumer.

Our position on class I base plan for fluid milk has been stated repeatedly in our annual Conventions, most recently at our 102d annual session in Peoria, Ill., in November 1968, when the delegate body passed the following dairy policy:

DAIRY POLICY

1. The Grange reaffirms support of the class I base plan. To strengthen this, we favor amendments to the Marketing Agreement Act providing for a promotional checkoff and dairy association bloc voting on marketing orders. We recommend the following amendments to the class I base plan:

"(a) Allow holders of base to share equitably any increase in class I sales.

"(b) Allow new producers to earn a base.

"(c) Remove the 1969 termination date of the class I base plan.

"(d) Allocations of undelivered base milk amongst all producers.

"(e) Make provision that in case any amendment to the class I base plan receive unfavorable vote, it would not change the status of the rest of the order.

2. We believe the present standby pool program has provided stability to fluid milk marketing and a much-needed market for class I supplies not now under regulation of a Federal order.

The National Grange was an original supporter of the marketing order concept and supported its application to the milk industry, which was in a chaotic condition at that time. The purpose of such orders was to pool the class I markets in the various marketing orders, so that the competition for this market would not result in a chaotic condition in the market and the disruption of adequate supplies for the consumer. It was not the intent of the early legislation to set up a system whereby the producers of milk for the lowest use classification would be required to continue to produce excessive amounts of this lowest-price milk in order that they might maintain their share of the class I market.

However, the blend-pricing formula which was introduced in the orders has had exactly this result. Under this system, there is no way to reduce the production of the milk that is sold for the lowest use classification by the individual producer without reducing his share of the class I market. It is a corollary of this that there is also no way for him to increase his share of the class I sale without increasing his production of the milk that is sold for the lowest use classification price. There is no way in which he can protect his share of the class I sale from those who would expand their production, thereby diluting the class I market and reducing everyone's share of this market except those who are expanding their production.

Under the blend-pricing system, the only alternative they have for improving their income is to increase their production. Thus, we enter a vicious circle which is self-destroying and in which the producer continues to increase his production in order to maintain even a substand-

ard living level and, by his very action, further reduces his net income and his standard of living.

The Food and Agriculture Act of 1965 which provided for the class I base plan permits the producer to manage his own business by removing the impairment of the blend-price system and allowing the farmer to make adjustments in production, which is the first mark of every well-regulated business. Every man that tries to improve his net income, regardless of what business he is conducting, has as his first rule the elimination of the loss factors of his business. The adoption of the class I base program is an expression of democratic principles, it is an incentive to better business management, and it has the added advantage of reducing the supply of low-classification milk in the higher-priced class I areas and permits the dairy farmer to produce for the market that he is best equipped to produce for and removes the "race for base" that occurred under the blend-price system, which, in turn, led to surpluses in the dairy industry.

We apologize to the committee for going back over old history in setting the case for a class I base plan. However, we felt it necessary so all would know that this legislation is needed to remove the inequities in the 1965 amendments so as to make the plan more attractive to other marketing areas that would benefit from the class I base plan but have been reluctant to adopt the plan unless the suggested amendments were adopted.

The major reasons for the class I base plan not being adopted are removed by our recommended amendments.

1. Making the legislation permanent will permit dairymen everywhere to plan and set up class I base plans knowing and having confidence that it will be long term. In addition, urgent action is needed. We can not wait for studies or further needless delays, as it took from May of 1966 until July of 1967 to have the first class I base plan approved. In order for dairymen to start plans, urgent action is needed now, not in 1970.

2. Because of the way the Department of Agriculture has insisted on administering the class I base plans, an amendment is needed to permit dairymen to alter the way in which the "base" for each producer is computed. The Department of Agriculture has insisted that only a single representative period of market deliveries be used in allocating a permanent base to all producers. To maintain this rule is to say that all cows and all dairymen should wear a size 40 suit. To avoid this "pegging" of the base, the legislation would permit allocation of class I bases so that individual marketing histories would be recognized and so that the necessary adjustments could be made.

3. The current law does not permit the present base holder to share in any increase in class I milk base, nor does it permit a nonbase holder to share in any part of the class I base on a decreasing market. This feature, perhaps more than any other, is the reason that more orders do not contain the class I base plan. The legislation under consideration of this committee removes this severe hardship on both "new" producers and existing base holders. The amendments include two sentences covering treatment of new producer: "Provision shall be made in the order for the allocation of bases under this clause (e) to new producers and for the alleviation of hardship and inequity among producers and prescribing terms and conditions under which new pro-

ducers may obtain bases on an equitable basis with old producers. Producers holding bases so allocated or obtained shall thereafter participate pro rata in the market in the same manner as other producers." In addition, the proposed amendments would allow established producers to share equitably in the benefits of market growth, growth to which they have been the largest contributors.

4. We should also point out that excess sales now going to new producers and hardship cases are frequently priced much higher than base sales. In a growing market, therefore, there exists a harmful attraction for established dairymen to drop out of the regulated market and become freelance adventurers. The amendments correct this inequity and preserve the dairy market for the dairyman who is willing to curtail his production to the demand of the market.

The enactment into law of the proposed amendments would remove the stumbling blocks in the amendments of 1965 to the Agricultural Marketing Agreement Act of 1937, as amended and make the class I base plan more attractive to other marketing areas that want this type of milk pricing.

The objection to the legislation on the grounds that only one area has adopted such a plan is a paper tiger and cannot be defended in light of the proposed amendment, which will remove the objections dairymen have to the present class I base plan.

If the objecting organization is so sure that dairymen do not want a class I base plan, why not pass the legislation and give the milk producer a chance to vote on the plan? Because a class I base plan cannot be adopted as part of an order without an individual vote by the producer (Sec. 8c(19) (e)).

Mr. Chairman, this portion of the proposed amendments to the Food and Agriculture Act of 1965 are the same as were proposed by Congressman Meeds in H.R. 7996 and identical bills introduced by Congresswoman May, a distinguished member of this committee, and Congresswoman Hansen, all from the State of Washington, earlier in the 91st Congress.

Hearings were held by the subcommittee, and it was favorably reported to the full committee, where it is still pending. Hearings were held during the 90th Congress on the same amendments. The bill was favorably reported by this committee to the House. It passed the House by a substantial majority and failed to get through the Senate, due to the pressure for adjournment.

We would like to emphasize a statement made before the subcommittee that held hearings on H.R. 7996 by Congressman Meeds of Washington:

Mr. Chairman, I wish to conclude by reaffirming the intent of this legislation and the purpose of the Congress in writing title I of the Food and Agriculture Act of 1965. It is my (and our) understanding that certain voices in the Department of Agriculture are contending that class I base plans should be available to producers only in those areas where a damaging milk surplus is undermining the market. Reduction of surplus milk production was a key aim of the 1965 Act, but to my own thinking (and that of the National Grange) the central purpose was to reinvest the individual dairyman with more control of his production, more determination of what his actions were going to be in response to the market. Dairymen in the Puget Sound region responded quickly to the authorizing legislation because they had suffered long enough under the blend-pricing syndrome in which output and more output was essential for economic survival. With the new provisions of H.R. 7996, we can continue our support for orderly growth compatible with stability and with economic self-determination.

We agree with the distinguished Congressman from Washington and submit to this committee that a recent request for hearings on a class I base plan in Southeast Florida was denied by the Department of Agriculture because they claimed a surplus did not exist.

We would like to point out to the committee that once again the decision of whether to have a class I base plan or not to have a plan was based on the amount of surplus milk in the areas and not upon the economic advantages of the class I base plan to the producer of fluid milk—in this case, 75 to 80 percent of the fluid milk produced in the market area in Southeast Florida.

We submit to this committee that the primary reason a surplus has not developed is because, in this case in Florida, 74 of 88 producers in the area have operated a class I base plan outside the order "to encourage members to adjust their production to the needs of the market." At the same time the production of the other 14 producers, outside of the Independent Dairy Farmers' Association (IDFA), grew by leaps and bounds at the expense of those responsible for creating the market.

We further wish to point out to this committee that it is this type of uncontrolled production and marketing in the dairy industry that has forced the smaller producers out and brought economic havoc to parts of rural America. The larger grow larger at the expense of the medium-to-small producer, forcing him from the industry to seek a livelihood in the urban jungle where he is ill-equipped to compete.

We urge this committee and the Congress to oversee the administration of the laws that they have approved and passed to see that the congressional intent of the law is carried out as well as the letter of the law.

The National Grange is of the opinion that if this were done, plus the approval and extension of the proposed amendments to the act of 1965 by this committee and the Congress, that the dairy industry will continue to be a healthy, growing segment of agriculture and aid in the growth of the national economy; further, that marketing orders such as in Southeastern Florida that want to add a class I base plan to their marketing order would be able to do so without the necessity of overcoming administrative interpretations that were not the intent of Congress.

Dairy promotion today is being conducted by the industry on a voluntary basis. The proposed amendment would make it mandatory for all producers, if "approved by producers separately from other provisions, in the manner provided for the approval of marketing orders." We believe in self-help promotion and advertising programs and firmly believe that all producers, whose sales can benefit from such programs, should share in the cost. The proposed amendment will accomplish this objective.

The Dairy Committee of the Grange, working with the National Milk Producers Federation, has been very conscious of the weak competitive position of butterfat. We have been losing per capita consumption of butterfat, not only with respect to butter, but also in the fluid milk market. These two outlets, when considered together, provide a market for about 75 percent of all butterfat sold by farmers in the milk that they market.

The decline in per capita consumption of butterfat must be arrested and reversed if the size of the dairy industry is to be maintained and to prosper. Notwithstanding the weak competitive position of butterfat, however, the prices paid farmers for milk has been inadequate when measured in relationship to costs, and milk production is not keeping pace with population growth.

To improve the competitive position of butterfat while at the same time maintaining price supports to farmers for milk, the dairy industry proposes to amend the Agricultural Act of 1949 by eliminating the reference to butterfat. This can be done, since butterfat originally was included as a means of providing price support to farmers marketing farm-separated cream. Farm-separated cream marketings today, however, represent less than 1.5 percent of total marketings of milk by farmers.

If the Agricultural Act of 1949 were amended, the price support program would work as follows: (1) the price support level for manufacturing milk would be announced as at present; (2) the support price for milk, as at present, would be assured through the purchase program of the Commodity Credit Corporation, modified only to the extent that the purchase price of butter would be established at the discretionary level, rather than at a level necessary to assure the mandatory support level for butterfat as now contained in the law. Any reduction in the purchase price of butter would require a compensating increase in the purchase price of nonfat dry milk to maintain the support level to farmers for milk. This program has the advantage in that it would result in maintaining price support levels for manufacturing milk, while at the same time improving the competitive price of butterfat when sold as butter, in other dairy products, or even as fluid milk. The program reduces the value of butterfat in milk sold by farmers which competitively is losing ground, and it would increase the value of milk solids-not-fat which is increasing in consumer acceptance. The Government would be relieved of the burden and cost of accumulation and storing butter to the extent now necessary.

It is anticipated that the Government would purchase sufficient butter for authorized programs, such as school lunch. The Government would perhaps purchase larger quantities of nonfat dry milk. This is a low-cost item for the Government to handle and is readily adaptable for programs to improve nutrition at home and abroad. Consumers would benefit by more favorable prices for butter than under the current program.

I will be available to the committee to ask any questions you want. I am sure the Milk Federation will come before you and explain these in further detail. They have been a part of our coalition to work together and bring up these and others that will be suggested by some of the other farm groups that will be testifying later on.

With that, I will close out the dairy section.

The CHAIRMAN. Are there any questions about this dairy section?

Mr. ZWACH. Mr. Chairman, one question.

Do you support that present legislation that provides that new producers should share on an equitable basis as determined by the Secretary?

Mr. FREDERICK. Yes, sir, this is actually what No. 10, page 23 is. It is the language of the Meeds bill, which allows the new producer to obtain a base and share in the base. It is exactly the Meeds bill, which Mrs. May also introduced and Mrs. Hansen from Washington introduced. This is the language you have now pending before the full committee which is the same language approved last year.

Mr. ZWACH. Do you think this would depreciate the sale value of bases?

Mr. FREDERICK. I did not catch your question.

Mr. ZWACH. Would it decrease the value of bases when they are transferred from one individual to another? I understand that 776 producers have sold their bases for \$7 million. Now, this puts a value on bases that is completely unrealistic. Would this legislation that you suggest reduce the value of the blue sky in these bases?

Mr. FREDERICK. I think it would, because under the present legislation, it is difficult if not impossible to earn or obtain a base. Under this Meeds amendment, the new producers could obtain a base.

Mr. ZWACH. I think this is very important, the bases do not become this valuable.

Mr. FREDERICK. Yes; we feel that would help decrease that.

Mr. SCOTT. Congressman, if I might add, I think this will have a definite tendency to do that. It will actually almost stop the base chasing, because as the market reveals, the new base will become available on a pro rata basis rather than on a strictly buy basis.

Mr. ZWACH. I am very interested in this.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Zwach.

Mr. SCOTT. Mr. Chairman, Mr. Ingwersen comes from the breadbasket of the world, the State of Kansas. At least he says it is the breadbasket of the world.

I have asked him to bring you the cropland adjustment and conservation practices section and the feed grain section, which begins on page 32 of our statement.

Mr. SEBELIUS. Mr. Chairman, I would like to welcome Mr. Ingwersen here to testify. He is not only chairman of the executive committee nationally, but he is a Kansas president. He is not a constituent of mine since he comes from another district, but Kansas has a five-member delegation which is a nonpartisan effort and I consider him so, because with all five being Republicans, we vote as a unit. You will not have to send any missionaries there. The five will be with the program.

Thank you.

Mr. INGWERSEN. Mr. Chairman, members of the committee, I am Ingwersen, chairman of the executive committee of the National Grange and a Kansas farmer.

Our worthy national master, John Scott, in his well-prepared statement filed with you today, has ably set forth the Grange position relative to the Agriculture Act of 1965 and amendments to strengthen it.

I wish to endorse his statement and urge your study and consideration.

CROPLAND ADJUSTMENT AND CONSERVATION PRACTICES

There is now a provision in H.R. 12430 for cropland adjustment, with a limit of \$225 million authorized for the program. However, the program has not been funded during the past few years to permit any new land going into the program.

We would suggest that the Food and Agriculture Act of 1965 be amended to make this section of the act permanent and to provide for open end authorization.

In addition, we respectfully suggest that the Conservation Practice Act be properly funded to provide for higher incentive payments for placing land in long-range conservation uses, such as recreational areas, hunting reserves, et cetera.

The use of the Conservation Practice Act to accomplish basic concepts of conservation reserve appears to us to be highly desirable. There is no question but that there is a great need for recreational and open-space areas, room for children to play, room to develop and preserve the beauty of the great outdoors, and room to provide for the orderly expansion of the living space of rapidly multiplying population.

This public use obviously should include watershed protection. The failure to develop adequate soil conservation and watershed protection programs in the upper Midwest has been a costly experience. How much better would it have been to have spent the money that was required, both for the retirement of land and the improvement of the watershed and water conservation characteristics of this land, than to be spending the hundreds of millions of dollars to clear up the debris and restore the economic life of communities which can never fully recover from the losses that have been sustained in the last few tragic weeks.

FEED GRAINS

The feed grains programs of the Food and Agriculture Act of 1965 have been the most successful features of the act, especially from the standpoint of matching supply to demand. Therefore, we are in strong support of the permanent extension of the present feed grains programs.

We would suggest that section 105(e) of the act be amended by inserting after the fourth sentence thereof a new sentence as follows:

In no event shall the farm projected yield for any crop of feed grains for any year be reduced by more than 5 per centum below what it was for the immediately preceding crop if the actual yield from such farm was reduced as the result of drought, flood, or other natural disaster.

SOYBEANS AND FLAXSEED

We join with other farm organizations and commodity groups in supporting a diversion program for soybeans and urge that the act of 1965 be amended to include such a program. Provision should be made to carry out such a program in any year that the Secretary determines that the total combined stocks of soybeans and flaxseed of the Commodity Credit Corporation (including such stocks under Government

loan) as of August 31 of any year (a) exceed 150 million bushels (including the bushel equivalent of any soybean and flaxseed meal and oil held by the Corporation); or (b) exceed by 15 per centum or more the number of bushels of such commodities utilized (domestic and export) in the immediately preceding year. Such a diversion program should include a level of price support for such commodities of not less than 75 percent of the parity price therefor as the Secretary determines necessary to achieve the acreage reduction goal established by him for such crop.

We firmly believe that such a program should be available to the Secretary to control the production of soybeans and to protect the income of the producer. If the committee wishes, we will be glad to supply for the record a draft of the proposed amendment.

MARKETING ORDERS

The Grange is a firm believer in the marketing order concept of farm legislation; therefore, we respectfully suggest that the Food and Agriculture Act of 1965 be amended to extend the use of market orders to all crops.

We believe that it would help farmers market their products more efficiently and gain a greater return from their production if market order authority were expanded to include all agricultural commodities. Growers of those crops now covered are permitted to vote on whether to establish market orders for their commodities. This privilege should be extended to producers of all commodities.

CONSUMER PROTECTION RESERVE

We believe that our past Worthy Master, Herschel D. Newsom, summed up agriculture's need for a consumer reserve of food and fiber in his last address to the delegate body, in Peoria, Ill., in November 1968, and I quote:

The fact that American agriculture has been called upon, in World War I; in World War II; in the Korean War; and as recently as 1967, to produce in the national interest—to "Arm and Feed our Allies to Make the World Safe for Democracy," and as Secretary Claude Wickard put it, because "Food Will Win the War and Write the Peace," and as we were told in the Korean War and only as recently as two years ago that "the world has grown to depend upon U.S. strategic food supplies and reserves"—always to discover later that when these emergencies were passed and markets disappeared rapidly, that depression prices resulted—all these factors have established a very discouraging pattern of economic injustice and the consequent rising rates of indebtedness on U.S. farmers. And unfortunately, in many cases, these injustices have to some extent been passed along to farmers of the rest of the world. All farmers have been hurt from the consequences of expecting farmers to produce without regard to who's going to pay for the extra production.

No other segment of the American economy has been called upon to produce its products in excess of market demands without a firm guarantee of cost plus ten percent or some other such factor, in addition to a clear and unmistakable pledge on the part of the Government of the United States to "stockpile" or place in "reserve" such extra production—so that the extra production would not destroy the price level and threaten the financial integrity of the producers of such "national requirement."

This Annual Session of the National Grange should emphasize with all the vigor at its command, that neither American agriculture, rural America, nor the nation as a whole, can tolerate this sort of needless and unwise exploitation

of American farmers. American farmers cannot shoulder a disproportionate share of the cost of our foreign relations program. Farmers want to produce for hungry people, but if we are to preserve a capitalistic structure, a diverse, individual enterprise structure, which in all American history has served America well, then we must recognize that American farmers in equity and justice, as well as in the national interest, must receive comparable treatment to that accorded to every other producer in America called upon to produce for the national interest. Further delay in incorporating food bank or strategic food and fiber reserve provisions, reasonably defined and equitably administered, is intolerable and, indeed, is a threat to the national interest, as well as to agricultural well-being.

We now have carry-over supplies of these products. But no program has been established to maintain a proper reserve to protect us in the event of emergency which could either boost demand or sharply reduce production.

With such a reserve, greater accuracy in supply-management by commodity programs would be possible. This then would permit us to more closely and consistently approach price and income goals.

This reserve would provide: (see exhibit C).

1. To the maximum extent practical, reserve stocks of agricultural commodities be maintained under producer control.

2. The reserve level of a commodity for any marketing year be established at a percentage of the estimated export and domestic consumption of the commodity.

3. Whenever, during any marketing year, the uncommitted stocks of wheat, feed grains, cotton or soybeans owned by Commodity Credit Corporation fall below the reserve level established for such a commodity, CCC should acquire those quantities of the commodity necessary to rebuild the reserve at a purchase price at the prevailing market level.

4. When these commodities have been purchased and placed in the reserve, they must be held in such a manner so as not to affect market prices.

EXHIBIT C.—CONSUMER PROTECTION RESERVE

SEC. 701. It is the policy of the Congress to establish and maintain reserves of storable agricultural commodities adequate to meet any foreseeable food and fiber shortage which might arise in the Nation as a consequence of any natural disaster, adverse food production conditions for one or more years, military actions, or other causes and to assist other nations of the world in any food or fiber emergency. It is further the policy of Congress to establish such reserves in years of surplus production and to maintain them to the maximum extent practicable in the control of producers, to assure their segregation from the commercial market so that existence of the reserves will not adversely affect the level of market prices.

SEC. 702. Whenever, during any marketing year the uncommitted stocks of wheat, feed grains, soybeans or cotton owned by the Commodity Credit Corporation fall below the reserve level for such commodity specified below, the Commodity Credit Corporation may purchase at prevailing market prices such quantities of the commodity at such times and places as will effect the orderly establishment and maintenance of the Commodity Credit Corporation's stocks of the commodity at such reserve level. The reserve level of the commodity under this section for any marketing year shall be:

For wheat (million bushels)-----	200
For feed grains (million tons)-----	15
For soybeans (million bushels)-----	35
For cotton (million bales)-----	3

In any marketing year for any crop for which the Secretary determines that the estimated production from such crop will exceed estimated domestic consumption and exports during such marketing year by more than 10 per centum, the reserve level under this section shall be increased by 100 million bushels for

wheat, 7.5 million tons for feed grains, 15 million bushels for soybeans, and one million bales for cotton.

SEC. 703. (a) In order to assure that the Commodity Credit Corporation reserve stocks of wheat, feed grains, soybeans, and cotton will be insulated from the market, whenever the Commodity Credit Corporation's stocks of any such commodity are below the level specified for such commodity in the schedule prescribed in subsection (b) of this section, the Commodity Credit Corporation, notwithstanding the provisions of any other law, shall not sell for unrestricted domestic use of value for redemption or payment-in-kind certificates such commodity at less than the price specified in such schedule.

(b) The following stock levels and prices shall apply with respect to the Commodity Credit Corporation:

(1) For wheat, when the Commodity Credit Corporation's uncommitted stocks are not more than two hundred million bushels, the minimum price shall be 100 per centum of the current parity price, adjusted for class, grade, and location, less than current cost of the marketing certificate charged to processors.

(2) For feed grains, when the Commodity Credit Corporation's uncommitted stocks are not more than fifteen million tons, the minimum price shall be 100 per centum of the current parity price, adjusted for class, grade, and location, less the current price support payment rate with respect to the maximum permitted acreage for the feed grain.

(3) For soybeans, when the Commodity Credit Corporation's uncommitted stocks are not more than thirty-five million bushels, the minimum price shall be 100 per centum of the current parity price, adjusted for class, grade, and location.

(4) For cotton, when the Commodity Credit Corporation's uncommitted stocks are not more than three million bales, the minimum price shall be 100 per centum of the current parity price, adjusted for class, grade, and location.

SEC. 704. Notwithstanding any other provision of this or any other Act, for the purpose of efficient management of the reserve stocks, including rotation thereof, Commodity Credit Corporation may sell any commodity in its reserve at the domestic market price, but any such sale shall be offset by a prompt purchase of a substantially equivalent quantity of such commodity at the domestic market price.

SEC. 705. (a) The Secretary shall make available a program for extending the maturity dates of price support loans for any crop of wheat, feed grains, soybeans, or cotton if he determines that the estimated production from such crop will exceed estimated domestic consumption and exports during the marketing year for such crop. The Secretary shall estimate the production from each crop and the domestic consumption and exports for the marketing year for such crop within 30 days after the beginning of such marketing year and at any subsequent time during the marketing year when he finds that changed circumstances require a new estimate. If in any marketing year when the Secretary has made such a determination, extended loans on wheat, feed grains, soybeans or cotton of any crop are called and the quantity of the commodity under such extended loans is not substantially offset by the quantity placed under the extended loan program from the current crop, the Commodity Credit Corporation shall purchase such additional quantity of the commodity at the prices specified in section 602 of this title as will substantially offset the quantity of the commodity under extended loans which are called.

(b) The Secretary shall make extended loan programs available under subsection (a) or otherwise and exercise the right to call extended loans in a manner which will enable producers to maintain at the end of each marketing year carry-over stocks under such programs of approximately 150 million bushels of wheat, 7.5 million tons of feed grains, and 20 million bushels of soybeans. In the case of any marketing year for any crop for which the Secretary determines that the estimated production will exceed domestic consumption and exports during such marketing year by more than 10 per centum, the Secretary may conduct the program in a manner which will enable producers to maintain at the end of such marketing year carryover stocks of up to 200 million bushels of wheat, 15 million tons of feed grains, and 35 million bushels of soybeans.

(c) The Secretary shall offer to enter into agreements with producers under which the producer shall agree to keep such commodity in storage under his control for periods of not to exceed three years, and the Secretary shall agree not to call the loans in such cases, unless the prevailing marketing price for the com-

modity has reached the level at which the Commodity Credit Corporation may sell such commodity for unrestricted domestic use under the pricing schedule provided in section 603 of this title and the Secretary determines that the commodity is needed to meet a shortage which has arisen as a consequence of a natural disaster, adverse food or fiber production conditions for one or more years, military actions, or other causes. Notwithstanding the foregoing restrictions, the Secretary may call the loans in the case of commodities which have substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage or for the purpose of establishing claims arising out of contract or against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity. The Secretary is authorized to provide incentives necessary to encourage farmers to store under such agreements approximately 150 million bushels of wheat, 7.5 million tons of feed grains, and 20 million bushels of soybeans. To the extent that the quantity of any commodity stored by producers under this subsection falls below such level, the Commodity Credit Corporation may purchase an additional quantity of the commodity to offset the deficiency.

Mr. SCOTT. Are there any questions?

The CHAIRMAN. Thank you very much.

Mr. BURLISON. I have a question about your brief paragraph, I think, on the soybean program. You have noted that your organization favors bringing soybeans under production control, acreage allotment, at a support price that would return approximately 75 percent of parity. I am curious as to whether your organization took a position, back a few months ago when the Secretary reduced the loan support on soybeans by approximately 31 cents per bushel. Did the Grange take a position on that action?

Mr. SCOTT. Yes; we did.

Mr. BURLISON. What was the position of the Grange?

Mr. SCOTT. We opposed the lowering of the support price to the farmer, very strenuously opposed it.

Mr. BURLISON. Thank you.

Mr. INGWERSEN. Mr. Chairman, I might comment that in my region, the lowering of the support price has not reduced the planting of soybeans; in fact, the planting of soybeans in our area is up. If one of the purposes was to reduce production of soybeans, I am afraid it will fall short. Whether it will make soybean oil and soybean meal more competitive in the open market remains to be seen, but it has not reduced production in our area.

Mr. BURLISON. I would like to direct my next remarks to the area of the food stamp program, which we have not discussed as yet and obviously will not have time to discuss.

I note from your written presentation here that you do not favor the inclusion of fiber products in the food stamp program. Could you state your reasoning why you are not in favor of that?

Mr. SCOTT. Mr. Congressman, we have taken the position that even the food area of the stamp program is in its infancy. It needs a lot of refinement in terms of ability to get the stamps where they are needed and ability to encourage people to use them properly. For this reason, we feel that the time is not yet ripe when this program should be extended to other than food items.

Mr. BURLISON. But I note that in your proposal for a strategic national reserve or consumers' reserve or whatever we choose to term it, you favor making this reserve not only a food reserve but a fiber reserve as well. Is there any inconsistency in those two positions?

Mr. SCOTT. I do not feel there is, Mr. Congressman. In American agriculture, the food and fiber are so closely bound together in production that one can upset the other. You can grow one crop on the other land in many cases. In the area of food stamps, to be, at the present time, supporting only food in relation to a culmination of food and fiber, I think most essential to the poor people is to get enough to eat. Granted, they must have clothes to wear and socially, they need to be better clothed in order to make their social position better. But I hope we can gain some experience in the next very few years in distribution of food stamps that will enable us to move into a fiber stamp program with much better, more ease and much better than we could, I think, at the present time.

Mr. BURLISON. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Are there any other questions on this section?

If not, we will pass to the next.

Mr. SCOTT. Mr. Chairman, I have asked Mr. Frederick also to present our section that is in the testimony on long-range land retirement.

Mr. FREDERICK. Several cost studies have been made which I have referred to in the statement; one is our own Department of Agriculture, ERS-377 that attempted to estimate the cost of long-range cropland retirement programs. One from Iowa was the CAED Report No. 32 from Iowa State University.

LONG-RANGE LAND RETIREMENT

At the 102d annual session of the National Grange, the delegate body adopted the following resolution:

LAND RETIREMENT PROPOSALS

Whereas diversion of land from crops will continue to be essential in any effective farm program; and

Whereas numerous long-range land retirement programs, in lieu of and/or in addition to current annual diversion program provisions, are currently under discussion; and

Whereas the various proposals could have a significant impact on future farm program content, farm program costs, the survival of family farms, rural communities, and upon the tax base for counties and states; therefore be it

Resolved, That the National Grange carefully review new farm program proposals to make certain that any programs enacted by the Congress retain desirable features of current programs for family farms; are realistic as to the stated intended benefits and costs; and protect the tax and economic base of rural communities.

The Grange will support programs that will pick up the contracts which are expiring under the original Soil Bank Act and, in addition, urges that this committee authorize the necessary funds to expand the two programs discussed earlier in our statement that will encourage long-range conservation of our natural resources.

However, it still seems to us to be more fiscally prudent to tie reduction of acreage programs, which are designed to reduce surpluses, to the commodity or commodities which are being overproduced. In fact, we may say that it makes the most sense to do this in connection with crops which have a limitation on production that is not expressed in acres allotted to the particular crop. Therefore, we submit to this

committee that diversion payments which are related to the wheat program, for example, make the most sense because they lead to an inevitable and predictable reduction in the crops.

These, however, are not a sufficient basis for any encouragement that a long-range adjustment in agricultural production can be accomplished in this manner. We have heard a great deal from a number of so-called scholars in the field to the point that land is the basic requirement for production and, therefore, land must be retired from production in order to adjust the production of agricultural commodities to the demands of the market. The National Grange wishes to enter a vigorous dissent to this prevalent opinion. We would point out that the day when the factors of production in order of importance were land, labor, and capital has been completely outlived and the reverse is now true, because a most important factor in production is now capital, with labor second and land third.

Any long-range program for reducing production must come to grips with the problem of capital investment and must find some way of limiting the capital that is invested in order to limit the production from available land. This is a matter of basic economics. The failure to do this in some reasonable way will continue to put extreme pressure on the owner-operated type of land and increase in intensity the effects of a policy which makes survival dependent not so much on efficiency as upon the availability of capital reserves.

A more positive program, and, hopefully, we will begin to look for a positive solution to the problems of agriculture some day in the near future, would be the use of our productive and marketing know-how to expand the use of American agricultural production in food-deficient areas of the world. This would include the use of food for capital to pay for labor and to be the basis of investment; it would include expanded food relief programs, both at home and abroad, and it would have as its objective the adequate nutrition of all of the people of the world. The locking up of the productive facilities of American agriculture, in a permanent program of acreage reserves is unconscionable in a needy world. Temporary expediency, of course, requires that this be done now. As a solution to our food surplus problem, it would appear to this witness and his organization that the latter is highly preferable.

To adopt a land retirement program on the basis of a permanent solution to the problems of agriculture by this committee would seem to be premature and inconsistent with policies of national and international welfare. To adopt it on the basis of this being a temporary solution, while more permanent programs are being devised and implemented, programs based upon sound land and water-use planning, sound national and international policy, prudent use of tax moneys and the protection of the integrity of invested capital in many areas, would have the reluctant support of the National Grange.

What we are saying is that we will give enthusiastic endorsement and support to those programs which are permanent in nature, which remove from the foreseeable future, land from production and put it into productive use that is not confined to the production of agricultural commodities. This, again, is a part of proper land-use planning.

However, the whole farm retirement concept is one which needs to be most carefully considered, because this is the one which also retires the village businessman, and makes its most severe impact upon a community. However, we recognize that there are points beyond which the partial retirement of a farm is no longer practical, because of the requirements for machinery which would still remain.

Such a program as is conceived and carried out must contribute to rural welfare, instead of contribute to a decline of the welfare of rural people. That means, in other words, that again it must be correlated with efforts to disperse industry and provide employment opportunities in rural areas. The social and emotional factor of the displacement of people must be given equal consideration with the economic desirability of some of these programs.

It would appear to us that it would be possible to use land as capital for community development and to make available land a basis for the dispersal of industry and to attract this industry into the rural areas. However, the Grange would hold that this must be done with considerable caution and that we must not permit this kind of a program to be a refuge for fugitive industry whose excuse for moving from one area to another is only that they are trying to avoid the responsibilities for paying a living wage to the people who are employed in these areas. By and large, the moving of industries from place to place has not solved any of the problems of American life. Indeed, in many instances they have intensified these problems. However, within the concept which was developed by the Area Redevelopment Administration, the placing of expanded facilities for existing plants in other areas where there are supplies of labor, and the paying to the labor in these new areas a wage consistent with that which is paid in other plants owned by the same company, is a positive and constructive method of solving some of the problems of both our rural and urban communities.

Much has been said about the cost of current programs and that we in agriculture must continue to do what we have been doing—but on less money. We will grant that the cost has been substantial, but it has not been a critical factor in our economy.

In fact, in a publication by the Economic Research Service, USDA, April 1968, entitled “Estimates of Farm Production, Prices and Income, 1961–67, in the Absence of Farm Programs,” states:

The impact on net farm income under the free market conditions would have been even greater than the impact on production and prices. Increased volume of marketings would have held gross realized farm income during individual study years at levels of 80 to 90 percent of their actual 1961–67 levels. Net realized farm income, however, would have declined sharply. It would have been an estimated 76 percent of the actual in 1961, and 54% of the actual in 1967 as the cumulative impacts of lower livestock prices were fully realized.

For the entire period of 1961–67, net realized farm incomes under actual farm programs totaled to 95.4 billion. Under the “free market” situation, net realized farm income was estimated at \$60.9 billion. Thus, net realized farm income would have been lower by a total of 36 percent between 1961 and 1967 if farm price supports, acreage diversion, and export subsidy programs had been eliminated.

Likewise, in a similar publication by the Department of Agriculture entitled “Summary—Farm Program Needs 1968–70,” March 1967, it states:

Agriculture’s surplus problem has been significantly diminished, as a result of the elimination of the surplus carryover stocks. According to earlier studies,

if farm programs—both annual and long-term diversion—had been terminated in earlier years while these large surplus carryover stocks were hanging over the market, net realized farm income would have been reduced about 50 percent. This analysis indicates that with the elimination of surplus grain stocks, if the annual programs were now terminated (while continuing the long-term cropland diversion programs), realized net farm income would be reduced by over 30 percent.

Net farm income would fall by more than \$5 billion from the 1966 level. But government costs of the farm programs would be reduced by only \$3 billion. Thus the decline in farm income would be substantially greater than the reduction in government costs.

Such a decline in net income obviously would have an adverse effect on farm land values. Farmers' net worth probably would decline much more than the reduction in net income.

In light of these studies, we would submit to the committee that farm programs, in fact, have paid in the national interest and have not been as costly as the bare figures published would indicate.

In connection with some proposed farm legislation and the Secretary of Agriculture's testimony regarding new farm legislation, several studies have been discussed regarding cost of long-term whole-farm-land retirement. The studies referred to are "Farm programs for the 1970's", CAED Report No. 32, from Iowa State University and "Analysis of a general cropland retirement program", ERS-377, May, 1968.

The above studies indicated that it would take between 60 and 70 million acres placed in a cropland retirement program, at a cost of between \$1.2 billion and \$1.4 billion to the Government.

The E.R.S. study concludes:

More than 70 million acres would have to be retired from total crop production to balance supplies with market demands at 1967 prices. Also special provisions would be required to achieve a balanced reduction of wheat, feed grains, and cotton.

Because of the attractiveness of the low estimated cost of such programs, they have received wide publicity and much support from various segments of our economy and educational institutions. However, with the present programs diverting in excess of 60 million acres, we failed to see in the programs any real promise of a success in supply-management and certainly no increase or improvement in present farm prices. In addition, we felt that the cost estimates were underestimated by a considerable margin if, in fact, productive land was to be removed from crop use.

In a letter to Senator George McGovern from the Legislative Reference Service of the Library of Congress, our doubts about the program cost in relationship to farm price levels were substantiated.

The letter from the specialist stated:

Although the Iowa State study states, "The 60 million acre retirement plan would provide a net income for agriculture in aggregate at about the 1967 level," a majority of a small group of university and U.S. Department of Agriculture economists, in reviewing these studies recently, expressed reservations with respect to this conclusion.

This group has not, as yet, filed a written report, but a majority of them, after reviewing the methodology of these studies, concluded that substantially more than 70 million acres of cropland would have to be retired to achieve supply adjustment of the price-supported crops, cotton, wheat, feed grains, and soybeans, which would assure them prices and incomes comparable to those obtained in 1965-68. A majority also expressed the judgment that the actual annual cost of retiring 60 or 70 million acres of cropland would be substantially higher than the minimum costs estimated in these studies.

In view of the above considerations, a cropland retirement program large enough to accomplish the supply adjustments obtained by the annual adjustment programs in 1965-68 might well require the retirement of 90 million acres of cropland or more at a cost perhaps 50 percent higher than the minimum cost estimates of these studies, or \$2 to \$2.5 billion a year.

The above estimate just includes the cost of retiring the land and does not include an adjustment payment or retraining allotment for persons who are removed from agricultural production. At the present time, we do not have any concrete total cost estimates of such farm programs, but in our judgment, it would run as high as, if not higher than, present farm programs, with less guarantee of satisfactory results on farm surpluses or farm income, if the decade before the present programs went into effect is an indication of such programs' performance.

Because of the doubtful results of such a program, at a like cost to the Government, plus the adverse effect it will have on rural communities, the Grange must raise its voice in opposition to such programs that would have a negative effect on farmers, consumers, and rural America.

It has been suggested that the cost of such programs to the Government can be reduced by permitting grazing on cropland placed in land retirement programs.

One of the brightest spots in America agriculture is the livestock industry. We feel this has been brought about by several factors, the first of which is the tremendous effort on the part of the meat industry, through advertising, to increase the per capita consumption of red meat. Second, they have been benefited by the Food and Agriculture Act of 1965 which has provided a stable and reasonable price for feed grains. Third, we feel that food stamps and food distribution programs have started and helped develop new eating habits and improved diets of American consumers who, up until this time and until such programs were available, did not have or could not afford red meat.

Now we find being advocated and arising in American agriculture a new horse to ride. That horse is the beef cow. There seem to be some indications that all problems in American agriculture now can be solved by shifting resources out of certain factions of agricultural production into beef cattle production. This is now the panacea for the solving of farm problems. Gentlemen, it's just not so, for in the immediate future, taking diverted acreage or whole-farm land retirement or easement retirement, or whatever type of long-range land retirement you wish to call it, and putting it into grass is not going to increase immediately the amount of beef and thereby bring about a decrease in the price of beef. We have to look at cattle numbers. To increase the number of cattle available for slaughter in the future, we must increase our cow herds, and to increase the cow herds, we will have to start taking heifers off the cattle market, instead of taking them to slaughter. In doing so, we would face immediate and sharp increases in the price of beef because of the decrease in supply.

Such programs entered into without a considerable amount of planning or forethought lead to first, a rapid increase in cost of beef because of the decrease in numbers by withdrawing the heifers; second, such programs in the long run, if we encourage overproduction

by grazing, will bring beef back down to the disastrous price of 19 cents a pound and kill a prosperous segment of agriculture. You cannot solve American farm problems by shifting from one crop to another any more than you can solve American farm problems in foreign ports through an unrealistic export policy that can have a negative effect on domestic farm programs.

The CHAIRMAN. Thank you very much.

Any questions on this land retirement program?

Mr. MELCHER. I have one.

Mr. Frederick, the talk about the land retirement program has been emphasizing that half of it would be put into cow-calf operation, pastureland, in order to meet a growing demand for beef. Would it be your opinion that with high-livestock prices it would be a natural thing for farmers and ranchers to increase production of beef without any Government incentive to do so?

Mr. FREDERICK. Yes, I think they would. I think that what happens when we get Government incentives by allowing grazing and so forth on rangeland will lead to too rapid an increase. The immediate reaction would be the withdrawing of heifers from slaughter to start raising beef cows to increase herds, which would have an immediate effect upon a rapid increase in the price of beef. In the long run, if it is accelerated, we could get back to the disaster prices of, as we remember it, 19 cents a pound over a long period of time. It would accelerate faster than the consumption could take the beef off the market.

Mr. MELCHER. You feel the acceleration under such a plan would be too rapid, whereas if it were allowed to take its natural course, it would still be accelerated, but in a more even manner?

Mr. FREDERICK. I think the cattle industry can be complimented on the fact that their advertising programs and programs to take cattle to the market before they get extremely heavy have all had their factors in increasing the consumption of beef. I think in their wisdom, they would let the program go slowly and not kill their position they have today by having too fast an increase.

Mr. MELCHER. Then you believe that without any new Government program that these objectives could be accomplished with less cost to the taxpayers.

Mr. FREDERICK. Yes, it can.

Mr. RARICK. Mr. Chairman, I would like to make one comment.

The CHAIRMAN. Mr. Rarick.

Mr. RARICK. I believe that in the Secretary's statement he called for a program of voluntary land retirement. Can you tell me of any successful farmers you know of who are willing to voluntarily retire their farm?

Mr. FREDERICK. There might be a few, if we had the time to elaborate on our statement, where we think through cropland adjustment and additional appropriations for putting land in some long-range conservation practices, will allow these people to perhaps get out of agriculture if they wish. But when the present program we have before us for whole farmland retirement plus the phasing out of present programs is the only alternative for a farmer, it is kind of like handing him a knife on his way to the guillotine. He has no alternative, either accept or he gets out.

Mr. RARICK. If we look at it on just a voluntary basis, it will be the unsuccessful and probably the less producing farmer who is going to be willing to participate?

Mr. FREDERICK. Right, and I think we will have a tremendous increase in production.

Mr. RARICK. Thank you, Mr. Chairman.

The CHAIRMAN. If there are no further questions on this section, we will pass to the next one.

FOOD STAMP ACT OF 1964

Mr. SCOTT. The Grange, in addition to being a farm organization, is a fraternal organization which has its foundation deep in our Judeo-Christian culture which has at its heart a deep concern for others in economic positions less favorable than ours.

Our membership, at all levels, concerns itself with people and their problems. We place special emphasis on the worth of the individual and his contribution to the improvement of the society in which he lives.

The Grange is privileged to have this opportunity to once more support, not only the Food Stamp Act, but the expansion of that act, to put our Nation on a charted course toward the elimination of hunger and malnutrition. Through healthy people will come a healthy nation, in which each individual will feel the added responsibility of making his contribution to his community, State, Nation and the world in which we all live.

The National Grange, from its beginning 102 years ago, has been concerned with the welfare of people. One of its first acts of national importance in the early years of Grange history was the purchase and distribution of five carloads of food and clothing for the flood victims of Mississippi and Louisiana. An additional cash grant was made to the State Granges in the affected areas for their use in alleviating human suffering.

We would like to make it clear that the Grange does not look on the food stamp program just as a means of increasing the use of farm products. If this were true, we would be testifying in opposition to food stamps and pushing hard for a complete commodity distribution program. We believe our testimony in support of a greatly expanded food stamp program will substantiate this position.

The Grange believes that all bills being considered by this distinguished committee contain the basic objectives of the Grange position concerning the use of food stamps to increase the distribution of foods and upgrade the diets of needy people in the United States. The opportunity for the American people to share fully in the abundance of food from our farms, regardless of their economic position in life, should be, and is, a major objective in any campaign against the effects of poverty.

COMPARISON OF MAJOR PROVISIONS OF FOOD STAMP PROPOSALS

Funds.—We do not feel that the Food Stamp Act should contain unlimited authorization for appropriations.

The CHAIRMAN. May I interrupt there?

I think there is a misunderstanding as to what we are talking about in open end programs. We can provide open end authorization, this committee can, but still the Congress would from year to year determine the amount of appropriation because the Appropriations Committee would come in with a figure which would have to be approved by the Congress. Of course, if this is just left there so the Department could spend any amount of money, I would consider that truly open ended. But I mean that no matter what this committee does, the Appropriations Committee is going to make the determination as to what the amount of money is. This committee can only put a limitation on the upper limits to which the Appropriations Committee can go.

Mr. SCOTT. Yes, and our contention is that there should be an upper limit, Mr. Chairman, and not a "sky is the limit" type of appropriation.

We have at our disposal, or soon will have, a very accurate appraisal of the level of hunger and malnutrition that exists in the United States. With this data in the hands of the experts at USDA and HEW, they should be able to ascertain the necessary moneys needed each year to sufficiently fund the program. Therefore, we feel that the appropriations requested in the Presidential message are sufficient to meet the needs in the foreseeable future. If experience proves that increased appropriations are necessary because of the higher number of families below the level set by the provisions of the act to receive free food stamps, additional funds can be appropriated.

Cost of coupon.—We have seen poverty, but it is hard for us to envision a large number of families in the United States that can not afford to pay even a very small amount for food stamps that are worth many times what they pay. We are inclined to favor a plan where food stamp recipients pay something for the stamps they receive, even if it is just a dollar or two per allotment period, with the value of allotment diminishing as household income increases.

Value of coupon allotment.—Until more accurate information is available as to what constitutes an adequate diet and the cost of such a diet, (we now have conflicting amounts in pending legislation and the President's message), we would favor letting the present provisions of the law prevail.

Eligibility requirements.—The Grange feels that income need only be insufficient to attain adequate diet, allowing the Secretary to prescribe minimum requirements as to maximum income limitations. Here again more research is needed to be able to define an "adequate diet." Such requirements may vary as to area, precondition of malnutrition, and other factors; therefore giving the Secretary some flexibility is highly desirable.

Local administration.—The biggest drawback to expansion of the present Food Stamp Act is the provision that the plan must be "administered by, and upon request of, State agency."

The Grange, therefore supports the provisions of legislation which provide for the administration by Secretary, through any nonprofit private, Federal, State, or county agency where (1) local agency fails to comply with law, (2) local officials fail to request program after Secretary has offered to pay part of costs, or (3) the Secretary determines that a local program is necessary to effectuate the act or alleviate severe malnutrition.

Mrs. MAY. Mr. Chairman, may I ask a question on that?

On page 48, where I think you made your point that you support provisions that the Secretary may go ahead in an area—well, you make three points there. As I understand it, the Senate version of this bill has put in some limitations. But one thing you left out, I believe the Senate version has a request by the Governor, too. Would you have any objection to that?

Mr. SCOTT. Yes, I am sure that this is the Secretary's feeling. We discussed this with Secretary Hardin. But I suppose, Mrs. Congresswoman, this would be a time when we might find even a Governor who would be obstinate in this area. I would hate to see people not get enough to eat for any political reason.

Mrs. MAY. Well, for political reasons, Mr. Scott, this may turn out to be one of the most controversial portions of the food stamp program. As one of the original sponsors of the bill, I am finding this to be true. It may be that it will be necessary to spell out a few more protections against Federal pressure to get support in some areas. I was just wondering if you have any do or die feeling on this.

Mr. SCOTT. No, this would not be a do or die position of the Grange, but I think our philosophy as a fraternity and as farmers, there should not be any hungry people in the land of plenty.

Going down, we say we do support the continuation until the food stamp program is perfected of the distribution by direct commodity distribution. I did touch on the self-certification.

Mr. MONTGOMERY. Mr. Chairman, would the gentleman yield?

The CHAIRMAN. Yes.

Mr. MONTGOMERY. Mr. Scott, I have drafted a food stamp bill which I will introduce in the near future.

On page 48, you talk of local administration and you say that we hope that local and State and civic organizations shall be solicited and encouraged to participate in the Food Stamp Act.

I might go a step further and say that one of the key sections of my bill calls for State participation, participating as they do in other Federal programs, starting off at 2½ percent, and when they reach the limit of 10 percent, it cuts off. In other words, the State will participate up to 10 percent. I introduced it because I think it has considerable merit to it. When you have your money in a program, you are going to watch the program better. Has the Grange taken a position on State participation?

Mr. SCOTT. I think you are right, when a person has money invested, they are more interested. But again, I think it comes back to this basic idea of the food stamp program is to feed hungry people. If for some reason a State can't participate or will not participate, it does not seem to the Grange that that hungry person out there should be denied food.

Mr. MONTGOMERY. Generally, my bill covers what you have said here. The way I interpret your remarks, you want a ceiling on the program. I have a ceiling of an amount of money, that my bill gives the person who needs food stamps a little easier way to get it than it is now, and better information. I felt, this being in it, that the State would participate.

Mr. SCOTT. I am sure we will be interested in studying your bill, Congressman Montgomery, and visiting you about it.

Mr. MONTGOMERY. You are not making a definite statement here today that you are for or against State participation?

Mr. SCOTT. That is right.

Mr. RARICK. Will the gentleman yield?

Mr. MONTGOMERY. Yes.

Mr. RARICK. What would the Grange's position be in line with testimony given on the other side of the House, by an economist that we have no food stamps, we just give free food to all the American people—staple food such as protein and various basic diet commodities?

Mr. SCOTT. Mr. Congressman, a distribution of this type is, we have proved to ourselves, is tremendously difficult. Many people can, and it is much easier, and it contributes to the entire economy of the community much more for the people to get their food in regular channels. Even though when we are trying to bring about a program of this kind to feed needy children, if they eat the same as the children they go to school with and get them in the same kind of ways, except for the stamp portion, the whole sociological approach is much better.

In addition to that, it is a much more efficient type of distribution, cheaper for the Government to distribute.

Mr. RARICK. We give children free milk now at the school and for that matter the Commodity Corporation could place this free food in grocery stores where people could pick up their free food while grocery shopping. If I understand your answer, then, you would be against, not having food stamps, and just giving free staple food to all the people, anybody who would want free basic foods to balance their diet.

Mr. SCOTT. That is right. I think it would be too costly a program to distribute for the Government. Our distribution programs were originally based on surplus commodities and to now go into the Government paying the market price for the food and then getting it out to the needy would seem to me to be a very roundabout way to serve the needs of hungry children.

Mr. RARICK. You surely are aware that just because people do not have food stamps or that the stamps are not given to them free—that alone does not cause malnutrition. I recall testimony on the floor yesterday on the HEW bill that the greatest amount of malnutrition in our country is not among low-income people but rather middle-class people, the middle-class people who get up in the morning, are running late, are too busy to feed their kids a breakfast and too busy running around to parties at night and partaking of too much whisky drinking to eat a planned or balanced meal. We must have some Wall Street bankers with malnutrition from poor eating habits. And we have some college professors—wealthy college students using pot and LSD, who likewise are suffering from malnutrition. So if there is malnutrition, its cause cannot be limited to income alone—the reason must be assessed as lack of commonsense eating habits.

Mr. SCOTT. Congressman, your statements are all entirely correct and we have devoted considerable time in our statement to our expression of what we feel is the need for education in nutrition at all levels, not just for the poor. We do support very strongly the Secretary of Agriculture in the new move to create an area in the Department of

Agriculture especially for this purpose of educational, nutritional education and to teach young mothers to feed their children better, perhaps for less than they are feeding them now financially.

Mr. FOLEY. Mr. Chairman, I have a couple of very brief questions. I do not want to get into a conflict with my good friend from Mississippi, but do you feel that if it would be possible to require States to participate in food stamp costs, it would be a disincentive for some States to participate, particularly if they had a high number of potential recipients and were under some financial difficulties at the State level?

Mr. SCOTT. I think I would say that I think it would be, Congressman, because some States do have and local governments, too, have just about all the burden they can bear now in terms of costs and any new program that comes along that is going to require more money naturally falls down at a lower need level.

Mr. FOLEY. You would not under any circumstances—I think I know you will say this—favor the participation of States in varying costs of farm programs?

Mr. SCOTT. No.

Cost of local administration.—Local governments are already hard pressed for sufficient funds to continue present level of activities; therefore all local costs that are not provided by civic organizations should be paid by the Federal Government. However, as we will point out later in our statement, all local and State civic organization should be solicited and encouraged to participate in the Food Stamp Act.

Concurrent direct food distribution.—The Grange believes that concurrent food distribution should be permitted; however, as soon as feasible, food distribution should be discontinued in favor of food stamp plans. This will eliminate some of the problems and high cost of providing free food through distribution plans by taking full advantage of the private food marketing system.

Self-certification.—The method of certification for eligible households is one of the most difficult, yet one of the most important provisions of the act. The Grange would recommend that the Secretary work up guidelines to be followed in certifying eligible households. Until better methods are developed, certification solely by affidavit of household should be provided in the act.

Issuance of coupons.—The Grange, being a community-oriented organization, believes that such local organizations should be utilized as much as possible to assist in carrying out the objectives of the Food Stamp Act. We, therefore, would favor the expanding role of community action agencies and VISTA volunteers in delivering stamps, whenever and wherever possible. In lieu of this we would recommend State agencies issuing stamps through the post office, mail, food stores, or otherwise in an attempt to increase the ease of eligible households to obtain stamps. We feel that there is, within the Department of Agriculture, the expertise to devise an adequate system of food stamp delivery, where it will not be necessary for the recipient to take taxis or expensive means of travel to obtain food stamps.

Information assistance.—The Department of Agriculture has had over 100 years of experience in assisting in the production of an abundance of nutritional food and the experience of teaching the unknowing of the importance of balanced diets through the home economics

workers of the Agricultural Extension Service. All the doctors and experts in other Departments of the Federal Government cannot match the record of the Department of Agriculture in teaching people better ways to live—farmers and nonfarmers alike.

The Department of Agriculture has been severely criticized because it has not done enough in feeding the hungry and underfed people of our urban-rural poverty areas. Who has done more? Other Government agencies became interested in hunger and malnutrition after this committee made the first move in enacting the first Food Stamp Act.

The hearings being held by the U.S. Senate Select Committee on Nutrition and Related Human Needs point up the importance of education in meeting the nutritional needs of American young. Malnutrition in the United States is not restricted to "poverty pockets", but much is caused by lack of knowledge. Most poor eating habits are due to the failure of mothers—who weren't taught by their mothers or at school—to teach young people how to eat properly. And this occurs at all economic strata and is inexcusable in the middle-to-higher-income brackets because they have means to purchase nutritious food and access to an education to show them how it should be prepared. And it remains, of course, that those others who don't get enough to eat have another problem altogether—except they also don't get the nutrition education.

It's high time that greater emphasis was placed on "nutrition education" in public schools and local communities' projects. The consequences of "negative nutrition" should be burned into the minds of mothers as well as growing children.

We are not nutrition experts and do not pretend to know all the answers to solving the problems of hunger and malnutrition; however, we have studied the problem long enough to know that surplus food and increased appropriations alone will not cure the ills of a nation that has hunger and malnutrition so prevalent in a "land of milk and honey".

Therefore, we must approach the problem from two avenues: one, from increased use of farm abundance; and two, increased education of mothers and children in proper eating habits, both of which can be best administered by the Department of Agriculture because only they have the expertise to travel both avenues to answer the problems of hunger and malnutrition.

Within the Department of Agriculture, as I am sure this committee is well aware, is the Federal Extension Service, comprised of many experts in the areas of "nutrition" and "humanization" (art of talking, working with and understanding people). Both are of utmost importance if we are to truly eliminate hunger and malnutrition. Appropriations are important, but nutritional education is indispensable.

In recent months much has been done by the Secretary of Agriculture who has become increasingly aware that feeding the underfed and winning the war against hunger in the United States is the No. 1 responsibility of the Department of Agriculture. The program started by his very capable and dedicated predecessor, molded into viable legislation by this committee and passed by previous Congresses, now must be pushed farther and faster if they are to remain a part of the overall responsibility of the Department of Agriculture and this committee.

Territorial coverage.—At the present time, until we have developed better delivery systems, gained more knowledge of the requirements of adequate diets and nutritional deficiencies that exist in various areas, our efforts should be limited to the coverage of the present law; expansion to include all U.S. territory and possessions as funds and additional nutritional knowledge are available to the Congress and the Secretary.

Food coverage.—The Grange feels that, at the present time, items covered by the Food Stamp Act should be limited to foods, including milk.

New organizations.—We submitted a statement in support of H.R. 7919, the Human Nutrition Act of 1969, and act which, in our opinion, will be of tremendous assistance in obtaining the national goal of elimination of malnutrition and hunger from America. This bill would create an Assistant Secretary in the Department of Agriculture who would administer all food assistance programs and be directly responsible to the Secretary of Agriculture. We, therefore, would be in favor of additional amendments to the Food Stamp Act of 1964 to set up a National Nutrition Committee to act in an advisory capacity to the Secretary of Agriculture.

The Secretary, in accepting the challenge of the 1970's has said both in public and in private that the American farmer can produce all the food that is necessary to feed the hungry and underfed—but it must be done at a fair profit for the farmer. To this we add our amen. We feel that the problem of curing the Nation's ills of malnutrition and hunger can and must be met without reducing by one cent the farmer's income or Government appropriations for farm programs.

It is through these programs that we have our abundant food supply that is necessary in carrying out our many programs of welfare feeding and school lunch and related activities. Without present consumer subsidies in agriculture programs, the cost of the foods used in such programs would increase considerably and place the programs in serious jeopardy of being lost or greatly curtailed because of the increase in needed appropriations to purchase the agricultural commodities.

The production of nutritious food by the American farmer, at fair and reasonable prices for the consumer, and returning an equitable income level for the producer, is closely tied to the food stamp program, if not paramount to it, if we are to provide the food for the hungry and underfed. We, therefore, urge this committee to report a greatly expanded Food Stamp Act, along with the extension of farm legislation encompassing the commodity programs of the Food and Agriculture Act of 1965.

The Grange is pleased to note that the Secretary of Agriculture has announced the creation of a new agency within the Department of Agriculture called the Food and Nutrition Service. It is scheduled to come into existence officially sometime next month. The agency will operate the Agriculture Department's food programs including food stamps and commodity donations for needy families and various child feeding programs.

We commend the Secretary on this forward approach to accepting the challenge of eliminating hunger and malnutrition from the richest

agriculture nation in the world and urge this committee to give him and the Department the legislative tools necessary to accomplish this national goal.

We cannot emphasize too strongly the expertise that exists in the Department of Agriculture for conducting studies in nutrition, diets of men, women, and children, and the trained personnel to do the necessary job of education. In addition, through the various agencies of the Department of Agriculture, a delivery system can be devised to get the food and the education where it is most needed.

The CHAIRMAN. The Chair is not going to entertain any further questions, but we would appreciate it if you could sum up what is remaining.

CONCLUSION

Mr. SCOTT. It is stated in Ecclesiastes 4:10, "Woe to him that is alone when he falleth, for he hath not another to help him up." This is about where American agriculture is today. Those of us who have lived through the agricultural revolution, who have seen the abundance possible, are suffering as the result of it.

By releasing many millions of persons from the necessity of tilling the soil, the agricultural revolution has enabled the rest of our economy and society to grow to its present developed status. If farmers today produced at the productivity level of 1910, in order to feed our population, which is over 200 million, we would need to have kept 20 million persons in our farm labor force and have that many fewer for manufacturing, trades, services, professions, and the arts.

It is evident, then, that the agricultural revolution has already made an important and beneficial contribution to the welfare of our country. But what has it meant to those most directly involved in it—to farmers and rural communities? Has it been an unmixed blessing. The answer, unfortunately, is no.

Instead of being the chief beneficiary, the farmer has been the chief victim of this revolution. Because he did not recognize and control soon enough the forces of change, the farmer now finds himself in a desperate struggle for survival. He and his Government have found no adequate answers to three chief problems that have resulted from the agricultural revolution: the seemingly uncontrollable tendency of production to overrun effective demand, an inexorable cost-price squeeze which leads to bankruptcy, and the accelerated exodus from farms and rural communities to cities, often with disastrous results to both.

American agriculture, American farmers, Congress and, indeed this committee have fought with these problems and in most instances have accomplished much. We have labored hard and long in an attempt to find answers to the problems of American agriculture. Over the past years, two alternative approaches to the farm problems were attempted. Both failed, or partially failed, primarily because of the lack of political acceptance. During the Eisenhower years Secretary Benson made a valiant attempt, as he would put it, to return the farmer to the free market. Following that, the Kennedy administration attempted to implement a system of Government-run supply-management using direct, mandatory controls. Both of these approaches have been found wanting. I think one must look at the successes of the past administrations and take from them portions to mold the agriculture

programs of the seventies. The soil bank was not a great success, but it was an experiment from which we have learned what we know today about how to withdraw land from farm production.

The Kennedy administration passed the emergency feed grain bill, as you well know, in 1961, which is generally popular with farmers and which contains several ideas presented to wheat and now in effect for cotton in what is now referred to as the Food and Agriculture Act of 1965. We need not refresh for this committee the working mechanism of the Food and Agriculture Act of 1965 or the final innovation of the Kennedy years which was the two-price certificate plan for wheat. The successful innovations of the past decade should be important parts of any answer to the problems we now face.

In the short run, our choices amount to an economic and political dilemma. With voluntary programs, unrelenting pressures of significant annual increases in yields, means that budget costs go up each year even if you are only maintaining the same level of farm income. Each year politicians are faced with a Hobson's choice between greater budgetary cost or higher prices to the consumer, via certificate-type systems, and so forth, or—failing increases in either budget or prices—lower total farm income. If, in the process of making political choices, it is decided that farm program budgets must be reduced, farm income must fall as a direct consequence. Unless the cost of these programs can be transferred to the consumer, this is the dilemma. It is also a political dilemma, since each of these variables—budget, consumer costs, and farm income involve political potent interests.

We will continue to have the political dilemma that faces U.S. politicians and us as farmers and producers until we, as a nation, adopt a national policy on food and fiber. Once we have made the decision that it is in the national interest to maintain farm income at somewhere equivalent or equal to the non-farm sector, and at the same time provide the managed abundance of food and fiber to the American consumer, at fair and reasonable prices, we will not have the political dilemma that faces us today.

In summary Mr. Chairman, the Grange supports the extension of the Food and Agriculture Act as permanent legislation. In addition we are in support of increased use of the cropland adjustment program and the conservation practices program as supplemental land retirement to the annual commodity diversion programs.

We do not stand alone in our position, as this is the combined effort of 17 farm organizations and commodity groups, that met with the Grange and developed this program of unity regarding future farm legislation. We ask for your thoughtful consideration of the views of American agriculture and your advice on future deliberation of our farm coalition.

Mr. Chairman, in closing, I would like to say that we thank the committee for giving us the opportunity to present the Grange position this morning and as your testimony goes on and other organizations testify and the Secretary later presents his ideas of the needs of agriculture, we would hope that we would have the opportunity and permission of you, Mr. Chairman, to file or to come before you with anything further that we think would be pertinent to the new act.

We thank each member of the committee for the many long days and nights of labor that you have put in on farm legislation. We know and appreciate the terrific job that lies ahead.

I feel, Mr. Chairman, that from these hearings will come a consensus of a farm bill, and it would also further point out that the testimony that The Grange has given here today is also a part of that coalition that had been held of the 17 different organizations, and that we are doing our best to unify agriculture behind this kind of farm legislation. Thank you for being so patient with a rather long presentation.

Thank you.

The CHAIRMAN. Thank you very much, Mr. Scott. We want your further suggestions.

We do not know what the schedule will be as to appearances, but certainly, there will be an opportunity to present, at least in document form, any further suggestions.

We do appreciate your efforts to coordinate all of these organizations.

The committee will stand in recess until Tuesday morning next.

(Whereupon, at 12:20 p.m. the committee recessed to reconvene on Tuesday, August 5, 1969.)

GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

TUESDAY, AUGUST 5, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m., in room 1301, Longworth House Office Building, Hon. W. R. Poage (chairman) presiding.

Present: Representatives Poage, McMillan, Abernethy, Abbitt, Stubblefield, Purcell, O'Neal, Foley, de la Garza, Vigorito, Jones of North Carolina, Montgomery, Alexander, Burlison, Lowenstein, Jones of Tennessee, Melcher, Belcher, Teague, Wampler, Goodling, Miller, Mathias, Mayne, Zwach, Kleppe, Price, Myers, Sebelius, McKneally, Mizell, and Resident Commissioner Córdova.

Also present: Christine S. Gallagher, chief clerk; William C. Black, general counsel; Hyde H. Murray, associate counsel; L. T. Easley, staff consultant; John A. Knebel, assistant counsel.

The CHAIRMAN. The committee will please come to order.

The committee is meeting this morning to consider the general farm program and the food stamp program.

We are pleased this morning to have with us representatives of the American Farm Bureau Federation. We are honored to have you, Mr. Shuman, president of the federation, with us, with a number of presidents of State Farm Bureau Federations.

We will ask you to proceed in any way that you care to, Mr. Shuman, making such statements as you care to and calling on those of your associates as you like. We are always glad to have you and delighted to hear from you.

STATEMENT OF CHARLES B. SHUMAN, PRESIDENT, AMERICAN FARM BUREAU FEDERATION

Mr. SHUMAN. Thank you, Mr. Chairman and members of the committee.

We appreciate the opportunity to present Farm Bureau's views with respect to new farm program legislation, and particularly the opportunity to bring nine of our State presidents from all over the Nation. I will make a very brief—at least for us—statement, and hopefully we

can present the statement in a few minutes and then have each of the nine presidents make a brief, about a 3-minute statement, and then we will be subject to questions, if this meets the pleasure of the Chairman and the committee.

Farm Bureau is a general farm organization with 1,796,641 member families in 49 States and Puerto Rico. A large percentage of our members produce commodities which are directly affected by the Food and Agriculture Act of 1965. Others produce commodities which are indirectly affected by this act because programs for individual commodities affect other commodities. For example, the feed grain and cotton programs have affected acreage planted to soybeans; and the feed grain and wheat programs have affected—usually adversely—the production of livestock, poultry, and dairy products.

Farm Bureau vigorously opposed the original enactment of the major provisions of the 1965 act. Our members are even more convinced today that the programs authorized by this act are not in the long time best interests of producers, consumers, or taxpayers.

Briefly, our principal reasons for opposing these programs are as follows:

- (1) Government supply management has not worked.
- (2) Government-owned stocks are bad for farmers.
- (3) The operation of Government supply-management programs depends on political decisions.
- (4) These programs make farmers dependent on Government payments for a substantial part of their net incomes.
- (5) Government supply-management programs create pressures for international commodity agreements.

Each of these points was discussed in detail in our statement at the committee hearing on March 19, 1968. In order to save time today, I will not repeat this detailed discussion; however, I would like to offer for the record an updated review of "Experiences under the Food and Agriculture Act of 1965" which is based on our 1968 testimony, and it is attached here as exhibit A.

The CHAIRMAN. Without objection, that will be included.

(The document referred to follows:)

EXHIBIT A

EXPERIENCES UNDER THE FOOD AND AGRICULTURE ACT OF 1965

(An updated review prepared by the American Farm Bureau Federation—July 1969—supplementing the analysis presented to the Senate and House Agriculture Committees, at the 1968 hearings on farm program legislation.)

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Briefly, our principal reasons for opposing these programs are as follows:

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- (3) The operation of government supply-management programs depends on political decisions.
- (4) These programs make farmers dependent on government payments for a substantial part of their net incomes.

(5) Government supply-management programs create pressures for international commodity agreements.

We will discuss each of these points briefly.

1. GOVERNMENT SUPPLY-MANAGEMENT HAS NOT WORKED

The Act of 1965 has not corrected the basic imbalance between prices farmers receive and the prices they must pay—commonly referred to as the cost-price squeeze. On the contrary, the index of prices paid has continued to rise faster than the index of prices received. The index of prices received by farmers rose 21 points from 239 in 1960 to 260 in 1968. In the same period the index of prices paid, interest, taxes and wage rates rose 54 points from 300 to 354.

The following table shows that there has been a rather steady decline in the parity ratio over the past 18 years and that the ratio was 73 in 1968. To find a lower parity ratio on an annual basis, it is necessary to go clear back to the depression year of 1933. We do not think it appropriate to include government payments in figuring the parity ratio as this destroys the usefulness of the parity concept as a measure of the relationship between farm prices and farm costs; however, if one looks at the adjusted ratio in the following table he also finds a steady decline. Even on an adjusted basis, it is necessary to go back to 1933 to find an annual figure lower than that reported for 1968.

PRICES RECEIVED BY FARMERS, PRICES PAID, AND THE PARITY RATIO, SELECTED YEARS, 1933-68

[1910-14=100]

Year	Prices received	Prices paid ¹	Parity ratio	
			Unadjusted ²	Adjusted ³
1933.....	70	109	64	66
1935.....	109	124	88	95
1940.....	100	124	81	88
1945.....	207	190	109	111
1950.....	258	256	101	102
1955.....	232	276	84	85
1960.....	239	300	80	81
1965.....	248	321	77	82
1966.....	267	334	80	86
1967.....	253	342	74	79
1968.....	260	354	73	79

¹ Commodities and services, interest, taxes, and wage rates.

² Not including Government payments.

³ Including Government payments.

Source: Agricultural Prices, January 1964 and January 1969, Statistical Reporting Service USDA.

Although the average parity ratio for all commodities is the lowest it has been on an annual basis since the depression, the picture is even more dismal for the commodities that are subject to price support payments under the Act of 1965.

MARKET PRICES AND PARITY PRICES OF COMMODITIES FOR WHICH PRICE-SUPPORT PAYMENTS ARE MADE

	June 15, 1969		
	Market price	Parity price	Parity ratio (percent)
Wheat (bu.).....	\$1.22	\$2.77	44
Corn (bu.).....	1.18	1.72	69
Grain sorghum (cwt.).....	1.81	2.80	65
Cotton (lb.).....	.2124	.4792	44
Wool (lb.).....	.420	.941	45

Source: Agricultural Prices, June 1969, Statistical Reporting Service, USDA.

The parity ratios shown above would be even lower if it were not for the fact that government supply-management programs have reduced the adjusted parity base prices for most of these commodities.

ADJUSTED PARITY BASE PRICES OF COMMODITIES FOR WHICH PRICE-SUPPORT PAYMENTS ARE MADE UNDER THE ACT OF 1965

	Wheat (bushel)	Cotton (pound)	Corn (bushel)	Grain sorghum (hundredweight)	Wool (pound)
1964.....	\$0. 805	\$0. 1303	\$0. 498	\$0. 780	\$0. 254
1965.....	. 796	. 1301	. 488	. 767	. 258
1966.....	. 773	. 1279	. 475	. 760	. 256
1967.....	. 760	. 1251	. 472	. 748	. 253
1968.....	. 744	. 1258	. 464	. 744	. 251
1969.....	. 738	. 1279	. 460	. 746	. 251

Source: "Agricultural Prices," January supplements, 1964-69, Statistical Reporting Service, USDA.

If the adjusted base price of wheat had not been reduced from 1964 to 1969, the June 1969 parity price for wheat would have been \$3.02 per bushel—25 cents more than the official parity price of \$2.77.

Since the relationship between farm returns—including payments—and farm costs has continued to deteriorate, people have continued to move out of agriculture in search of better opportunities. As a matter of fact, the rate of outmigration was higher in 1966 and 1967 than in 1964 and 1965. The following table shows a drop in farm population of more than 5.1 million since 1960—a drop of 33 percent in only eight years.

CHANGES IN THE FARM POPULATION

Apr. 1 of—	Farm population (thousands)	Reduction from preceding year (thousands)	Percentage reduction from preceding year
1960.....	15, 635	-----	-----
1961.....	14, 803	832	5.3
1962.....	14, 313	490	3.3
1963.....	13, 367	946	6.6
1964.....	12, 954	413	3.1
1965.....	12, 363	591	4.6
1966.....	11, 595	768	6.2
1967.....	10, 875	720	6.2
1968 (estimated).....	10, 475	400	3.7

Source: Economic Research Service, USDA.

Farm debt has increased in relation to farm assets throughout the postwar period; however, the rate of increase has accelerated under the government supply-management programs of recent years.

FARM DEBT IN RELATION TO FARM ASSETS, SELECTED YEARS

As of Jan. 1—	Total farm debt, excluding CCC loans (in millions)	Total farm assets (in billions)	Farm debt as a percentage of farm assets
1950.....	\$10, 733	\$132. 5	8.1
1955.....	15, 441	165. 1	9.3
1960.....	23, 595	203. 1	11.6
1965.....	36, 009	238. 5	15.1
1966.....	40, 147	256. 0	15.7
1967.....	44, 532	269. 9	16.5
1968.....	49, 000	283. 7	17.3
1969 (preliminary).....	53, 100	297. 9	17.8

Source: "The Balance Sheet of Agriculture, 1968," and "1969 Agricultural Finance Outlook," AFO-3, February 1969, Economic Research Service, USDA.

The Act of 1965 is an outgrowth of earlier government supply-management programs, the first of which was the feed grain program of 1961. For this reason, in evaluating the effects of government supply-management, it is appropriate to pay particular attention to what has happened since 1960 as well as to what has happened under the Act of 1965.

Net income per farm has increased substantially since 1960; however, the bulk of this increase resulted from the combined effects of a decline in the number of farms and an increase in government payments to farmers.

	1960	1968	Increase or decrease (—)	Percentage change
Number of farms.....	3,954,500	3,054,310	—900,190	—22.8
Net realized farm income.....	\$11,673,000,000	\$14,852,000,000	\$3,179,000,000	27.2
Government payments.....	\$693,000,000	\$3,485,000,000	\$2,792,000,000	402.9
Net realized income per farm.....	\$2,952	\$4,863	\$1,911	64.7
Government payments per farm.....	\$175	\$1,141	\$966	552.0

Net realized income per farm rose \$1,911 from \$2,952 in 1960 to an estimated \$4,863 in 1968.

If the number of farms had remained constant, and there had been no increase in government payments, net income per farm for 1968 would have been \$3,050 (\$14,852 million net farm income minus the \$2,792 million increase in government payments, or \$12,060 million ÷ 3,954,500 farms).

Thus, the combined effects of the decline in the number of farms and the increase in government payments boosted net income per farm from \$3,050 to \$4,863. This means that these factors account for \$1,813 (94.9 percent) of the \$1,911 by which net income per farm increased between 1960 and 1968. The remaining \$98 of the total increase per farm is due to other factors.

The value of the dollar has declined since 1960 and farmers who have remained on the farm have had to increase their investments substantially. As a result, a much higher net income is needed today to provide a return on increased capital investments and offset the lower value of the dollar.

We doubt that the promoters of the 1965 Act want to take credit for increases in farm income that have been brought about by a decline in the number of farmers. The unsatisfactory nature of programs which force farmers to depend on government payments for a substantial part of their income will be discussed at a later point in our statement.

While carryover stocks of feed grains, wheat and cotton have been reduced rather sharply in some recent years, we need to examine the causes of these reductions and the costs that have been incurred in achieving them.

The 1965 Act has contributed to the reduction of cotton stocks, although at a very high cost. Bad weather was also a factor.

In the case of wheat and feed grains reductions in carryover stocks have been due to expanded markets—not reduced production. Grain production actually has been higher under government supply-management programs than in the immediately preceding five years. While a substantial acreage of land has been diverted under current programs, much of this land would have produced little or no grain in the absence of these programs. Furthermore, the diversion programs have had offsetting effects. It is well known that payments received for diversion are often used to finance yield-increasing practices, especially higher fertilization rates, on land remaining in production. It is also well known that noncompliers not only sought to improve yields but also increased grain acreages in the expectation that reductions by compliers would strengthen markets.

Thus, while acreages have been cut by diversion programs, wheat and feed grain output has been higher than before these programs became operative. This is evidenced by the following comparisons of acreages and output of these grains during the years preceding and following adoption of the government supply-management approach.

SELECTED CORN AND WHEAT DATA—AVERAGES FOR 1956-60 AND 1961-67

Period	Harvested acreage (thousands)	Yield per acre (bushels)	Production (million bushels)	Utilization (million bushels)		
				Domestic use	Exports	Total
Corn:						
1956-60 average	67,001	51.4	3,442	3,046	227	3,273
1961-67 average	57,254	69.0	3,953	3,543	533	4,076
1961-67 compared to 1956-60	-9,747	+17.6	+511	+497	+306	+803
Wheat:						
1956-60 average	50,033	23.5	1,178	598	513	1,111
1961-67 average	49,818	25.5	1,272	640	760	1,400
1961-67 compared to 1956-60	-215	+2.0	+94	+42	+247	+289

Note particularly from the above that during the years after government supply-management type programs became operative:

Corn acreage averaged 9.7 million acres less, but corn production averaged 511 million bushels more, and

Corn utilization averaged 803 million bushels more than during the 1956-60 period.

Wheat acreage averaged 215,000 less, but wheat production averaged 94 million bushels more, and

Wheat utilization averaged 289 million bushels more than in the 1956-60 period.

The fact is that feed grain and wheat stocks have been reduced by *market growth*—not by production control under government supply-management programs. Furthermore, carryover stocks increased in 1968 due to overproduction in 1967 when corn production reached 4.8 billion bushels and wheat production totaled 1.5 billion bushels—both new all-time highs. The carryover of feed grain is expected to decline slightly in 1969; however, the wheat carryover showed a substantial further increase on July 1, 1969.

Supply-management programs have resulted in substantial increases in the annual losses realized by the Commodity Credit Corporation. CCC's 1967 realized net operating losses, which do not include the cost of the P.L. 480 program, were more than double the losses reported for fiscal 1960.

Annual net operating results (realized losses excluding valuation reserves) of the CCC on price support and related programs, fiscal years, 1955-68

Fiscal year:	Realized losses in millions
1955	\$1,119.3
1956	1,413.7
1957	1,812.0
1958	1,647.6
1959	1,410.0
1960	1,884.5
1961	2,081.8
1962	2,799.4
1963	2,654.9
1964	3,226.8
1965	3,048.0
1966	2,984.9
1967	3,813.6
1968	3,198.2

Source: "Commodity Credit Corporation Charts Providing a Graphic Summary of Operations June 30, 1966" (table 10A), March 1967, and "Report of Financial Conditions and Operations, as of June 30, 1968," Agricultural Stabilization and Conservation Service, USDA.

While factors other than government programs were responsible for most of the reductions in commodity stocks, let us assume for the sake of discussion that the programs were responsible and then look at the fantastic per-unit costs of these reductions.

If we include only the cost of price support and diversion payments, the estimated reduction in the cotton carryover from August 1, 1966 to August 1, 1969 has cost an average of \$232 per bale.

On a similar basis the cost of reducing the wheat carryover since the certificate plan went into effect with the 1964 crop has been \$29.22 per bushel.

The cost of reducing the feed grain carryover since the feed grain program went into effect in 1961 has been \$209 per ton, or \$5.85 per bushel of corn equivalent.

ESTIMATED PER UNIT COST OF REDUCING CARRYOVER STOCKS UNDER THE PRESENT SUPPLY-MANAGEMENT PROGRAMS FOR COTTON, WHEAT, AND FEED GRAINS

UPLAND COTTON [Million bales]			
		Carryover	Reduction from previous year
Aug. 1:			
1966	.....	16.6	.....
1967	.....	12.3	4.3
1968	.....	6.3	6.0
1969 estimated	.....	6.5	.....

	Estimated cost of cotton pro- gram ¹ (millions)	Reduction in carryover dur- ing crop year (million bales)	Cost per bale of reduction in carryover
Fiscal year:			
1967.....	\$792.6	4.3	\$184
1968.....	855.2	6.0	143
1969.....	745.0		
Total.....	2,392.8	10.3	232

¹ Price support and diversion payments.

WHEAT
[Million bushels]

	Carryover	Change from previous year
July 1:		
1964.....	901.4	
1965.....	817.3	-84.1
1966.....	535.2	-282.1
1967.....	425.0	-110.2
1968.....	539.4	+114.4
1969 estimate.....	794.0	+254.6

	Estimated cost of wheat program ¹ (millions)	Change in carryover during year (million bushels)	Cost per bushel of reduction in carryover
Fiscal year:			
1965.....	\$442.3	-84.1	\$5.26
1966.....	508.8	-282.1	1.80
1967.....	679.0	-110.2	6.16
1968.....	726.4	+114.4	
1969.....	782.0	+254.6	
Total.....	3,138.5	-107.4	29.22

¹ Diversion payments, fiscal years 1965-67; plus certificates issued to producers, fiscal years 1965-69.

4 FEED GRAINS
[Million tons]

	Carryover	Change from previous year
Marketing year: ¹		
1961.....	85.0	
1962.....	72.2	-12.8
1963.....	64.4	-7.8
1964.....	69.3	+4.9
1965.....	54.8	-14.5
1966.....	42.1	-12.7
1967.....	37.1	-5.0
1968.....	48.3	+11.2
1969 estimate.....	44.0	-4.3

See footnotes at end of table.

	Estimated cost of feed grain program ² (millions)	Change in carryover (million tons)	Cost of reduction in carryover	
			(Per ton)	(Per bushel of corn equivalent) ³
Crop year:				
1961.....	\$782	-12.8	\$61	\$1.71
1962.....	843	-7.8	108	3.02
1963.....	846	+4.9		
1964.....	1,171	-14.5	81	2.27
1965.....	1,382	-12.7	109	3.05
1966.....	1,295	-5.0	259	7.25
1967.....	867	+11.2		
1968.....	1,369	-4.3	318	8.90
Total.....	8,555	-41.0	209	5.85

¹ Oct. 1 for corn and sorghum grain; July 1 for oats and barley.

² Diversion payments, 1961-68; plus price support payments, 1963-68.

³ 1 ton equals 35.714 bushels of corn.

Source: Cotton and wheat program costs from "Department of Agriculture Appropriations for 1970," pt. 3, hearings before a subcommittee of the House Committee on Appropriations, 91st Congress, 1st session. Feed grain program cost from "Feed Situation," FS-227, 219, 213, 203, and 200, Economic Research Service, U.S. Department of Agriculture.

2. GOVERNMENT-OWNED STOCKS ARE BAD FOR FARMERS

Under the Act of 1965 and earlier government supply-management programs the USDA has been authorized to sell CCC stocks to hold down market prices to benefit consumers and penalize producers who do not cooperate with the feed grain and wheat programs.

Actually, low market prices penalize cooperators as well as noncooperators. Low grain prices also lead to overproduction and low prices in the livestock, dairy and poultry industries. We should constantly keep in mind the fact that the fact that livestock, dairy and poultry products account for roughly 60 percent of U.S. cash farm receipts. We need to make sure that programs for other commodities do not adversely affect this large and important area of our agricultural economy.

Government sales obviously have been costly to grain farmers in terms of reduced market prices. Look at what happened in 1964: Corn production fell to the lowest level in several years due to poor crop conditions, but the upward thrust in prices normally generated by a short crop was almost entirely offset by CCC sales.

Although the 1964 crop was 535 million bushels smaller than the 1963 crop, corn prices went up only 6 cents per bushel. By way of contrast, an 808-million-bushel drop in production in 1947 brought forth a 63-cent rise in corn prices, and a 743-million-bushel drop brought forth a 40-cent increase in prices in the depression year of 1936.

The 1966 marketing year also provides an informative contrast to 1964. Although the corn crop was slightly larger in 1966 than in 1965, CCC sales were reduced, and the farm price of corn averaged 8 cents per bushel higher in the marketing year 1966-67 than in the preceding year.

Experience with wheat has been much the same. While the 1966 wheat crop was only 4 million bushels smaller than the 1965 crop, CCC sales were reduced by 232 million bushels and the average farm price of wheat was 28 cents per bushel higher in the 1966 marketing year than in 1965.

From the standpoint of producers, government reserves of agricultural commodities constitute a device to manipulate markets politically, to coerce participation in government supply-management programs, and to impose price ceilings on farm products. Yet USDA officials testified in 1968 that they considered legislation to establish a government grain reserve to be a needed addition to the programs authorized by the Act of 1965.

Farm Bureau vigorously opposed proposals for a government-controlled grain reserve at hearings held by House and Senate Subcommittees in the 90th Congress. The Subcommittees very wisely did not approve these grain reserve bills.

CCC SALES OF WHEAT IN RELATION TO UTILIZATION

Marketing year beginning July 1—	Total utilization (million bushels)	CCC sales (million bushels)	CCC sales as a percentage of utilization	Season average price per bushel
1961.....	1,327	255	19.2	\$1.83
1962.....	1,224	208	17.0	2.04
1963.....	1,444	342	23.7	1.85
1964.....	1,369	311	22.7	1.37
1965.....	1,599	379	23.7	1.35
1966.....	1,424	147	10.3	1.63
1967.....	1,409	27	1.9	1.39
1968 (estimated).....	1,317	14	1.1	1.24

CCC SALES OF FEED GRAIN IN RELATION TO UTILIZATION

Marketing year ¹	Total utilization (Millions of bushels)	CCC sales	CCC sales as a percentage of utilization	Season average price
Corn (dollars per bushel):				
1961.....	3,962	975	24.6	\$1.10
1962.....	3,895	736	18.9	1.12
1963.....	3,848	170	4.4	1.11
1964.....	3,875	391	10.1	1.17
1965.....	4,392	398	9.1	1.16
1966.....	4,135	156	3.8	1.24
1967.....	4,422	6	.1	1.03
1968 estimated.....	4,613	(²)	(²)	1.06
Sorghum grain (dollars per hundredweight):				
1961.....	521	221	42.4	1.80
1962.....	516	241	46.7	1.82
1963.....	591	122	20.6	1.74
1964.....	573	144	25.1	1.88
1965.....	848	240	28.3	1.76
1966.....	862	197	22.9	1.82
1967.....	711	3	.4	1.77
1968 estimated.....	708	(²)	(²)	1.69
Oats (dollars per bushel):				
1961.....	1,059	7	.7	.642
1962.....	1,019	6	.6	.624
1963.....	931	3	.3	.622
1964.....	891	13	1.5	.631
1965.....	891	15	1.7	.622
1966.....	851	18	2.1	.665
1967.....	789	2	.3	.659
1968 estimated.....	855	.4	.04	.600
Barley (dollars per bushel):				
1961.....	441	40	9.1	.979
1962.....	410	11	2.7	.915
1963.....	420	30	7.1	.897
1964.....	430	15	3.5	.947
1965.....	395	11	2.7	1.02
1966.....	383	3	.8	1.05
1967.....	365	.1	.02	1.00
1968 estimated.....	389	.2	.06	.899

¹ Year beginning Oct. 1 for corn and sorghum grain; July 1 for oats and barley² Not available.

3. THE OPERATION OF GOVERNMENT SUPPLY-MANAGEMENT PROGRAMS DEPENDS ON POLITICAL DECISIONS

This places farmers at a distinct disadvantage since nonfarm consumers outnumber farm people by 95 to 5. Political decisions must necessarily please the majority rather than the minority, and the vast majority of our citizens are nonfarm consumers. If we continue government supply-management, it is to be expected that agriculture will become a public utility—that is, an industry that is regulated for the benefit of consumers.

Another reason for avoiding reliance on political decisions is the fact that it is very easy for a single authority to make a serious mistake.

The Johnson Administration had three chances to prove the value of centralized planning in 1967, but it struck out all three times. A sharp acreage cut was ordered in cotton to reduce the surplus, but an unfavorable season brought the

crop down to less than 8 million bales, and a serious shortage of the better grades developed. As a consequence, cotton suffered a further loss of markets which producers can ill afford.

Opposite results were experienced with wheat and feed grains. The Johnson Administration overreacted to hysterical evaluations of the world food situation and encouraged farmers to expand grain production in advance of effective demand. Also, food aid shipments of wheat and flour under P.L. 480 actually were reduced during the fiscal year 1966-67. The inevitable result of these two actions was lower grain prices.

The average farm price of wheat was only \$1.40 per bushel in January 1968 in comparison with \$1.57 a year earlier. Corn sold for an average of \$1.04 per bushel at the farm in January 1968 in comparison with \$1.28 a year earlier.

In discussing the overproduction of grain that resulted from administrative decisions with respect to 1967 crops, Secretary Freeman correctly said, "No one—not myself, nor the Congress, nor the scientists and economists—had the second sight to predict this." Unfortunately, Secretary Freeman refused to recognize the fact that the market system can do a better job than any administrator in guiding production and consumption if it is allowed to do so.

Proponents of the 1965 Act argue that 1967 grain crops would have been even larger if it had not been for the wheat and feed grain programs, but this argument will not stand careful analysis. In 1967 farmers were encouraged to expand grain production by price support loans, direct payments, and the knowledge that the government wanted a bigger crop to feed a hungry world. In the absence of government acreage programs, price supports, and direct payments, farmers would have been far more cautious and far less likely to expand production in advance of effective market demand.

4. THESE PROGRAMS MAKE FARMERS DEPENDENT ON GOVERNMENT PAYMENTS FOR A SUBSTANTIAL PART OF THEIR NET INCOMES

Government payments amounted to approximately 20 percent of net farm incomes from government payments. In fact, well over 20 percent of the *total* net income from the production of feed grains, wheat, cotton, and wool now comes from government payments. In fact, well over 20 percent of the *total* receipts received by farmers from these commodities in 1967 came from payments.

CASH RECEIPTS FROM FARM MARKETINGS AND GOVERNMENT PAYMENTS, 1967

[Dollar amounts in millions]

	Cash receipts from farm marketings	Direct payments	Total receipts	Payments as percentage of total
Feed grains.....	\$3,264.1	\$865.4	\$4,129.5	21.0
Wheat.....	2,066.1	730.5	2,796.6	26.1
Cotton lint.....	947.5	932.1	1,879.6	49.6
Wool.....	74.9	29.1	104.0	28.0

¹ Corn and sorghum grain—the grains covered by the 1967 feed grain program.

Source: "Farm Income—State Estimates, 1949-67", a supplement to the July 1968 farm income situation, August 1968, Economic Research Service, USDA.

DIRECT GOVERNMENT PAYMENTS UNDER FARM PROGRAMS, 1960-68

[In millions of dollars]

	Wool	Sugar	Feed grains	Wheat	Cotton
Calendar year:					
1960.....	51	59	722	42	39
1961.....	56	53	841	253	70
1962.....	54	64	843	215	773
1963.....	37	67	1,163	438	70
1964.....	25	79	1,391	525	773
1965.....	18	75	1,293	679	932
1966.....	34	71	865	731	785
1967.....	29	70	1,370	746	
1968.....	65	87			
Total.....	369	625	8,538	3,629	2,599

	Total, under commodity programs	Total, other Government programs	Total payments under farm programs
Calendar years:			
1960.....	110	592	702
1961.....	923	570	1,493
1962.....	1,212	535	1,747
1963.....	1,162	534	1,696
1964.....	1,744	437	2,181
1965.....	2,079	384	2,463
1966.....	2,850	427	3,277
1967.....	2,627	452	3,079
1968.....	3,053	432	3,485
Total.....	15,760	4,363	20,123

Source: "Farm Income Situation," July 1968, Economic Research Service, USDA and "Agricultural Prices," January 1969, Statistical Reporting Service, USDA.

The promoters of direct payments on cotton argued that payments would benefit consumers by reducing the retail prices of cotton goods. The promised savings to consumers did not materialize. Instead of lowering prices to consumers payments resulted in higher mill margins.

The average mill margin on 20 constructions rose from 24.91 cents per pound in the crop year 1962-63, the last full year before payments, to 38.82 cents in the crop year 1966-67, the last full year for which comparable data are available.

Current information on cotton margins is not entirely comparable with the above data as USDA has increased the number of constructions used in computing margin statistics. Recent data indicate that mill margins are still well above the prepayment level.

CLOTH AND RAW COTTON PRICES AND MILL MARGINS

[Cents per pound]

Year beginning August	Average for 20 constructions		
	Unfinished cloth prices	Raw cotton prices	Mill margins
1962.....	60.52	35.61	24.91
1963 ¹	61.54	35.46	26.08
1964.....	62.98	27.23	35.75
1965.....	65.15	26.49	38.66
1966.....	64.26	25.44	38.82
	Average for expanded number of constructions		
1966.....	66.18	25.56	40.62
1967.....	66.47	30.60	35.87
1968 (August-April average).....	68.26	27.26	41.00

¹ Payments to the mills began on Apr. 11, 1964; however, the U.S. Department of Agriculture made no adjustments for these payments prior to August 1964.

Source: "Cotton Situation," January 1968 and May 1969, Economic Research Service, U.S. Department of Agriculture.

Government payments are an unreliable basis for the income that is necessary for a healthy agriculture because they can be cut or limited at any time.

Cotton payments made direct to farmers from the federal Treasury totaled \$932 million in 1967. This is more than the total value of all upland cotton produced in 1967 figured at the loan rate for cotton. It should be obvious that payments of this magnitude cannot possibly continue; and every effort must be made to find a different approach to the cotton problem.

The payment approach reflects a cheap food philosophy. These payments are not net additions to farm income. Basically they are compensation for government actions—such as the sale of CCC stocks and Secretary Freeman's decision to increase grain production in 1967—which reduce farm prices. The termination of such actions would make possible higher market prices.

In the case of wheat and feed grains the increase in prices necessary to offset the payments is not nearly as great as has been commonly assumed. The pay-

ment rates are substantial—particularly in the case of wheat—but they do not apply to the entire crop.

Wheat certificate payments averaged only 50 cents per bushel when spread over the entire 1966 wheat crop. Cooperators received the payment of \$1.32 per bushel on 45 percent of the projected yield of their allotted acreage. This would be an average payment of 59 cents per bushel on the projected yield of cooperating farms, but nonparticipation and differences between actual and projected yields bring the average figure down to 50 cents per bushel. The average payment per bushel harvested was even lower for the 1967 crop as certificate payments were made on only 35 percent of the projected yield of the cooperator's allotted acreage.

The average farm price of wheat fell 37 cents per bushel from July 1966 to July 1967. This was due, at least in part, to Secretary Freeman's decision to encourage increased production in 1967.

Compensatory payments have been a much smaller factor in the average per-bushel returns for feed grains. They added only 11 cents per bushel to average 1966 returns from corn. This low figure reflects substantial nonparticipation and the fact that payments are not made on participants' total production. In several recent years CCC sales have depressed corn prices more than 11 cents per bushel.

It is, therefore, clear that present programs are reducing market prices for wheat and feed grains and that the direct payments are not a net addition to farm income.

PRICES AND RETURNS ON 1966 CROP WHEAT AND FEED GRAIN PRODUCTION

Commodity	Season average price	Average price support payment per unit of production	Season average price, including payment
Wheat (bushel).....	\$1.63	\$0.50	\$2.13
Corn (bushel).....	1.24	.11	1.35
Barley (bushel).....	1.05	.05	1.10
Sorghum grain (hundredweight).....	1.82	.29	2.11
Oats (bushel).....	.665		.665

5. GOVERNMENT SUPPLY-MANAGEMENT PROGRAMS CREATE PRESSURE FOR INTERNATIONAL COMMODITY AGREEMENTS

Commodity agreements are the international counterpart of domestic government supply-management—a means of getting international sanction for domestic programs which interfere with international trade by subsidizing exports in some cases and restricting imports in others. It is, therefore, to be expected that such agreements will be proposed from time to time as long as we have domestic government supply-management programs.

International commodity agreements set agricultural trade aside from trade in industrial products and reduce our bargaining power in negotiations with industrial countries.

Agreements which fix prices or divide the world market on the basis of past history limit our ability to expand exports.

The International Wheat Trade Convention illustrates this point. This convention does not liberalize world trade in wheat; in fact, it tends to legitimize trade restrictions and to restrict export opportunities for United States wheat farmers.

Prior to the ratification of the Convention, Farm Bureau testified before the Senate Foreign Relations Committee that it would—

- (a) Require the imposition of an export tax on U.S. wheat;
- (b) Reduce U.S. wheat exports;
- (c) Decrease—not increase—the price U.S. farmers receive for wheat; and
- (d) Cause the U.S. to lose its competitive position in the world market in relation to other world wheat exporters.

All of these predictions have been proved accurate. This provides additional evidence that international commodity agreements cannot solve international trade problems.

It should be noted that the International Wheat Trade Convention is part of a so-called International Grains Arrangement. Although this Arrangement is now confined to wheat, it originally was intended to apply to all grains. The then U.S. Under Secretary of Agriculture, John Schnittker, made this clear during the negotiations when he said: "The United States is actively striving to achieve a meaningful and effective international arrangement for grains, including wheat." Commodity agreements have also been discussed for dairy products, meat, rice, soybeans, fats and oils, and cotton.

The best way to avoid international arrangements which would limit our ability to expand exports is to discontinue government supply-management programs here at home. Our goal is to increase exports of agricultural commodities to \$10 billion per year. This is a good way both to increase farm income and to improve our national balance of payments.

Mr. SHUMAN. The Food and Agriculture Act of 1965 is a demonstrated failure. Despite the expenditure of billions of dollars, farm problems have not been solved, and farmers have not achieved a satisfactory level of net farm income. Almost everyone is dissatisfied with some aspect of the 1965 act. Even its strongest supporters have amendments they would like to see adopted. The need for new legislation is urgent; however, we do not think that the defects in existing programs can be corrected by patchwork revisions. A completely new approach is needed.

New legislation should be enacted this year so that farmers can plan ahead. The hour is already late. The 1971 winter wheat crop will be seeded in the fall of 1970 and farmers need to know what the 1971 program will be well ahead of planting time.

We have specific recommendations with respect to the dairy, rice, feed grain, wheat, cotton and cropland adjustment provisions of the 1965 act.

Title I of the 1965 act authorizes class I base plans for milk under Federal marketing orders.

For many years we have supported base plans developed and operated by individual dairy cooperatives. This approach permits the producer members of a cooperative to determine the type of plan that is needed to meet the production and marketing needs of their organization. Base plans have also been established under State regulatory laws.

Farm Bureau has opposed the adoption of class I base plans under Federal orders in the belief that such plans would:

- (1) Restrict individual opportunity by dividing up milk markets and hampering normal adjustment within them.
- (2) Put a price on the right to market.
- (3) Create new pressures for a nationwide milk marketing order.
- (4) Give broad discretionary power to the Secretary of Agriculture.

We believe that these objections are still valid.

Only one marketing area, the Puget Sound area of Washington State, has developed a class I base plan under the authority of the 1965 act, and the advocates of this plan have been seeking substantial amendments in the basic law.

The Puget Sound plan has not achieved the sponsors' objective of materially increasing the percentage of the producers' milk that is used for class I purposes. The USDA reported in the Federal Register for June 25, 1969, that surplus utilizations accounted for 49 percent of producer deliveries to the Puget Sound pool in 1968, and that—

This approximates the utilization of producer milk in the surplus classes under the Puget Sound order in recent years.

The average price of milk sold under the order has not been increased when adjustments are made for administered price increases that are independent of the class I base plan. A sample survey made by the Puget Sound market administrator in December 1968 found that 51 percent of the producers received a higher average price for their milk under the class I base plan, but the remaining 49 percent received a lower average price because of the class I base plan.

The principal result of the Puget Sound plan has been the creation of an opportunity for producers to buy and sell bases, which puts a price on the right to market. Incidentally, a substantial number of dairymen have sold their class I bases, have reentered the market as new producers and have continued to receive the class I price for a part of their production. In our opinion, this is a ridiculous situation.

In the light of the Puget Sound experience, title I of the 1965 act should be allowed to expire.

Title VIII of the 1965 act, which relates to rice, also should be allowed to expire. The provisions of this title are currently inoperative, and the rice program would not be affected by their expiration.

A new long-range farm program should be enacted for feed grains, wheat, cotton, and soybeans. As a supplement to this program the administration should be encouraged to withdraw from the International Wheat Trade Convention so that the depressing effect of "inverse subsidies" can be removed from wheat prices.

We recommend a 5-year program to begin January 1, 1971, and run through December 31, 1975. It would amend the Food and Agriculture Act of 1965. The program would provide for a 5-year transition period during which acreage controls, base acreages, marketing quotas, processing taxes, and direct payments for wheat, feed grains, and cotton would be phased out.

This program is now before the committee as the proposed Agricultural Adjustment Act of 1969 (H.R. 9633 by Congressman Teague of California, H.R. 11528 by Congressman Goodling of Pennsylvania, and 17 similar bills).

The Agricultural Adjustment Act of 1969 would:

(1) Limit the total funds that may be spent on all direct payments for wheat, feed grains, and cotton under the Food and Agriculture Act of 1965 to 80 percent of the amount spent on 1969 crops in 1971, 60 percent in 1972, 40 percent in 1973, and 20 percent in 1974 with no limitations on payments to individuals.

(2) Reduce the cost of wheat certificates to processors to 80 percent of the 1969 level in 1971, 60 percent in 1972, 40 percent in 1973, and 20 percent in 1974.

(3) Effective with 1975 crops discontinue all acreage allotments, base acreages, marketing quotas, processing taxes and direct payments (annual land diversion, compensatory and certificate) for wheat, feed grains, and cotton.

(4) Continue the Cropland Adjustment provisions of the Act of 1965 with amendments:

A. To require that programs be operated on a competitive bid basis with emphasis on whole farms; and

B. To direct the Secretary of Agriculture to retire at least 10 million acres per year in 1971, 1972, 1973, 1974, and 1975.

The Secretary would announce in advance the maximum acreage to be contracted for each year. If accepted bids do not exhaust this acreage, higher bidders could be offered the opportunity to negotiate contracts at the accepted bid level.

(5) Provide that loan rate for wheat, feed grains, cotton, and soybeans shall be set at not more than 85 percent of the previous 3-year-average price beginning with the 1971 crop year.

(6) Prohibit the sale of CCC stocks at less than 150 percent of the current loan rate plus carrying charges, except when sales are offset by equivalent purchases in the open market.

(7) In addition to and conditional on the adoption of items 1 through 4, authorize the Secretary of Agriculture to offer a special transitional program in 1971, 1972, 1973, 1974, and 1975, which would be open to any farmer who has had average gross annual sales of farm products of not more than \$5,000 and off-farm income of not more than \$2,000 per year for husband and wife for the immediately preceding 3 years. Such farmers would be eligible to receive one or more of the following:

A. Compensation for acreage allotments and base acreages surrendered to the Secretary for permanent cancellation. This would apply to all commodities having acreage allotments or base acreages. Such compensation would be in addition to land retirement payments under the cropland adjustment program and would also be available to eligible farmers who wish to surrender their acreage allotments or base acreages without participating in the cropland adjustment program;

B. Retraining grants of not to exceed \$1,000;

C. Adjustment assistance of not to exceed \$2,500 per year for 2 years and;

D. Loans under existing credit programs to further facilities the transition of eligible farmers to more gainful employment.

(8) This proposed legislation would authorize the appropriations of such funds as may be necessary to carry out the programs enumerated above.

The various parts of this eight-point program are closely inter-related.

The transition to the market system would be gradual. Substantial payments would be made during the transition period to help farmers make needed adjustments. The cost of wheat certificates to processors would be phased out at the same rate as payments to farmers.

The acreage retired from production under the cropland adjustment program would be increased as existing programs are phased out. Increases in the acreage retired under the CAP program would tend to offset reductions in the acreage diverted under annual diversion programs.

Much of the land now being diverted under the current annual retirement program is not top quality land. Also, present programs that divert acreage on the part-farm basis encourage the heavy use of fertilizer and other "land substitutes" and thus guarantee increased per acre yields. The retirement of whole farms under an expanded cropland adjustment program would be a far more effective means of bringing about needed adjustment in land use.

At least 10 million acres would be retired under long-term contracts each year for 5 years beginning in 1971; however, this part of the

program would be subject to review each year and the acreage to be retired could be increased if necessary to facilitate the transition to the market system.

In addition, Farm Bureau is supporting the Senate amendment to the pending agricultural appropriation act which would permit the Secretary to start expanding the cropland adjustment program in 1970.

The use of a bid procedure to select the land that is to be retired would hold down Government costs and insure the retirement of the land that farmers themselves most want to retire. The existing authority of the Secretary to limit the percentage of the total eligibility acreage that may be retired in any county or local community to avoid adverse effects on local economies would be continued.

In contrast to the present programs of diverting a limited percentage of individual farm cropland from specific crops on an annual basis, our proposed expanded cropland adjustment program—with emphasis on whole farms—would more economically divert surplus cropland to noncrop uses.

The retirement of whole farms would result in the retirement of some nonland resources and eliminate the increase in per-acre yields which results when resources formerly used for “diverted acres” are shifted to land that remains in production on the same farm.

The objective of the proposal to base loan rates for feed grains, wheat, cotton, and soybeans on the prices actually prevailing in the market in the immediately preceding 3 years is to stop the movement of feed grains, cotton, wheat, and soybeans into Government hands. Producers would continue to have money available at harvesttime through nonrecourse loans; however, Government loans would be used to encourage orderly marketing rather than to fix prices. Few, if any, of the commodities placed under this type of loan would be turned over to the CCC under normal circumstances.

To insure the success of the proposed change in loan policy, the Congress should continue to reject proposals to authorize the establishment of Government reserves of farm commodities. Government reserves are not needed for the protection of consumers. They are primarily a device for holding down farm prices.

If the Agricultural Adjustment Act of 1969 were in effect now, the maximum 1969 loan rates for the affected commodities would be approximately as follows:

The table there indicates 3-year average price, and indicated maximum loan rate. For wheat the 3-year average price is \$1.46, and the indicated maximum loan rate is \$1.24. The other commodities are all comparable comparisons.

Simultaneously with the proposed change in loan policy the minimum prices at which CCC stocks can be released would be increased substantially to protect the market against the dumping of stocks accumulated under past programs as well as any stocks that may be acquired in the future.

For example, under current conditions, if loan rates were set at 85 percent of the 3-year average market prices shown above, the AAA of 1969 would prohibit CCC sales at less than the following prices: Wheat, \$1.86; corn, \$1.47; rye, \$1.32; barley, \$1.31; oats, \$0.83; sorghum, \$2.30; soybeans, \$3.30; cotton, \$0.3149 per pound.

The acreage that can be planted to cotton for export outside the present program would be increased in 1971 and 1972, and the penalties on excess cotton production would be repealed effective with the 1973 crop. These changes would permit cotton producers who want to produce more cotton to expand their production, provided they waive all cotton payments.

The special transitional program provided by the Agricultural Adjustment Act of 1969 for low-income farmers would help farmers who do not have the resources needed for a successful farming operation to make a transition to more gainful employment. This program would be entirely voluntary. Producers who wish to participate would have a number of alternatives. This gives the program the flexibility that is needed to solve individual problems.

At the end of the proposed phaseout of acreage allotments, marketing quotas, base acreages, certificates, and Government payments for feed grains, wheat, and cotton each producer would be free to plan his wheat, feed grain, cotton, and soybean production so as to make the best uses of his resources in the light of the market outlook. Thus, the way would be clear for farmers to earn and get higher incomes in the marketplace.

In short, Farm Bureau is recommending a broad-based program to help individual farmers make needed adjustments, increase prices, expand markets, cut costs, and thus provide the basis for increased net farm income.

Mr. Chairman, if I might, I would like to call on for our first supplemental statements, Mr. Stevens, president of the Mississippi Farm Bureau Federation and also a member of the Farm Bureau's Directors and Executive Committee.

Mr. Stevens.

Mr. ABERNETHY. Mr. Chairman, I would like to have the privilege of welcoming to this committee room Mr. Stevens, the president of our State Farm Bureau in Mississippi. For 14 years he was my constituent, and, I am also delighted to say, my supporter and very valuable supporter. Now he is a constituent of Mr. Montgomery. Mr. Stevens is highly regarded in farming and business circles throughout my State. It is a great pleasure, in which I am sure Mr. Montgomery joins, to extend this welcome, Mr. Stevens.

STATEMENT OF BOSWELL STEVENS, PRESIDENT, MISSISSIPPI FARM BUREAU FEDERATION, JACKSON, MISS.

Mr. STEVENS. Mr. Chairman, I am Boswell Stevens, president of the Mississippi Farm Bureau Federation. We are grateful to the committee for the opportunity to briefly express some opinions of our 74,661 families who are the members of the Mississippi Farm Bureau Federation.

For more than 30 years, we have been trying to solve the farmer's problems by the legislative route and, apparently, there hasn't been any longtime success.

Possibly we should confine our statement to cotton. Our people are very much interested in the future of cotton. We are most concerned that we are continuing to lose both our domestic and export markets.

Legislation has been enacted which seemed to say that cotton isn't worth over 21 cents per pound and, even at this price, there seems little demand at home or abroad. Most cotton producers, whether they are farmers from Georgia or California, say they can't produce cotton on the 20 cents per pound. I don't think we can under present conditions.

Next, we don't think that the Congress will continue to appropriate the vast sums of money necessary to continue payments as under the present legislation. It appears that we must have time to start a phase-out program and must have funds to have a crash program to reduce cost of production, if possible. With the continued increase in cost of labor, machinery, insecticides, herbicides, et cetera, can this be done—can research to reduce cost keep up with spiraling increases in production cost?

Farmers are of the opinion that the only present solution is to increase production per acre. If this is true, reduction of domestic and foreign markets can mean that there is only one solution—that is to reduce the number of acres planted.

A program to lease entire farms at reasonable rentals over a period of years seems to be one solution. There are elderly farmers that want to live on their farms because they and their families have always lived there. They must try to produce some crop to help the family living even though not profitable. They would welcome an opportunity to lease. Some young or younger farmers do own a farm, but their units are not large enough to be operated profitably to purchase additional acreage. The men might be encouraged to train themselves for other occupations.

Mr. Chairman, we are simply saying this is the policy adopted by the delegates and the American Farm Bureau in December of 1968. Mr. Shuman, our president, has very briefly stated the discussion and the feeling of the farmers who represent these 49 States and Puerto Rico, and we support the position of our president.

The CHAIRMAN. Thank you, Mr. Stevens.

Mr. SHUMAN. Next, Mr. Kuhfuss, president of the Illinois Agricultural Association, which is the State member of the Farm Bureau in Illinois.

STATEMENT OF WILLIAM J. KUHFUSS, PRESIDENT, ILLINOIS AGRICULTURAL ASSOCIATION, BLOOMINGTON, ILL.

Mr. KUHFUSS. Thank you.

Mr. Chairman, members of the committee, I am William J. Kuhfuss, president of the Illinois Agricultural Association, the statewide Farm Bureau organization in Illinois. We are a voluntary membership organization with a membership of 191,403 as of June 30, 1969. We are a member of the American Farm Bureau Federation.

I am extremely pleased to have this opportunity to support the proposed Agricultural Adjustment Act of 1969. We lend our support to the features of this proposal as they basically support the principles developed and discussed by Farm Bureau members in Illinois. Prior to the IAA annual meeting last November, many of our county Farm Bureau leaders held meetings specifically on the subject of long-range farm programs. These meetings were not instigated by the leadership

of the IAA but by county leaders who wanted to join together for a detailed look at farm programs. Experts from several of our land grant colleges were brought into these discussions. Recommendations from these meetings were brought through the regular policy developing efforts of Farm Bureau to the IAA annual meeting. After a thorough and high-quality discussion, the nearly 480 delegates overwhelmingly called for an overall, voluntary land retirement program to retire both whole farm units and part farms. These delegates called for price supports to be related to average market prices with definite restrictions on the Commodity Credit Corporation to avoid actions that would depress market prices. Thus, you can see that there is real grassroots support in Illinois for the concepts advanced by this proposal.

An overall land retirement program would avoid a feature of the current farm program most often criticized by Illinois farmers—the basing of participation upon individual crop production in some base period. This has created inequities among farmers, has inhibited the acceptance of desirable changes and has caused some producers to continue production programs more designed to maintain an allotment or an acreage base than to meet current needs or production patterns.

A long-term land retirement program can assist in an orderly, overall adjustment of both land and nonland resources used in agriculture. It can contribute to basic long-term adjustments, whereas annual retirement programs contribute little, if any, to basic adjustments in long-term land use. An overall land retirement program will permit farmers flexibility to produce the crops most suited to their operations and as directed by market needs.

While we recognize that no one program can solve all the problems of American farmers, we believe a land retirement program such as we have proposed, with price supports based on market prices, with additional restrictions on Commodity Credit Corporation sales, and with continued efforts to expand markets for agricultural products, can contribute to improved net income for America's commercial farmers.

Nearly one-half of Illinois farms sold less than \$10,000 of farm products in 1964. These farms accounted for but 12 percent of the total Illinois agricultural output. The average sales of these farms was less than \$4,000. We recognize that many of the problems faced by these farmers cannot be solved by a commodity or adjustment program. Thus, we support efforts to retrain and provide adjustment assistance to permit many of these farmers an opportunity to supplement their farm income from nonfarm sources.

Let me close by repeating that I appreciate this opportunity to appear before you in support of this proposal. We urge you to give it your serious consideration and support.

The CHAIRMAN. Thank you, Mr. Kuhfuss.

Mr. SHUMAN. Mr. Chairman, I would like to call on Mr. Allan Grant, president of the California Farm Bureau Federation, and member of the board of directors.

Mr. TEAGUE. Mr. Chairman.

The CHAIRMAN. Mr. Teague

Mr. TEAGUE On behalf of Mr. Mathias and Mr. Sisk, who can't be here because he is on the Rules Committee meeting today on a very important matter, but on behalf of all three of us, I would like to welcome you to this hearing this morning. All of us know Mr. Grant is one of the outstanding farm leaders in the State of California and in the entire West, for that matter. We are glad to have you here.

STATEMENT OF ALLAN GRANT, PRESIDENT, CALIFORNIA FARM BUREAU FEDERATION, BERKELEY, CALIF.

Mr. GRANT. Mr. Chairman, members of the committee, my name is Allan Grant. I am president of the 60,000-member California Farm Bureau Federation. I am here to speak briefly in behalf of farm program legislation as proposed by the American Farm Bureau Federation.

Changing times mean change in direction in many cases. Agriculture is a major segment of our economy. But change in direction necessary to continue agriculture in that position means that it must stand on its own feet, must move away from smothering governmental protectionism toward realistic, nonpolitical assistance where and when needed.

Since the beginning, Government schemes for agriculture have not succeeded. Our current programs are failures. Any program which ignores the basic laws of economics in the future will fail. Similar to certain urban segments of our population, certain areas and numbers of farmers must be recognized, and dealt with, in the concept of requiring social attention. This is becoming more vital. This, the American Farm Bureau Federation proposal does.

Current trends, and existing programs, suggest that there can well be fewer farmers and too much production in the future. However, if growers are allowed to compete in the marketplace, both domestic and foreign, this in itself will bring a degree of stability to the industry, and prices will assure production, as it is needed, on a realistic basis. Agriculture must be returned to a competitive enterprise position. This cannot be done overnight. But it must not take too long.

Growers must have the freedom to manage their own businesses and make their own futures. If agriculture produces more than the market requires, farmers must be able to take advantage of programs such as that offered in the American Farm Bureau proposal—production phaseouts, and programs of grower retraining, for example.

If there is a major role Government can play, it lies in the policy field surrounding the trading of American goods in foreign countries. Foreign sales can well mean the difference between a dormant and a healthy, growing U.S. agriculture.

In California, agriculture is not dependent on government programs to any major degree. Some farmers do receive large payments, but relatively few of our over 200 crops are supported in any manner. However, our cotton program is a near-Frankenstein that could almost destroy our agricultural economy. Due to this program, thousands of acres and too many of our farms have been dedicated to the production of cotton, either as a sole crop or as one which pays many of the bills. Yet, when considering potential farm program changes,

it is difficult for growers to give up government payments. Also, many people concerned with our total State agriculture, worry about what might happen if acres go out of cotton and into other crops. We want to stay in the cotton business. We produce a great deal of saleable cotton per acre. We know that we either compete with imported cotton, with domestic cotton from other areas of the United States, and with synthetics, or sooner or later we will have to go out of the cotton business. But we cannot properly compete under present programs.

It is our sincere belief that a radical change in farm policy is inevitable. Now is the time to move. The American Farm Bureau proposal is based on practical principles. It offers an excellent vehicle for moving agriculture into a position in which it can meet the challenges of change, can shift production up or down as necessary.

We strongly support, as a long step in the right direction, farm program legislation now before this committee as the proposed Agricultural Adjustment Act of 1969 (H.R. 9633 by Congressman Teague of California, H.R. 11528 by Congressman Goodling of Pennsylvania, and a number of similar bills).

There is only one more thing I want to say while I am here. It is perhaps not the place to say it, but I say to you because of the boycott of grapes in California, which could mean any other kind of crops throughout the United States, we do need Federal legislation to solve this problem.

The CHAIRMAN. Thank you, Mr. Grant.

Mr. SHUMAN. J. Merrill Anderson, president of the Iowa Farm Bureau Federation, and a member of the AFBF.

Mr. MAYNE. Mr. Chairman, it is a real pleasure to welcome Merrill Anderson here today and to introduce him to my colleagues on the committee. Mr. Anderson doesn't happen to reside in the Sixth Congressional District which I represent, but is widely known in the district and throughout the entire Midwest as an outstanding farm leader. He is in his 6th year as president of the Iowa Farm Bureau Federation.

Mr. Anderson.

STATEMENT OF J. MERRILL ANDERSON, PRESIDENT, IOWA FARM BUREAU FEDERATION, DES MOINES, IOWA

Mr. ANDERSON. Mr. Chairman, Congressman Mayne, I am here to testify on behalf of the Iowa Farm Bureau Federation, 108,000 members, in support of the testimony of Mr. Shuman and the American Farm Bureau Federation.

The current cost-price squeeze threatens the continuation of many of the family-type commercial farms of which Iowa agriculture is predominantly composed. We in Farm Bureau believe that a major objective of agricultural programs should be to increase farm income with a minimum of Government regulation. Such legislation should assist farmers efforts to keep production in balance with demand and not attempt to control prices. Programs to assist farmers whose operations are too small to provide adequate income are also necessary, if we are to solve the overall farm problem. However, only a small percentage of Iowa farmers are in this category.

The current 1-year program will not prevent surpluses and low-feed grain prices. The present cheap wheat situation seriously threatens corn prices as livestock producers turn to wheat as feed. We need to move, gradually, to more effective long-term retirement programs.

Congress, farmers, and the public want programs which will improve farm income at less Government cost. The Center for Agricultural and Economic Development, Iowa State University, Ames, Iowa, has analyzed the long-term land retirement program. In its study CAED 34, "Analysis of Some Farm Program Alternatives for the Future," it states:

The same level of prices assumed in this study could be attained under a long-term rental or easement program at a savings in governmental costs of \$1.5 billion or more as compared to continuation of current programs. In comparing long-term land retirement with other alternatives, the study concludes, "Long-term rental or easement programs would have a much lower government cost; and, if concentrated on a regional basis, would bring adjustments in cropland use consistent with demand and modern technology.

I appreciate the opportunity to highlight the need for long-term land retirement.

I bring with me a few copies of this report which I will leave here in case some of the members of the committee might not be familiar with this report.

Thank you very much.

The CHAIRMAN. Thank you, Mr. Anderson.

Mr. SHUMAN. I would like to call on Mr. Robert Delano, president of the Virginia Farm Bureau Federation, to present the next statement.

Mr. ABBITT. I would like to, on behalf of Mr. Wampler and myself, welcome Mr. Delano. While he is not actually residing at the present time in my district, he is a statewide operator. He is highly respected by all of our farmers and others who are interested in the welfare of Virginia and the Nation. I am pleased to welcome you here.

Mr. WAMPLER. Will the gentleman yield?

My friendship with Bob Delano extends back over 20 years ago when we were students at Virginia Tech. Mr. Chairman, his credentials are impressive, and I know of no one more knowledgeable about Virginia agriculture. Mr. Delano, we want to welcome you here.

STATEMENT OF ROBERT B. DELANO, PRESIDENT, VIRGINIA FARM BUREAU FEDERATION, INC., RICHMOND, VA.

Mr. DELANO. Thank you, Mr. Chairman. The gentlemen are very kind.

My name is Robert B. Delano and I operate a grain and livestock farm in the Eighth Congressional District of Virginia located near the town of Warsaw. I also serve as president of the Virginia Farm Bureau Federation.

Virginia farmers voted for a change in farm policy last year. They are dissatisfied with the present programs for wheat and feed grains. They believe the gradual elimination of the present wheat and feed grain programs will provide the necessary adjustment period for most prices to adjust to demand.

We also need time to provide an adjustment period for the non-commercial farmer to seek other employment.

In the day of volume production, most farmers in Virginia have not participated in these programs, but have been punished economically because of the very existence of such programs.

Virginia farmers are against the present wheat and feed grain programs because Virginia is a feed-deficit State and must import grain that could be raised to support our dynamic livestock industry. We believe the time has come to make the decision to change directions and support these amendments to the Food and Agriculture Act of 1965.

Thank you, sir.

The CHAIRMAN. Thank you, Mr. Delano.

Mr. SHUMAN. Thank you, Bob.

I would like next to call on Mr. Elton Smith, president of the Michigan Farm Bureau Federation.

STATEMENT OF ELTON R. SMITH, PRESIDENT, MICHIGAN FARM BUREAU, LANSING, MICH.

Mr. SMITH. Mr. Chairman and members of the committee, I am Elton Smith, president of the Michigan Farm Bureau. I am glad to be able to represent the American Farm Bureau Federation and the farm families of Michigan Farm Bureau. More than 54,000 families in our State have voluntarily joined this organization. Through our policy development procedure, members of county Farm Bureaus have a good opportunity to voice their suggestions on the position Farm Bureau should take. At annual meetings in Michigan last year, nearly every one of the 71 county Farm Bureaus expressed some opinion on needed farm program changes. Most counties expressed a need to move away from the present type of farm program that has failed to accomplish the needed objectives.

Farm Bureau members recognize that we cannot abandon overnight a program which has been built into our entire structure of farm economics. Farmers do not want to eliminate all farm programs.

They asked for more reliable market information.

They asked for fair trade policies on farm imports and exports. Huron County Farm Bureau, a leader in agricultural production in our State, said: "American farmers want and need more world trade."

Farmers believe they are entitled to economic protections and aids similar to those that are available to other economic groups.

A number of counties call for bargaining power sufficient to enable farmers' marketing organizations to perform effectively.

There is a recognition of need for research in the development of new markets, new products and continued research in the over-all problems of a dynamic agriculture.

Farmers believe that Government has a role to play in maintenance of quality and grade standards necessary to assure their customers uniformly high quality products.

Many county farm bureaus urged an adequate land retirement program. Mecosta County said:

We need such a program that would encourage whole farms to be taken out of production, which would help in the resource adjustment in agriculture.

There has been great disappointment in Michigan with the International Grains Agreement approved by the Senate last year. Promises from Washington of higher prices and orderly marketing to result from this international agreement have not been realized. Instead, the International Grains Agreement and the Food and Agriculture Act of 1965, working together, have brought farm prices of affected commodities to the lowest levels in many, many years. Telfarm records at Michigan State University show Michigan grain farmers operated at a net loss this year.

And the price alone does not tell the story. Export shipments of Soft White and Red wheat (the specialty type grown in our State) have declined drastically. And total U.S. exports have dropped from 761 million bushels last year to a USDA estimated 535 million in the year ending June 30, 1969.

It is clear that the commodities least affected by Government programs are those commodities which are most nearly reflecting a living wage to farm families. Recognizing this, many Michigan counties last year opposed extension of the act of 1965 and urged a move toward less dependence on Government controls. Saginaw County Farm Bureau said:

This should include a practical land retirement program * * * which should be temporary and voluntary, provide for competitive bids and take cropland out of production, with emphasis on whole farms.

Following the county farm bureau annual meetings, the delegate body of nearly 600 voting members at the Michigan Farm Bureau convention developed policy statements representing the thinking of the county farm bureaus and forwarded them to our national convention at Kansas City. There our recommendations were incorporated in the farm bureau policy statement which has resulted in the development of farm bureau's proposal for a new approach in farm legislation, aiming toward a 5-year transitional program.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Smith.

Mr. SHUMAN. I would like to call on Mr. John Pitzer, president of the Pennsylvania Farmers' Association and a member, State organization of the American Farm Bureau Federation.

Mr. GOODLING. Mr. Chairman.

The CHAIRMAN. Mr. Goodling.

Mr. GOODLING. Mr. Chairman, I would like to welcome one of my constituents to this hearing. In a sense we are competitors, because we are both fruitgrowers. John and I have been associated with the Farm Bureau for many years. I say we are both competitors, but he is bigger. He also makes money on his farm and I don't. John, we are happy to have you here.

STATEMENT OF JOHN R. PITZER, PRESIDENT, PENNSYLVANIA FARMERS' ASSOCIATION, CAMP HILL, PA.

Mr. PITZER. Thank you, Mr. Goodling.

Mr. Chairman, we appreciate the opportunity to present the views of the Pennsylvania Farmers' Association on new farm program legislation, being proposed by the American Farm Bureau Federation, of which we are an affiliate. We have received bipartisan support

of seven Pennsylvania Congressmen and Senator Hugh Scott who have introduced the Agricultural Adjustment Act of 1969.

The Pennsylvania Farmers' Association is a general farm organization with more than 11,500 member families. Most of our members are dairymen, but we also represent all other types of farming—livestock, grain, fruits, and vegetables.

Agriculture in Pennsylvania is second only to steel as a contributor to the economy of the Commonwealth. Most of our farms are not the large, spacious farming operations generally depicted in the Midwest and West. Many of our farms are small family operations numbering 75,000 according to an estimate by the Pennsylvania Department of Agriculture. It has been estimated that at least 25,000 of these farms are classified as marginal, commercial operations by various governmental agencies.

The Pennsylvania Farmers' Association would like to take a new approach to farm programs, because our farmer members are being hurt by the Food and Agriculture Act of 1965.

Pennsylvania agriculture, along with other Northeastern States, has a unique problem, we are a grain-deficient State. A large amount of our grain supply must be shipped into the State for feed and manufacturing of foodstuffs. Also, production of wheat and feed grains have been dropping at a drastic rate. Since 1950, for example, production acreage devoted to wheat has dropped more than 50 percent from 863,000 acres to 394,000 acres.

Because farms are small, the farmer must utilize every available acre for production purposes to raise the crops needed in his farming operation. Participation in the present Government program would hamper his already declining supply of wheat and feed grains; thus, forcing the farmer to purchase more grains from outside the State.

Another factor enters the picture when Pennsylvania milling and pretzel industry are considered. The Commonwealth produces more than 50 percent of all pretzels in the United States with the bulk, if not all, of the wheat coming from local farms.

The national retail pretzel business amounts to \$125 million to \$130 million annually with \$75 million to \$80 million being generated in Pennsylvania. This is a large industry which will be seriously hurt if present trends are not changed to move in a different direction.

A representative of this industry expressed grave concern about the future of the Pennsylvania pretzel industry, if production of wheat continues to decline as it has in the last 10 to 20 years.

It is necessary to have the local wheat because of texture and taste of the "heavy pretzel" which is distributed nationally. Many of the large food manufacturers have attempted to duplicate the flour produced in Pennsylvania, but their efforts have been in vain.

When farmers are forced to take the feed grain price of \$1.11 per bushel—1968 average price in Pennsylvania—because they do not participate in the Government program, they are inclined to feed it to livestock, or stop growing wheat and switch to a more profitable crop.

Certainly the low price of wheat is to the advantage of the pretzel industry, but what good is a low price, if wheat is not available.

Pennsylvania has more flour mills than any other State, and officials of the Pennsylvania Millers and Feed Dealers Association are expressing the same fears that haunt the pretzel industry.

These officials are concerned about the climbing freight costs for shipping grain from the Midwest and West. Since May 1967, the Interstate Commerce Commission, under vigorous protest from this organization, has authorized additional freight rate increases which have cost the agriculture industry in the Northeast more than \$2 million per year.

Nationally farmers receive an average of more than 20 percent of their total income from Government programs, while in Pennsylvania less than 7 percent of the farmers' income is derived from this source.

The Pennsylvania Farmers' Association is concerned with the total cost-price squeeze being hurled at the farmers, because of the inequities of the present program and its failure to help raise farm income.

We give our full support to the proposed Agricultural Adjustment Act of 1969.

I thank you.

The CHAIRMAN. Thank you very much.

Mr. SHUMAN. I would like to call on Mr. Floyd Hawkins, president of the Arizona Farm Bureau Federation, for a supplemental statement.

STATEMENT OF FLOYD HAWKINS, PRESIDENT, ARIZONA FARM BUREAU FEDERATION, PHOENIX, ARIZ.

Mr. HAWKINS. Mr. Chairman, members of the committee, I am Floyd Hawkins, president of the Arizona Farm Bureau Federation, and member of the board of directors of the American Farm Bureau Federation. I am pleased to have the opportunity to appear on behalf of the Farm Bureau's agricultural program which has been set forth by the Farm Bureau membership through our policy development process and was adopted by the voting delegate body at the last annual meeting of the American Farm Bureau Federation in Kansas City in December 1968.

The Farm Bureau program for agriculture is based upon a 5-year transitional period, which would allow farmers to adjust their operations to production for sales in the marketplace and to make agriculture less dependent upon the Treasury of the United States for adequate income.

I believe that this program would be far less costly to the Federal Government. Farmers' income has not reached the level of other industries during the time present Government farm programs have been in operation; and to me, this points up the failure of past programs.

One of the real important phases of the proposed legislation is that the Secretary would be required to retire at least 10 million acres of production per year through the 5-year transitional period. I feel that this is a most necessary aspect of the legislation. Another very important part of this legislation is to authorize the Secretary of Agriculture to offer a special transitional program in the 5 years referred to, which would be open to any farmer who has average gross annual sales of farm products of not more than \$5,000 and off-farm

income of not more than \$2,000 per year for husband and wife for the immediately preceding 3 years.

In my opinion, Mr. Chairman, it is becoming increasingly difficult for operators of small farms to have a profitable operation. This act would be a great service to the small operator, by giving him a choice of staying on the farm or being retrained for other work. It aids the commercial farmer also, by allowing him to produce for a free market. And by free, I mean a market operating on supply and demand without support from Government funds.

I hope you will give this your serious consideration. I personally feel that the time has come when we must adopt farm legislation that changes the direction in farm programs from a wholly controlled agriculture to programs that allow the market system to function.

Thank you very much.

The CHAIRMAN. Thank you very much.

Mr. SHUMAN. I would like to call for our final statement, Mr. Ray Frisbie, president of the Kansas Farm Bureau Federation.

Mr. SEBELIUS. Mr. Chairman.

The CHAIRMAN. Yes.

Mr. SEBELIUS. I would like to, on behalf of the committee, welcome Mr. Frisbie to testify before us. He is one of my constituents and lives on a farm in McDonald, Kans., about 80 miles from my town, which makes us next-door neighbors by our standards. He has been a member of the Kansas Wheat Commission, and we are glad to have him here this morning.

STATEMENT OF RAY E. FRISBIE, PRESIDENT, KANSAS FARM BUREAU, MANHATTAN, KANS.

Mr. FRISBIE. Thank you, Mr. Congressman and Mr. Chairman.

I want to thank you for the opportunity to present the following comments on new farm program legislation.

I am president of Kansas Farm Bureau which presently has 84,700 member families, a large percentage of which grows either wheat or feed grains as a major crop.

In addition, I personally own and operate a wheat and livestock farm with two sons and a son-in-law, in the northwest corner of our State. So I am real conscious of our problems in agriculture.

The past 3 years have provided me the opportunity to visit with hundreds of farmers in all sections of Kansas. As a result of this experience, it is my firm conviction that a vast majority of Kansas farmers want a change from the present farm program.

I would summarize their various reasons for wanting a change about this way:

(1) If you give the 1965 act credit for being an influence on agriculture, practically all commodities which come under the act are in trouble; hence, its influence has been negative.

(2) The stated purpose of the act was to control production and improve net farm income. It has failed on both counts.

(3) Many inequities exist within the program.

(4) The markets in all the commodities affected have been disrupted.

(5) In many instances we are forcing producers to plant the crops we are trying to control.

In visiting with these farmers I find such frustrated and helpless feeling on their part that many of them feel it useless to convey their feelings to their Congressman.

They all realize we are going down the wrong road, but they also know that you cannot suddenly "jerk the rug" out from under them with one fell swoop without disastrous results. For example, farmers in Kansas generally know as well as anyone that wheat certificate payments have been capitalized into farming operations and to discontinue them abruptly could cause havoc.

Therefore, it is our firm conviction that the proposed Agricultural Adjustment Act of 1969, as introduced in H.R. 9633 by Congressman Teague of California, and several other similar bills now before your committee, is the best proposal for a change of direction in the farm program that could correct the conditions mentioned above with the least amount of disruption in agriculture.

Thank you very kindly.

The CHAIRMAN. Thank you very much.

Mr. Shuman, do you have anything further?

Mr. SHUMAN. Mr. Chairman, this completes our formal statement. I have with me Mr. Marvin McLain, legislative director of the American Farm Bureau. We will be glad to answer any questions and will be glad if you or members of the committee wish to direct questions to any of us.

The CHAIRMAN. Thank you very much.

I would like to suggest, Mr. Shuman, that while I do not view this matter just as you do, we do appreciate your suggestions. After all, I can't condemn a man who comes before me and suggests something, even though I may disagree with him. It is the folks who complain and offer no suggestions that I think are the ones that ought to be criticized. Their effort is not being very helpful in the program.

Mr. SHUMAN. Thank you, Mr. Chairman.

The CHAIRMAN. Now, there is one slight item here—I know it is rather minor, but I think the message ought to be cleared up—you reiterated several times your feeling that Government stocks are bad for farmers. I think I have made that same statement around here a good many times. In fact, I found myself in complete disagreement with some of my colleagues on that matter, because I have felt that Government stocks always resulted in depressing the market. Everybody knows they are there and everybody knows they can be turned loose.

But as I understood it, you proposed now to take the Government stocks in existence—they are quite high in wheat, not so high in cotton as they once were—and freeze them in Government hands, never to be released until they brought 150 percent of the loan price at the time at which they were borrowed, plus the storage charges. It seems to me that they would never be released. Can you conceive of us getting enough for wheat, for instance, to pay for the 150 percent of the loan plus all the storage charges that accumulated over several years?

Mr. SHUMAN. Yes; I think it is entirely possible, Mr. Chairman, that the price of wheat might go to 150 percent of the loan rate, particularly in the recent years; and most of it came in in the last 3 to 5 years, most of the present stock has. I think it is entirely possible, be-

cause when the taxes, the processors' tax, a domestic use tax, and the export tax are removed, the price of wheat is going to go up substantially. While it won't go to 150 percent perhaps with those two actions, I think it is entirely possible it would move out.

Furthermore, we would not prohibit the use of this accumulated wheat if disaster strikes in some part of the world if our Government, our Congress decides to make food aid to relieve starving available. We do not prohibit or do not say that we cannot use it for these purposes.

The CHAIRMAN. I understand that. My only point is it seemed when you add those storage charges it doesn't take a year to get the commodity so far ahead of the cost of any comparable commodity that it will just stay in Government hands. I assume, of course, the Government will sell a number of bushels and buy a number back and it wouldn't keep the same wheat there; but if they had a billion bushels of wheat and we have this 3-year storage charge, I don't think we can ever hope to sell it.

Mr. SHUMAN. One situation that would develop under our program, that is the different classes and grades of wheat would tend to seek and find their price at which they would move. Some of this wheat—in fact, a great deal of it in Government storage—is of the quality and the type that would be salable for feed use; some of it perhaps at superior cost.

The CHAIRMAN. That is not 150 percent of the loan value at which you took it in plus the storage charges. You are not going to move that into livestock feed and pay all those charges.

Mr. SHUMAN. No; I think there would be a period in which we would have to gain expense, and if it was found that this wheat was bottled up forever, we would have to seek ways to dispose of it.

The CHAIRMAN. And I think cotton is even more difficult to handle than wheat, except that we don't have as much of it on hand at the present time as we have of wheat, because it is obvious when you take that cotton in at 22 cents, 24 cents—I believe it is about 24 now, isn't it—you take it in at anywhere at that figure and then add 50 percent to that, you have already got 35 cents for cotton, and then you add 2 or 3 years' carrying charges and you have 45-cent cotton. Obviously you can't sell it. It will never be sold.

Mr. SHUMAN. Mr. Chairman, under the present program in effect we have the same thing. In other words, our proposal does not change the situation particularly, because we have wheat quantities, quantities of wheat that have been accumulating for years, and some of it has been in the storage, the same wheat, for a number of years. So we are not changing this situation at the present time.

The CHAIRMAN. We don't have any law that says you can't move it until you get 150 percent plus storage charges.

Mr. SHUMAN. Yes; but the only chance of us getting—making a transition to the market system and getting satisfactory prices is if we lock this up so it can't be fed back, at least on the domestic market.

The CHAIRMAN. Now you are talking about the proposition that you can lock it up and not affect the domestic market. I don't think you can.

Mr. SHUMAN. It will have an effect, but as long as the legislation directs the Secretary to not release it below a certain release price, the market doesn't operate under the threat of it being done summarily.

The CHAIRMAN. Mr. Shuman, that is what every one of your rivals have said when they have advocated that. They have said just what you said right now. Maybe they are right. I didn't think they were. You now are trying to convince me that they are right.

Mr. SHUMAN. Well, they are not always wrong in everything. Actually, Mr. Chairman, in order to make the transition to the market system, it is necessary to recognize that these quantities of cotton and wheat, particularly—and you are correct, they are the most serious—have been produced under stimulation of another program and that you cannot make a transition in the market price without tremendous danger of destroying market prices unless they are locked up at least for a considerable period of time. It may be that they will have to be locked up for a number of years and fed out gradually as you find situations where they can be used without disrupting the market. I think that we recognize this as a costly procedure, but it is again emphasized that it is no more costly than what we have been doing. We have had them locked up some time, for 20 years.

The CHAIRMAN. I won't pursue that any further.

I would like to ask Mr. Stevens—Mr. Stevens, you are, of course, familiar with cotton grown in Mexico. Does the Mexican grower get as large returns total—I am not talking about price—as large returns, including Government payments, as the American grower for his cotton?

Mr. STEVENS. With the Government payment?

The CHAIRMAN. Yes; with the Government payment.

Mr. STEVENS. No; I don't think so. In my opinion, I am not familiar with exactly what they are getting, but I certainly wouldn't think so.

The CHAIRMAN. Well, I think that is correct.

Now, I would like to ask Mr. Frisbie—you are, of course, familiar with, at least somewhat familiar with, the Canadian system of marketing wheat. Does the Canadian grower get as large a return total from the market and government, from all other sources? Does he get as much for his wheat as the American does?

Mr. FRISBIE. I think probably that he does.

The CHAIRMAN. You think he does. All right. I don't think he does, but that, of course, is a question of facts.

Just what—

Mr. FRISBIE. I am more interested in what I get.

The CHAIRMAN. What?

Mr. FRISBIE. I am much more interested in what I get.

The CHAIRMAN. I know you are interested in what you get. What do you get?

Mr. FRISBIE. 97 cents a bushel.

The CHAIRMAN. No, that is not what you are getting. I said all your returns.

Mr. FRISBIE. 97 cents at the market I am getting.

The CHAIRMAN. I understand 97 cents in the market. That is not all you get, is it?

Mr. FRISBIE. No, it depends a lot on what it yields.

The CHAIRMAN. Of course, it depends on the yield. But I think this is something that contributes nothing to the solution of these problems to refuse to recognize facts. You may be correct about the Canadian prices. We will find out about that. But I do know that you are

human. I think you, yourself, discussed the certificates. You do get payments from certificates, don't you?

Mr. FRISBIE. Yes, I brought that out very plainly.

The CHAIRMAN. But you didn't bring it out when I asked you the question as to what your total return is, not simply from the Government, from all sources, and I asked you from all sources what is your total return, from all sources, on the wheat.

Mr. FRISBIE. I misunderstood your question. I thought you were talking about the market.

The CHAIRMAN. No, I am not talking about the market.

Mr. FRISBIE. Again, when I talk about total returns on my wheat in any one crop year, it depends very much on the yield, but the certificates I mentioned are a built-in capital into our system in the wheat area, which is a very important factor when we are talking about changing programs.

The CHAIRMAN. And you do receive a substantial part of your income from those?

Mr. FRISBIE. That is correct.

The CHAIRMAN. Now, let's go back and maybe you misunderstood me in the first place, then, when I asked you about whether the Canadian wheatgrower receives more from all sources or whether the American wheatgrower receives the most from all sources for his wheat.

Mr. FRISBIE. Well, again I can't answer your question just blanket-wise. It varies so much over the year.

The CHAIRMAN. All right. Let's talk about this year.

Mr. FRISBIE. Well, I am sorry I can't tell you. I would just guess that probably the American producer receives most without knowing it.

The CHAIRMAN. I think there is no question about that.

Now, neither Canada nor Mexico has a support system, do they? Canada has a system of selling a certain amount of wheat——

Mr. FRISBIE. I would say they had a government program. You almost have to say this.

The CHAIRMAN. But they don't restrict the amount of wheat a man can grow. They restrict the amount he can sell through that device, don't they?

Mr. FRISBIE. Yes, I think this is true.

The CHAIRMAN. But not the amount he can grow?

Mr. FRISBIE. I believe that is correct.

The CHAIRMAN. And the Mexicans don't restrict the amount they can grow?

Mr. FRISBIE. No, and I understand they are growing quite a bit on some of these acres. Maybe this would solve our wheat problem, getting some wheat that would yield about 150 bushels to the acre.

The CHAIRMAN. We have grown wheat at 182 bushels an acre.

Mr. FRISBIE. We haven't done this in Kansas, but maybe we will.

The CHAIRMAN. It has been done in the United States.

Mr. FRISBIE. That is right.

The CHAIRMAN. I am sure Canada can do as well.

Mr. FRISBIE. We are going to try.

The CHAIRMAN. Well, thank you, gentlemen.

Mr. Abernethy.

Mr. ABERNETHY. Yes, Mr. Chairman. I would like to ask one or two questions of Mr. Shuman.

Mr. SHUMAN, on page 5 of your statement, item (4), "Continue the Cropland Adjustment provisions of the Act of 1965 with amendments." You set forth two amendments which will require that programs be operated on a competitive bid basis with emphasis on whole farms. Maybe you can explain to me a little further the mechanics, please.

Mr. SHUMAN. There has been some experience in using the competitive-bid basis.

Mr. ABERNETHY. In what crops?

Mr. SHUMAN. Conservation retirement. So our suggestion implies the use of the bid basis where the farmer would be invited to offer to the county committee his acreage, his farm or part of a farm, whichever he wanted to offer, stating the bid, the amount of money that he would offer to take for the land retirement.

Mr. ABERNETHY. Would this be on a permanent basis? I am sure it wouldn't be permanent. It would be over a period of years. Approximately how many?

Mr. SHUMAN. It would be for the term of contract that was either specified by the Secretary, or if there was—there could be an option of 3 to 5 years, perhaps.

Mr. ABERNETHY. Then in subsection B you propose that the Secretary of Agriculture retire at least 10 million acres per year. Could you say, sir, what crops?

Mr. SHUMAN. Well, any crops, any land that had been in production. This is not confined to land which has been in the production of wheat or feed grain or cotton. This would be cropland.

Mr. ABERNETHY. You don't anticipate the retirement of this acreage would be acreage that as of the announcement of the program would have been in production of wheat, feed grains, or cotton or soybeans?

Mr. SHUMAN. Well, yes, I think most of it would have been in these crops, because these are the crops where there have been specific commodity retirement acres taken out of a specific commodity. In effect, our suggestion is a substitute for the land retirement primarily to attract these people who have land taken out of production, but not confined to that. The basis on which the bids would be accepted to complete the description of it, the basis on which the bids would be accepted by the county committee would be related to their productivity. In other words, where they can get the most retirement, the most reduction and production per dollar, and these productivity figures are available in the county offices.

Mr. ABERNETHY. Is it the design of the Farm Bureau or the opinion of the Farm Bureau, I might say, that at the end of the year 1975—I believe that is your phaseout year—that there would be no program of any kind other than the land retirement program; is that right?

Mr. SHUMAN. That is right, for these commodities.

Mr. ABERNETHY. All right. Now, what, if anything, would be substituted for the price of the program, or would there be any kind of price supporting program?

Mr. SHUMAN. There would be no price supporting program—excuse me—that is right, the price supporting program that we have

provided in this act here would be not to exceed 85 percent of the 3-year market price average. That would presumably continue. The other price supporting programs——

Mr. ABERNETHY. That would continue after 1975?

Mr. SHUMAN. Yes.

Mr. ABERNETHY. On unlimited production?

Mr. SHUMAN. That is right.

Mr. ABERNETHY. Unlimited production.

Mr. SHUMAN. The present price supports, commodity, would have been phased out.

Mr. ABERNETHY. Somewhere in this statement, I believe it is on page 4, down at the bottom of the page, limit the total funds that may be spent on all direct payments for wheat, feed grains, and cotton under the Food and Agriculture Act of 1965 to 80 percent of the amount spent on 1969 crops in 1971, 60 percent in 1972, 40 percent in 1973, and 20 percent in 1974. Now, I want to see if I understand that. Total the amount of payments that have been made in the year preceding the year that the program goes into effect, and if those payments amounted to X dollars, we will set up a budget of 80 percent of that for the following year; is that right?

Mr. SHUMAN. That is correct.

Mr. ABERNETHY. And 60 percent for the next year?

Mr. SHUMAN. That is right.

Mr. ABERNETHY. 60 percent of that which that particular farmer had received on that particular farm; is that the mechanics of it?

Mr. SHUMAN. No, these percentages would apply to the total funds made available for the Secretary to use in the——

Mr. ABERNETHY. I understand that, but what would be the mechanics of the distribution? Which farmer would get how much?

Mr. SHUMAN. Our legislation leaves to the Secretary of Agriculture the procedure, the exact administrative procedure in phasing these out. Actually, what we are proposing is that there still be left for him at the end of the first year—well, at the end of the first year, 80, the second year 60, and so on down the line of the funds that are available to use in direct payments in such a manner as he would determine are equitable and meets the intention of the program.

The CHAIRMAN. After 1975, what would be the program deferment?

Mr. SHUMAN. After 1975 there might be some continuation of the existing contracts. In other words, contracts entered into in 1974 might have some years to run. So there will be some of these contracts in effect. There would be the price support of the 3 year, not to exceed the 85 percent of the 3-year market price average, and there would continue to be the restriction on the sale back of commodities. There would not be any crop, specific commodity control program. There would not be any specific commodity price supports. No direct payments on a commodity basis.

Mr. ABERNETHY. You have all those crops just mentioned on 85 percent of the average market price for the 3 preceding years; is that it?

Mr. SHUMAN. Yes, sir.

Mr. ABERNETHY. What about the specialty crops such as fruits and vegetables, large quantities of which are frequently purchased by the

Commodity Credit Corp. They have been distributed to various sundry institutions, including food gift programs.

Mr. SHUMAN. This legislation would not apply to any crops except the wheat, feed grains, cotton, and soybeans. So there will be no change in any programs devoted to those crops. So the same authority would exist.

Mr. ABERNETHY. I am certainly not asking that you would convey any confidential information, but what has been the attitude of the Department of Agriculture regarding the program, if you have discussed same with them?

Mr. SHUMAN. We have discussed it with the staff members and the Secretary of the Department of Agriculture on several occasions and explained our ideas. They have been interested. They have asked questions. We have received—we have not asked for nor have we received any commitment from this Department of Agriculture.

Mr. ABERNETHY. I want to assure you that I am not prying on those matters, nor to suggest I am trying to find out what direction the Department is going. I asked the question only because as a man of long experience and associated legislation here on the hill, farm legislation, you are well aware of the fact that the farm bill and no other bill can pass unless it has the eventual approval of the executive as well as the legislative.

Mr. SHUMAN. We sincerely hope that the Department of Agriculture will see fit to approve our bill, but we have no commitment from them.

Mr. ABERNETHY. Do you anticipate further conferences with the Department?

Mr. SHUMAN. Yes, in fact we have an appointment for this group this afternoon with Secretary Hardin and members of his staff.

Mr. ABERNETHY. Do you have a commitment.

Mr. SHUMAN. We will try to get there first with the mostest.

Mr. ABERNETHY. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Teague.

Mr. TEAGUE. Just this, Mr. Chairman. I commend our witnesses this morning for bringing to us what I think is a very constructive suggestion. They know that members of this committee know that I am a proponent of this approach. I think it will be fitting, however, if I leave it for today and do not take up any more time. I will leave the remaining time to those with more questions, with more doubts of this program than I have.

The CHAIRMAN. Mr. Purcell.

Mr. PURCELL. I have one or two, Mr. Chairman.

First, for the record, I would like to ask Mr. Frisbie, and then also Mr. Hawkins, if you—maybe I didn't hear, but did you say in your statement how many members the Kansas and Arizona Farm Bureau has? Do you know how many you have, Mr. Frisbie?

Mr. FRISBIE. Yes, we have an alltime high. Our membership year closed July 1, and it is 86,700 members.

Mr. PURCELL. How many?

Mr. FRISBIE. 86,700 member families.

Mr. PURCELL. All right, sir.

Now then, Mr. Hawkins, how many did you have?

Mr. HAWKINS. Mr. Chairman, Mr. Purcell, the Arizona Farm Bureau membership year closes September 1. At the present time we

have something over 4,100 members. I can't tell you exactly. It is 4,115. We hope to wind up with about 4,200. We are a small State in membership. We have some pretty good operators out there and they support the farm bureau quite well.

Mr. PURCELL. Well, all the other statements give, I think, as Mr. Shuman's did, they led off with telling us how many members the respective farm bureau had. This is the only change I have noticed in the proposal this year as compared with others. I didn't want to get these vital statistics not put in here.

Mr. Frisbie, you are on the Kansas Wheat Commission, as I understand. I am sorry you have to come back and forth. You are on the Kansas Wheat Commission?

Mr. FRISBIE. No; I served three terms.

Mr. PURCELL. You have been on it?

Mr. FRISBIE. Yes.

Mr. PURCELL. Do you find, at least the Kansas Wheat Commission, to be a worthwhile effort? Do you feel that this is a way of helping the wheatgrowers?

Mr. FRISBIE. Well, Congressmen, I would say that I think they made a sincere effort to help in wheat problems. My only concern is that we appropriate over—I don't say appropriate. I should say we collect over \$400,000 in our State through the wheat commission. Half of this, approximately, or \$200,000, is used in the Great Plains wheat, which I am sure you are familiar with. The other \$200,000 is spent mostly within our State in trying to improve domestic consumption of wheat.

My concern is that we probably would be much better off if we would use this \$200,000 in trying to get people to increase their livestock operation through their wheat usage, because certainly if you want to get in real trouble in any grains is to try to get people to eat the grain instead of meat. I am sure you are familiar with the fact that it takes 8 pounds of grain to produce a pound of meat. This 8 pounds converted into human food will feed approximately 124 people one healthful serving, while the same amount in meat would be two to three real nutritious servings.

Mr. PURCELL. Do you feel that the farmer is cooperating and under some kind of supervision, hopefully not Federal, to try to increase the use of this product either in sales abroad or in domestic uses? If every State had a given commodity with coordination in moving forward in trying to develop its use, would this not have the effect of being able to sell more of the commodity?

Mr. FRISBIE. I would truthfully say the Great Plains wheat part of it has been an effective program in getting wheat increased in foreign countries. Sometimes it is taken over by other countries in the market, but I think we have been effective. If I didn't think there was some disagreement, I don't believe I would have served to start with. I do think we need a change of direction as far as our local effort is concerned.

Mr. PURCELL. Mr. Shuman, would you give us your judgment, then, on this approach to the development of any product?

Mr. SHUMAN. I don't think there is any question but what there is need for research, promotion, and advertising programs for most of

our agricultural commodities. Certainly those that go rather directly into human consumption. But I am also strongly of the opinion that these promotion efforts are largely weighted, if you have programs or combinations or what have you, that restrict or manipulate market prices in such a way as to result in making the product noncompetitive. You have got to be competitive as far as wanting to create a desire. Of course, promotion helps a great deal in the desire for the product. But promotion, in my opinion, cannot—no amount of promotion, no amount of research, no amount of advertising can overcome the handicap of an unwise Government program which prices commodity without regard to the market. That is what we have been doing with cotton and wheat. We have been pricing it without regard to the market.

Mr. PURCELL. Then you think it ought to be cheaper to go on the world market or what?

Mr. SHUMAN. No; I think the commodities need to be in a position to compete. That may not always mean cheaper in case of wheat. Many varieties and many grades and qualities of wheat might even be considerably higher than at the present time. But prices must be free to change in response to competitive situations, and when we fix a price, a guarantee ahead of time what it is going to be, you guarantee excess production and you also premiumize the seeking for alternate sources of supply. This is what we have been doing under the present program.

Mr. PURCELL. Do you basically stand for the producers of a given product trying to promote the use of what product?

Mr. SHUMAN. Yes, sir; we are very strongly in favor of voluntary programs. We are opposed to Government compulsory checkoff programs.

Mr. PURCELL. Even at a State level?

Mr. SHUMAN. We take no position on State promotion programs. And as far as American Farm Bureau is concerned—

Mr. PURCELL. Are you aware that your State farm bureaus do oppose many States that are trying to get a thing like a wheat commission authorized?

Mr. SHUMAN. Some have and some have not. We have some States where the State farm bureau has supported the State authorization for a deduction and some States where they have opposed.

Mr. PURCELL. So you would say that you won't be for it unless your State organization insists; is that right?

Mr. SHUMAN. As far as the State program is concerned, it is entirely in their hands and we take no position either way.

Mr. PURCELL. Now, on page 7 you say, "Government reserves are not needed for the protection of consumers."

I want to be sure we understand each other. You would assume that if we ever reached the point of Utopia that we really had only enough supply to satisfy the demand, that this would take care of itself?

Mr. SHUMAN. Yes, sir; I think we have adequate reserve capacity to produce all of the food and fiber that is needed in this country, and our productivity soils and our livestock and our channels of trade, we have an adequate protection for consumers against shortage under

a market based agriculture, and we do not need a government health reserve.

Mr. PURCELL. In the meantime you do not want a reserve? You don't want to call these commodities anything except a drag on the market, and to create something that will prevent it from getting on the market and consider them not there until some other act, as in Mr. Poage's statement, might come up and maybe we could dispose of it?

Mr. SHUMAN. Actually these would constitute a reserve if the demand was sufficient to cause the price to go to 150 percent of the support level that brought them in. I don't think this is impossible. I think that this could occur. I think it could occur perhaps before too long in several commodities, that the price might go to this level and then we would feel that this is the time to start feeding them back on the market.

Mr. PURCELL. One other question. On page 8, just above the second chart, you are talking about the example that you made of 85 percent of the 3-year average market prices shown above, the AAA of 1969 would prohibit—what does AAA stand for?

Mr. SHUMAN. That is an abbreviation. We probably should have spelled it out. The Agricultural Adjustment Act of 1969.

Mr. PURCELL. I see.

Mr. SHUMAN. I stumbled over that, too. I am versed in letters and I am sorry we abbreviated. We should have spelled it out.

Mr. PURCELL. Mr. Shuman, lately most of us on this committee took a trip to the Panhandle of Texas, and there in the first time in my brief history we saw a statement presented on two occasions by a representative chosen by the farm bureau, Farmers Union, and the National Farmers Organization, and to me it was rather consoling to see these people in the same room without audible cursing of each other. They had even agreed on the statement. Now, I have not heard of this attitude drifting up in a national level of any of these organizations. Are you aware of any effort that you are connected with in trying to cooperate with other farm organizations in this State?

Mr. SHUMAN. Yes; we have worked very closely with all the organizations you mentioned and others in support for legislation where we find our policies are in accord. We have been almost exactly together on trade legislation and in efforts to expand trade. We have had considerable support from several of these organizations in our attempts to pass legislation to encourage and to give a favorable climate for market, the bargaining.

Mr. PURCELL. In each instance these people were rather insistent we keep the certificate program. I don't guess you can endorse an effort of that kind?

Mr. SHUMAN. No; our policies as adopted by the delegates say that we should phase this program out.

Mr. PURCELL. All right, sir.

Mr. Frisbie, in your statement—and I was not given the privilege of seeing it—you said something to the effect that all farmers, and you are talking about Kansas farmers, I guess—know that we are going down the wrong road. Is this in substance your statement?

Mr. FRISBIE. I would say so.

Mr. PURCELL. Do you mean by that that all farmers in Kansas are opposed to the present wheat certificate program?

Mr. FRISBIE. I think I followed that up by pretty good discussion of the place that certificates are held in. Even the most avid supporters that I have talked to of not doing away with certificates realize that the present conditions of the wheat industry in our State certainly needs to take a change, because they are going out of business pretty fast. I would hasten to add, Congressman, that there are people in our State, there are producers that can live with this program, but there are many of them that are going out of business pretty fast.

Mr. PURCELL. I see. I have been pretty much all over the country, and everywhere I have gone I have had Farm Bureau members tell me, many of them, that whatever you do, don't do away with the program, improve it if you can, but don't do away with it. It is somewhat confusing to have you national leaders come up and say we are going down the wrong road and give me the impression that all farmers that you are aware of are opposed to it.

Mr. FRISBIE. Well, I said here that we all realize that we have been going down the wrong road. I didn't say they all wanted to get rid of the certificates, but I said the vast majority do and they understand it.

Mr. PURCELL. That is your opinion of the farmers in Kansas?

Mr. FRISBIE. That is right. I am saying this presents a transition, that it would be necessary—this is what their concern is, that you jerk certificates and have nothing left.

Mr. PURCELL. Are you in the program?

Mr. FRISBIE. Yes, sir; I couldn't operate in wheat without being.

Mr. PURCELL. I will ask the same question that Mr. Poage asked you, then, considering everything you get, what did you get for your wheat this year?

Mr. FRISBIE. I haven't figured it up. We just finished harvest. I would get much less this year per bushel than in the last 2 years because my yield is much higher.

Mr. PURCELL. You wouldn't have gotten any more per bushel because your yield is high.

Mr. FRISBIE. Oh, yes; my average price is much different when my yield is high, because—

Mr. PURCELL. With your position in this organization, you are telling me you don't know how much wheat you made or how much money you made?

Mr. FRISBIE. Well, it is pretty hard to tell, just to single out. But I am answering you this way. Your question was how much did I get this year per bushel, and my answer was we just finished harvesting, I haven't had time to get back out there. But the greater the yield—we are talking about the total price that you have asked about with the certificates figure, and the greater the yield the less the total average price per bushel.

Mr. PURCELL. I asked you what you made. Now, do you know how much Government payment you are going to get?

Mr. FRISBIE. I really frankly don't.

Mr. PURCELL. And you don't know how much—

Mr. FRISBIE. It was just announced 2 weeks ago what the payment is going to be.

Mr. PURCELL. But you don't know what your Government payment is or how much you got for your wheat?

Mr. FRISBIE. I will shortly.

Mr. PURCELL. You don't, as you sit here today?

Mr. FRISBIE. No, I don't, because I just finished harvesting.

Mr. PURCELL. When?

Mr. FRISBIE. About 2 weeks ago, and I haven't even been home since.

Mr. PURCELL. So in 2 weeks you haven't had the need of or taken the time to figure out whether you made money, lost money, or broke even; right?

Mr. FRISBIE. Well, I don't know until——

Mr. PURCELL. Last year, did you do your bookkeeping on that?

Mr. FRISBIE. Yes, sir.

Mr. PURCELL. What did you make last year?

Mr. FRISBIE. In my operation we don't specifically divide up the costs of the total equipment against wheat and livestock. In our livestock operation it is larger than the wheat operation. If you average those costs, it is pretty hard to just tie it down.

Mr. PURCELL. Can you tell me what you got at the elevator, then, for wheat last year?

Mr. FRISBIE. We didn't sell a bushel of wheat last year.

Mr. PURCELL. What, did you put it all in loan?

Mr. FRISBIE. Yes.

Mr. PURCELL. What in loan?

Mr. FRISBIE. About \$1.12 a bushel.

Mr. PURCELL. How much was the——

Mr. FRISBIE. Farm store.

Mr. PURCELL. How much was your Government payment last year?

Mr. FRISBIE. How much was the total Government payment?

Mr. PURCELL. Well, any figure you will give me at this stage.

Mr. FRISBIE. What kind of a figure do you want? Do you want it for bushel, Government payment?

Mr. PURCELL. Well, in order to not confuse me any more, if you got a Government check; how much was it for?

Mr. FRISBIE. I will tell you if you are confused you should try to go to my count ASC office.

Mr. PURCELL. I have done that, too, but right now I am just asking you what was your Government check for, not about the ASC office or what other operation.

Mr. FRISBIE. Our Government check in the wheat program was in the neighborhood—and this represents three things, I have a son-in-law and two sons—and our check was about 10,000—four including myself.

Mr. PURCELL. You don't have any idea how many bushels you had?

Mr. FRISBIE. Yes; we had a real short crop last year. It was in the neighborhood of 10,000 bushels. This is rent and all.

Mr. PURCELL. So last year you got about a dollar a bushel from the Government?

Mr. FRISBIE. That is right.

Mr. PURCELL. And add \$1 a bushel to \$1.12, and you got about \$2.12 for wheat?

Mr. FRISBIE. Yes; but we lost over half our wheat.

Mr. PURCELL. A figure base to start with, \$2.12 a bushel for this terrible program.

Mr. FRISBIE. Well, I will guarantee you we didn't make a dime on wheat last year.

Mr. PURCELL. Well, OK, but if it hadn't been for the program you would have been \$10,000 worse off than you were?

Mr. FRISBIE. That is right, under the conditions existing, I will agree 100 percent.

Mr. PURCELL. At least you and I agree you got \$2.12 from the program, and this program did keep you a little out of the poverty area. It gave you \$10,000.

Mr. FRISBIE. I would have been in the poverty area——

Mr. PURCELL. But you were prevented from that tragedy by the Government program?

Mr. FRISBIE. No; by livestock.

Mr. PURCELL. With \$10,000 you can't even claim poverty, if you got \$10,000 from any source.

Mr. FRISBIE. I can when I have got over \$20,000 operating expense and without the program, of course, Congressman, you and I don't know but the price might have been better.

Mr. PURCELL. It might have been better and it might have been worse.

Mr. FRISBIE. That is right. It is purely speculation. The only thing we do know what we have now certainly must not be working, putting as many wheat farmers out of business as are in the State. You understand, in our State, in my section of the State we can plant about in the neighborhood of 45 acres per quarter section of our small farm ground.

Mr. PURCELL. Of course, when you say it won't work, you say that this is terrible, it is sort of to me like because doctors can't cure everybody's ailments that they ought to stop doctoring people. They might have been worse off without any doctoring or worse off without this program.

Mr. FRISBIE. And it might have been better. All we are saying, we think it needs a change. We think this is——

Mr. PURCELL. Thank you, Mr. Chairman.

Mr. BELCHER. Will the gentleman yield?

The taxpayers paid you \$1 a bushel and the consumers paid you \$1.12; is that correct?

Mr. FRISBIE. I don't really figure it that way. I guess you could, but as I recall, when the 1965 act was passed, we changed the supports from approximately \$1.80 a bushel to \$1.25 a bushel, and the market has been that way about ever since. So we have lost about 60 cents a bushel on a support, so I don't know whether the taxpayer is paying it or whether the producer.

Mr. BELCHER. Well, that \$10,000 came exactly out of the U.S. Treasury and that Treasury money is put up by the taxpayers of this country.

Mr. FRISBIE. That is right.

Mr. BELCHER. And the \$1.12 you got, that was put up by the people that ate the wheat.

Mr. FRISBIE. That is right, but I think you missed my point. When we got this certificate we relinquished about 60 cents.

Mr. BELCHER. I don't know anything about that.

Mr. FRISBIE. Well, I know that happened.

Mr. BELCHER. I am not arguing about the fact that you shouldn't have gotten the \$10,000, but this program paid you \$10,000 out of taxpayers' money.

Mr. FRISBIE. Well, Congressman, excuse me, but I think you have kind of missed what I tried to say here. When we got the wheat certificate or the provision that gave me \$10,000, we lost 60 cents a bushel in support price, so the producer—

Mr. BELCHER. The taxpayers paid you \$10,000?

Mr. FRISBIE. That is right.

Mr. BELCHER. That is right.

Mr. FRISBIE. Over and above what we were getting here.

Mr. BELCHER. No, not over and above anything. You got a check for \$10,000 put up by the taxpayers of this country.

Mr. FRISBIE. And when we got that we sacrificed 60 cents a bushel support.

Mr. BELCHER. You might have sacrificed \$10,000, but still the taxpayers put up a program that causes you to sacrifice \$10,000 at the same time the taxpayers have to give you \$10,000. I agree with you, maybe it is not a good program.

Mr. PURCELL. Mr. Chairman—excuse me.

Mr. BELCHER. Yes.

Mr. PURCELL. This brings on one more tremor on my part.

When you lost that 60 cents a bushel support price, that was all Government money, that is support price loan that you put in there: is this not true?

Mr. FRISBIE. If it is, it was never put in the market price.

Mr. PURCELL. All right. When you got the support, you put it in the loan. Your support price was 60 cents higher than it had been under the certificate?

Mr. FRISBIE. That is right.

Mr. PURCELL. That is all certificate money, this \$10,000?

Mr. FRISBIE. Yes; it was.

Mr. PURCELL. My arithmetic shows me \$6,000 of that \$10,000 has been paid by the users of your wheat and it was not paid by the taxpayers.

Mr. FRISBIE. Well, who are the users of wheat?

Mr. PURCELL. People that grind it up and eat it.

Mr. FRISBIE. Aren't they taxpayers?

Mr. PURCELL. They are taxpayers, but they buy their food over and above paying for their taxes, at least where I come from. So it looks to me like the Government has been saving 60 cents a bushel on your operation, plus \$6,000 out of your \$10,000.

Mr. FRISBIE. Well, Congressman, don't the users of this wheat, whether millers or grinders, whatever, if they pay for this over and above the list they still pass along, isn't this right, to the taxpayer, the consumer?

Mr. PURCELL. Pass along.

Mr. FRISBIE. Yes. I am saying they pass it to the consumer in the price of bread.

Mr. PURCELL. Yes, sir; and the price of wheat is cheaper now than we were buying certificates.

Mr. FRISBIE. That is right, that is what we are complaining about, and that is why we would like to see it changed.

Mr. PURCELL. All right.

The CHAIRMAN. Mr. Goodling.

Mr. GOODLING. Thank you, Mr. Chairman.

Just very briefly, Mr. Shuman, I want to give the other people a chance to ask some questions. We talk about major farm commodities. A few minor commodities have given me concern. I would like to briefly tell you my story and ask you for comment. Some of my southern friends aren't going to like this.

I am thinking of peanuts. I follow the Departments daily summary as they come out. I find the Commodity Credit Corporation is selling surplus peanuts and lose from \$3 to \$4 million each month. They have been doing this since the first of the year.

Another thing that I am thinking of is tung oil. When you mention tung oil the average person listens and says, what is tung oil? It is only produced in one or two States. But the Commodity Credit Corporation is losing over \$1 million each month selling surplus tung oil. To my way of thinking this is not good business. I would like to know your thinking.

Mr. SHUMAN. Certainly I agree with you and Farm Bureau's objective is to phase out these Government programs that attempt to control production and don't, that attempt to fix prices that are reasonable at fair price, profitable price, and don't. Our objective is to phase them all out, all of the control and price support and payment on commodity programs, to phase them out.

In this proposed Agricultural Act of 1969 we deal only with feed grains, wheat, cotton, and soybeans. This means that we have picked out the major disruption and distorting crop programs and we have not dwelt specifically with these other commodities. I think that without question all Government efforts to manipulate price, to control production, have resulted in a net loss to farmers over a period of time. There may have been times in the operation of these programs where you had temporary advantage, but overall they have resulted in a loss rather than a gain. That applies with every program with very little, if any, exceptions.

Now, we are concerned with how we get out of this trap that we find ourselves in. Two-thirds of agricultural products have never had these programs. That is two-thirds which is in far better shape than the one-third that has had Government programs. That is where most of the sickness is. What we want to do is to restore the degree and extent of health to the market for all of these commodities that now exist for the two-thirds that have never had this disruptive and distortion type of program.

Mr. GOODLING. Just one brief observation. You mentioned soybeans. We had a surplus of 150 million bushels of soybeans in 1968, anticipated surplus this year, 1969, is going to be 300 million bushels. So we are in deep trouble with soybeans.

Mr. SHUMAN. That is correct, and the reason is quite obvious that we have this situation and that was that the price support was raised to a level which was too high and it grew in additional thousands and hundreds of thousands of acres of land in the production of soybeans,

some of which was cleared at a very high cost, much of which would never have gone in the production of any crop if it hadn't been for the pool that underlies price support cost.

The CHAIRMAN. Thank you, Mr. Goodling.

Mr. O'Neal.

Mr. O'NEAL. Mr. Shuman, on page 1, you say, "Government supply-management has not worked." Do you think that there is no kind of supply-management that will work, man cannot devise a supply-management plan?

Mr. SHUMAN. Well, in 35 years we have never discovered any supply-management scheme that Government could use, that was feasible for the Government to use to control agricultural production. It is a period at times that these plans worked for awhile, but overall, they have not worked and surpluses have developed in every case.

Now, of course, there is one kind of supply-management that would work if you wanted to apply dictatorial methods and that would be to get a rigid quota on the number of pounds of commodity the farmer could produce. There has never been any indication in—either by farmers or in the Congress, that any such rigid control on the amount to be marketable would be acceptable.

Mr. O'NEAL. Are you familiar with the tobacco program?

Mr. SHUMAN. Yes; and also with the huge surplus accumulated in the tobacco program. The only reason it has been able to exist all this time is because of the relatively small acreage and relatively small total.

Mr. O'NEAL. Didn't the huge surplus come before the acreage-poundage program was adopted?

Mr. SHUMAN. Oh, I think—most of it did, yes; the acreage-poundage, as I indicated, if you are going to control production it has to be on the basis of rigid control of the amount permitted in pounds.

Mr. O'NEAL. But the tobacco people did vote upon themselves the poundage program.

Mr. SHUMAN. That is true.

Mr. O'NEAL. I thought I understood you to say that no farmers would ever do this.

Mr. SHUMAN. I should qualify by saying no farmers producing any crop of any extent would do it. The only reason tobacco farmers can do it is tobacco has become a sideline crop. They can do it. Tobacco couldn't accept poundage control for the bulk of this production.

Mr. O'NEAL. Can you tell us what you think would have happened or who would be farming today in feed grains and wheat and cotton if we had not had Government supply-management?

Mr. SHUMAN. If we had not had Government supply-management I think the very—largely the same farmers would be producing the bulk of the products. I don't think that there would be any greater egress from agriculture than there have been under the programs. In fact, it might not have been as rapid. I believe that the average price received by farmers for most of their products over a period of years would have been higher, considerably higher than it has been under Government programs.

Mr. O'NEAL. Do you mean that those who had less-productive land would have been phased out long ago?

Mr. SHUMAN. I think the adjustment in the use of the land would have taken place more naturally and that land which is still being under the present Government programs, the farmer is forced to continue to produce these crops in order to get his payments. So they have tended to keep in production, for instance, cotton products on certain farms that would probably go out of cotton production.

Mr. O'NEAL. They have tended to keep the little farmer on the farm.

Mr. SHUMAN. Not necessarily, because the big farmer has been able to take advantage of the Government control programs much more easily because he is getting the capital necessary to increase his purchases of land and to increase his use of fertilizer.

Mr. O'NEAL. I agree with that, Mr. Shuman, but hasn't it tended to keep the little farmer on the farm?

Mr. SHUMAN. I don't believe so. I believe the exit from agriculture at around 300,000 a year—it has been the same through the last—well, for the last 16 years. It has been approximately the same. I think that the rate of exit from agriculture is perhaps even greater under these programs than it would have been without the programs, because certainly they have limited the opportunity of the small farmer to increase his production. History has been the basis on which these programs were determined. So a man that wanted to expand wouldn't unless he wanted to buy land.

Mr. O'NEAL. Well, if it hasn't given him a living, has it given him a living of sorts?

Mr. SHUMAN. Payments, of course, have kept some people existing, but they have shut off opportunity, and I don't think that there have been any net benefits even for the small operator.

Mr. O'NEAL. Don't you think if we had not any government supply, the trend would have been for the most efficient farmers on the most productive land to be the only ones to stay in business?

Mr. SHUMAN. That trend has been taking place with the programs.

Mr. O'NEAL. Wouldn't it have been much more rapid?

Mr. SHUMAN. No, I don't think so, not necessarily. I think the payments have kept some people in, but they have attracted other people to spend huge amounts of money in consolidation of acreage. I think there have been—

Mr. O'NEAL. No further questions.

The CHAIRMAN. Mr. Miller.

Mr. MILLER. Yes.

Mr. Shuman, I noticed in the testimony that we had from a gentleman from Pennsylvania, he mentioned that there are 75,000 small family farm operations, according to an estimate of the Pennsylvania Department of Agriculture. An estimated 25,000 were classified as marginal, commercial operations by various governmental agencies. In other words, about 50,000 successful making money, and 25 not. We have the additional testimony on page 3, where you are talking about the milk class I base plan; 51 percent of the producers receive a higher average price for their milk under the class I base plan, but the remaining 49 percent received a lower average price because of the class I base plan.

Now, I know we are talking wheat and corn, but it seems like so many times we hear this same thing over and over. I am wondering,

without the program as you see it, do you think that it would be possible for the one-third of those people who have small farms in Pennsylvania to be able to come out better, or would the 50,000 farm-owners widen the profit differential?

Mr. SHUMAN. Our program proposes to separate the problems of the part-time subsistence low-income farmer from those of the commercial or essentially full-time farmer. We have got this special provision that would be available for grants and loans of assistance for retraining or for relocation or outright purchase of the allotments of the small farmer if he desires to go into some other occupation, or if he desires to continue in agriculture these programs of assistance would be available for him to increase his ability in agriculture or to make additional investments to stay in agriculture.

I don't believe that our program would materially change the rate of exit from agriculture. It might be different people would stay. There are people undoubtedly at the present time staying in agriculture because of the payments, and there are undoubtedly some people who are being forced out because the larger—people with large amounts of capital can move in and take over more readily. I don't think there will be a material difference.

Mr. MILLER. You brought up the retraining grants not to exceed \$1,000, and the adjustment and assistance not to exceed \$2,500 per year over 2 years. Have you had an opportunity to put this total picture together and compare the cost of the program today as to what your program would cost if we were to change over immediately?

Mr. SHUMAN. We have had several discussions of it, and I think it is almost necessary to do it from a discussion and estimate viewpoint rather than put a slide rule on it, because we don't know for sure. We have been given quite a bit of authority. We don't know for sure how some parts would be administered at this stage. It is our judgment that the first year would probably cost almost as much as is now being spent under the current program. But this year, due to this phaseout procedure, each year that it would drop substantially to where in the fifth year the cost would probably, we think, be a third to 20 percent of the present program.

The CHAIRMAN. Thank you, Mr. Miller.

It is now 12 o'clock, and the committee has matters that must be discussed. We hate to close without making the rounds, but it becomes impossible.

We are very much obliged to all of you for your presentation.

The committee will please remain.

(Whereupon, at 12 noon, the hearing was concluded and the committee preceeded with other business.)

GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

WEDNESDAY, AUGUST 6, 1969

**HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
*Washington, D.C.***

The committee met, pursuant to recess at 10 a.m., in room 1301, Longworth House Office Building, the Honorable W. R. Poage (chairman), presiding.

Present: Representatives Poage, Stubblefield, Purcell, O'Neal, de la Garza, Vigorito, Jones of North Carolina, Montgomery, Alexander, Burlison, Lowenstein, Rarick, Jones of Tennessee, Melcher, Belcher, Teague, May, Wampler, Goodling, Mayne, Zwach, Kleppe, Price, Myers, Sebelius and Resident Commissioner Córdova.

Also present: Christine S. Gallagher, chief clerk; William C. Black, general counsel; Hyde H. Murray, associate counsel; and John A. Knebel, assistant counsel; and L. T. Easley, staff consultant.

The CHAIRMAN. The committee will please come to order.

We are meeting for the further consideration of the legislation on general farm and food stamp programs.

Today we will hear from the National Farmers Union, Tony Dechant, president, is the first witness. I know he has a number of presidents of local Farmer Unions and I presume that you will be calling on some of these. We will be glad to have you make any statement you care to, Mr. Dechant, and call on any of those who are with you in any order that you care to.

So we will turn it over to you.

STATEMENT OF TONY DECHANT, PRESIDENT, FARMERS UNION

Mr. DECHANT. Thank you, Mr. Chairman, and members of the committee.

First, I want to commend the chairman for his leadership in seeking to make permanent existing commodity programs authorized under the Food and Agriculture Act of 1965 and to make permanent a food stamp program without limitation as to the funds that may be expended. In our testimony today, we will be asking for improving amendments to H.R. 12430.

Farmers Union is a full participant in a coalition of 18 general farm, commodity, and cooperative organizations that last met here in Washington on July 7 and 8. This coalition was unanimous in its rejection of a massive cropland retirement program as a substitute for

commodity programs in operation for dairy, feed grains, wheat, cotton, and wool. The improving amendments that we will set forth during this hearing have been discussed by the coalition. However, in some instances our recommendations will be somewhat different than the position of other organizations making up the coalition.

Farmers Union policy recognizes that a stable agriculture serves the interest not only of farmers, but the Nation. Stability is possible only if we maintain stable agricultural markets through a workable system of supply-management. A mandatory program would be the cheapest and most effective one. It would make possible absolute management of supply. It would prevent noncompliers from reducing the effectiveness of the efforts of those who join to maintain the stability of our food and fiber production establishment. There is growing interest on the part of farmers in a mandatory program. If, however, farmers are not ready to approve mandatory participation then we believe it is essential that an effective alternative be adopted. There is no acceptable alternative to supply-management itself.

We believe the long-range problems of agriculture demand a system of bargaining. We support legislation which would give farmers choices of bargaining methods—either direct commodity by commodity bargaining, or regional commodity bargaining similar to Federal marketing orders now operating for milk.

We emphasize the interdependence of all farmers in America. This concept is supported by the broad range of general farm and specialized commodity groups that have joined in the coalition I mentioned a moment ago.

It is not acceptable in America for one group to profit at the expense of another. Dairy farmers cannot remain prosperous when bankruptcy stalks beef cattle producers. Soybean farmers cannot maintain a profitable position at the expense of cottonseed producers. Indeed, our proposal for bargaining is predicated on an enlargement of this idea, that America cannot remain prosperous if farmers are at the mercy of others in the economy—whether they be consumers or members of the agribusiness community.

Mr. Chairman, it is our purpose here today to comment on various titles of the 1965 act. We believe it is a good law. We would like to see it strengthened. Its most important aspect is that, while putting major responsibility on the shoulders of the Secretary of Agriculture to maintain a stable farm economy, it provides him with machinery to do it. This machinery has never been used as effectively as it could be. But if used effectively, it can regulate production to prevent prices from falling to disastrous lows, and it can keep the farm program from being prohibitively expensive to the Nation's taxpayers. The supply-management devices for voluntary programs include acreage diversion payments, direct payments and processor certificates. For mandatory programs mechanisms include acreage allotments, marketing quotas, direct payments, and penalties for non-compliance. The cropland adjustment program is a broad approach to supply-management. Most of these levers will be denied to the Secretary if the commodity programs in the 1965 act are allowed to expire.

I have with me today a number of my associates—members of the board of directors of Farmers Union—who will assist in the presen-

tation of our testimony. However, before presenting them to the committee, we should like to briefly answer the question; What kind of programs would be available to farmers in the absence of legislative action for the 1971 crop year and beyond?

Under law in effect prior to 1965, the Secretary of Agriculture would determine whether the supply of wheat is excessive. If he found it to be so he would proclaim a marketing quota program subject to a grower referendum. Based on an approved national marketing quota, individual farm quotas would be established in terms of acreage allotments.

If marketing quotas are approved for wheat, penalties for overproduction would apply for failure to make mandatory diversion. The wheat marketing certificate program would be in effect. The Secretary would set the rate for domestic certificates plus the loan at not less than 65 percent nor more than 90 percent of parity. We would have variable export certificates, as at present. Processors would be required to pay the full value of domestic certificates. There would be no diversion payments.

If, on the other hand, marketing quotas were disapproved, price supports through loans and purchases to producers who comply with their allotment at 50 percent of parity would be available. There would, of course, be no quotas, penalties, wheat certificates, nor diversion payments.

If, as the law permits, marketing quotas were not proclaimed and put to a vote, the price support through loans or purchases to producers who comply with their allotment would be 75 to 90 percent of parity, the maximum level depending on the supply percentage. Again, of course, there would be no marketing quotas, penalties, certificates, nor diversion payments. There would be no authority to substitute wheat for feed grains.

If we do not extend the 1965 act for feed grains, there would be no diversion or direct price support payments. The price support through loans or purchases for corn would be not less than 50 percent nor more than 90 percent of parity. The Secretary would determine the level in order not to result in increased CCC stocks of corn. Price support for other feed grains would be set at a level which is fair and reasonable in relation to the level for corn.

For cotton, the old law provides that the Secretary determine and announce whether the total supply would exceed normal. If so, he would proclaim a marketing quota program subject to grower referendum. Such quotas would be established in terms of acreage allotments.

If marketing quotas are proclaimed and approved by two-thirds or more of the farmers voting on a referendum, marketing quotas would go in effect, of course. There would be no diversion or price support payments. Price support to producers who comply would be through loans or purchases at no less than 65 percent or more than 90 percent of parity as determined by the Secretary of Agriculture. The law provides no authority to make cotton available to domestic mills at the world price if such price were lower than the legal minimum price for unrestricted use.

If cotton marketing quotas were disapproved in the referendum, the price support through loans or purchases to producers who comply

with their allotments would be at 50 percent of parity. There would be no diversion of price support payments.

If the Secretary did not proclaim marketing quotas, price support would be at 65 to 90 percent of parity—as determined by the Secretary. Compliance with allotments would be required as a condition of eligibility for price support. There would be no diversion or direct price support payments.

Under the law there is no authority to sell, lease, or transfer cotton allotments.

For wool, the old law provides for price support through loans or purchases at the discretion of the Secretary at not more than 90 percent of parity. There would be no direct price support payments.

Finally, there is no authority in prior law to conduct a cropland adjustment program.

Mr. Chairman, the issue before the House Agriculture Committee as it conducts these important hearings on extension of the 1965 Food and Agriculture Act is whether the welfare of rural America shall be subject to the collective judgment of the Congress, or turned over to the administrative judgment of a U.S. Department of Agriculture that is denied effective machinery for supply management.

I do not have to tell you that the old law is singularly long on responsibility for the Secretary of Agriculture, but it is short on the leverage required to do the job. The Secretary's job is difficult enough because he is beset on all sides by political forces that seem quite willing to make peons of American farmers. He doesn't want this, of course. America—with its cities already too full, and consumers dependent on agriculture for plentiful food and fiber—would not tolerate it.

Farmers Union convention delegates expressed the view that if the Food and Agriculture Act of 1965 is sufficiently strengthened it would afford farm families a means to increase farm income and the means to bring production in line with demand for commodities concerned. In recommending permanent extension of the present program, we do not mean to imply that we favor extension of the provisions of the act without periodic review by Congress of the needed improvements to be made. If, for example, producers' attitudes toward mandatory commodity programs shift to such a degree that in the view of the committee a return to such programs would be feasible, opportunity should be provided.

Extension of the 1965 Food and Agriculture Act will not solve all the problems of agriculture. On the other hand, failure to extend the wheat, feed grains, cotton, and dairy programs to act provides would result in a loss in net farm income of over \$5 billion a year—reversing the progress made since the beginning of the post decade when net farm income was around \$11 billion a year.

With the recommendations that my associates will make to this committee, we believe the Food and Agriculture Act will better serve farm families and will be a step toward correcting the inequities between agriculture and other sectors of our economy.

Now, Mr. Chairman, if I may, I would like to ask my associate, the president of the Wisconsin Farmers Union and active dairy farmers, Mr. Gilbert Rohde, to present our views in regard to the dairy provisions of H.R. 12430.

The CHAIRMAN. We thank you very much, Mr. Dechant, and we will be glad to hear from Mr. Rohde. We welcome your expression, Mr. Rohde.

STATEMENT OF GILBERT C. ROHDE, PRESIDENT, WISCONSIN FARMERS UNION

Mr. ROHDE. Thank you, Mr. Chairman, members of the committee.

In March of this year, delegates to the annual convention of National Farmers Union at Hot Springs, Ark., adopted a program of action which included specific recommendations concerning the dairy industry. Since these recommendations constitute our organization's dairy policy in broad outline, I wish to incorporate them into the record of this hearing and refer to them again as they relate to the testimony we are giving here today.

NATIONAL FARMERS UNION DAIRY RECOMMENDATIONS

To enable dairy farmers to secure adequate income in order to stay in production and to substantially strengthen the entire dairy industry, we urge the following:

1. Action by the Secretary of Agriculture to set the support price of manufacturing milk at the highest support level—90 percent of parity—permitted under present authority or at about \$4.56 a hundred-weight.

2. Congressional action to support dairy prices at 100 percent of parity using direct payments to producers in conjunction with supply management, a family farm cutoff and the present support program to accomplish this end.

3. Passage of the Dairy Import Act by Congress to put legislative limits on dairy imports.

4. Passage of legislation to insure that imported dairy products and derivatives of milk will meet health and sanitary requirements comparable to those imposed by the Food and Drug Administration and the U.S. Public Health Service on dairy products produced in the United States.

5. Legislation to require manufacturers of filled milk to pay class I prices for the skim milk and reconstituted nonfat powder used in their products and to require distributors of imitation milk to label all ingredients on the containers.

6. Legislation to eliminate the artificial, interstate barriers to the free flow of quality dairy products between markets by establishing uniform sanitation standards and practices in the production, transportation, processing, and sale of fluid milk products shipped in interstate commerce.

7. Establishment of a Federal marketing order for manufacturing milk.

8. Extension of authority to permit fluid milk sheds to set up class I base plans; however, with greater restrictions regarding bases for new producers than at present.

9. Establishment of permanent legislation authorizing indemnity payments to dairy farmers who have lost a market for their milk due to contamination of their product by insecticides.

10. Consolidation of bargaining efforts of milk producer cooperatives in order to obtain fairer prices for producer members.

At this point I would like to briefly summarize the economic situation as it affects dairy farmers. Since 1965 when our increased involvement in the Vietnam war set inflationary forces in motion throughout the economy, dairy farmers have been engaged in a continuous tugfest with the Secretary of Agriculture in attempts to raise milk prices both in Federal order and manufacturing milk areas. Rising wholesale and consumer prices have put the squeeze on dairy producers. The parity index of prices paid by farmers rose 20 percent between June 1964 and June 1969. In the past year alone, from June 1968 to June 1969 the index of prices paid by farmers rose about 5½ percent.

The cost-price squeeze has convinced many dairy farmers to stop milking cows. Total U.S. milk production dropped to 117.3 billion pounds in 1968 and it is expected to fall to around 115.5 billion pounds this year.

Our organization was one of the first to recommend that the Secretary of Agriculture set the support level of manufacturing milk at 90 percent of parity—the highest level permitted by law. The Secretary chose to continue supports at \$4.28 per hundredweight which figures out to about 82 percent of parity according to the U.S. Department's Dairy Situation Report issued in July. When Secretary of Agriculture Freeman set the \$4.28 support level in March, 1968, it represented 90 percent of the parity price. Inflationary pressures since then in the things the dairy farmer must buy have reduced the \$4.28 support price to about 82 percent of parity. This downward trend in the parity ratio underlines the wisdom of National Farmers Union's decision to urge the Secretary to use his authority to the fullest in setting the price support level for manufacturing milk.

I wish to call your attention to the recommendation by National Farmers Union that congressional action be taken to support dairy prices at 100 percent of parity using direct payments to producers in conjunction with supply management, a family farm cutoff and the present support program to accomplish this end. It is my personal view that such legislation, supporting dairy prices at a full parity level, would provide the same beneficial stability to dairying that a cost of living formula does in the case of certain industrial workers. A direct payment approach would also deal effectively with some of the problems plaguing the dairy industry because of the world dairy situation. There is a growing surplus of dairy products, much of which has been stimulated by direct Government subsidies to producers in other countries. Direct payments to our producers would help the U.S. dairy industry meet this price competition from overseas.

Recently, the directors of Wisconsin Farmers Union officially endorsed the general provisions of the comprehensive farm bill agreed upon by a coalition of 18 general farm, commodity and cooperative associations, including National Farmers Union, which met here in Washington, D.C., July 7 and 8. These provisions included amendments to the dairy title of the Food and Agriculture Act of 1965. One of these provisions is to incorporate the Meeds amendments to the class I base plan in the new legislation. It should be stressed that Farmers Union has generally supported the class I base plan provided new pro-

ducers could come under the program on an equitable basis with old producers.

Farmers Union was instrumental in having the authorization for the establishment of a Federal marketing order for manufacturing milk written into the Agricultural Act of 1965. It is imperative that this authorization be included in any new comprehensive farm legislation passed by Congress.

Currently, the pricing of milk in the manufacturing sector of the dairy industry is characterized by outmoded values leading to gross inequities. The typical manufacturing milk producer in Wisconsin is producing a product which generally differs from class I milk in name only. More stringent sanitation standards imposed by milk plants and public authorities has narrowed the gap between grade B and grade A milk until the difference in quality between the two grades is largely nonexistent.

Despite the fact he is producing a comparable product, the manufacturing milk producer last year received on the average about \$1.50 per hundredweight less for his milk than he would have if his milk had gone exclusively into fluid consumption. Even under the national blend price for all milk he would have received over \$1 per hundredweight more for his milk.

This is not fair pricing. The geography of the manufacturing milk producer's location and the inequitable system of milk pricing prevents this dairy producer from sharing as he should in the rewards for his labor and investment. It appears to us that this situation can only be rectified through the inclusion of producers of manufacturing milk in our pricing system under Federal orders where economic formulas fair to all dairy producers can be developed.

In conclusion, I wish to emphasize that we are not here today to spell out the specifics for either the class I base plan amendments or a manufacturing milk order. What is most important at this stage is that there is legal authorization for the class I base plan with the Meeds amendments, including the authorization for a Federal marketing order for manufacturing milk.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Rohde.

Mr. DECHANT. Mr. Chairman, I would then like to ask the president of the Rocky Mountain Farmers Union, which includes Wyoming, Colorado, and New Mexico, to discuss the cropland adjustment program. We have Charles Hanavan, who is a wheat producer in eastern Colorado.

The CHAIRMAN. Mr. Hanavan, we are glad to hear from you.

STATEMENT OF CHARLES HANAVAN, NATIONAL FARMERS UNION EXECUTIVE COMMITTEE

Mr. HANAVAN. Thank you, Mr. Chairman, and members of the committee.

There have been proponents of a massive cropland retirement program since the days Ezra Taft Benson was Secretary of Agriculture. The fact that such a program has never won the approval of Congress can not be credited solely to the opposition of most of the farm orga-

nizations of the Nation. The major opposition to such a program has come from small town businessmen who see in such a program a further economic deterioration of rural America—loss of farms and farmers and stepped-up migration from the farm to the city.

It has been my observation also that city Members of Congress who recognize the problem of farm to city migration also oppose such a program.

The 18-member Farm Coalition Committee was unanimous in its opposition of this program as a substitute for supply-management programs authorized in the Food and Agriculture Act of 1965.

The bill introduced in the House of Representatives on March 17, by Congressman Paul Finley of Illinois provides that beginning in 1971, acreage controls, base acreages, the wheat certificate and direct payments to wheat, feed grain and cotton producers will be phased out at the rate of 20 percent a year until eliminated.

Beginning in the 1971 crop year, loan rates on wheat, feed grains, cotton, and soybeans would be set at not more than 85 percent of the previous 3-year average prices. The cost of wheat certificates to processors would be lowered to 80 percent of the 1969 level in 1971, 60 percent in 1972, 40 percent in 1973, 20 percent in 1974, and none in 1975.

Land retirement would be on a competitive bid basis at the rate of 10 million acres per year for each of the years 1971, 1972, 1973, 1974, and 1975 with emphasis on retiring entire farms.

The bill provides for a land retirement program. But it is obvious that the principal purpose of the legislation is to eliminate all effective adjustment programs relating to wheat, feed grains, and cotton. This has been the objective of one farm organization for years, although so far an unsuccessful one. In the past the effort has been to eliminate these programs in one fell swoop. Now the idea is to stretch the procedure over a 5-year period. Former chairman of this committee, Clifford Hope, likened it to "cutting off a dog's caudal appendage at the rate of an inch at a time."

A major weakness is that the program is not pointed at the problem of managing supply of the commodities covered by the 1965 act. It is aimed instead at idling cropland generally without regard to specific use. Such circuitous approach is inefficient, awkward and costly. It would be costly to the government because it would add to program outlays.

In brief, substitution of the cropland retirement plan for current commodity programs does not seem to have any clear-cut advantages and poses problems of prime importance to farm families. Concern of farmers is properly expressed by the questions: How would such a program help attain the goal of (1) strengthening income, (2) eliminating surpluses and (3) maintaining supply-demand balance?

There is also serious question as to whether the retirement of 50 million acres over a 5-year period as called for by the bill would be sufficient. Total production of most crops has increased in recent years and direct supply-management measures will continue to be needed.

Under such a program the less productive acres would go out of production first. This would probably mean that some of the more arid areas of the West would within a few years be depleted of their farm and rural residents and businesses.

The latest study just recently completed by the Economic Research Service of the U.S. Department of Agriculture reveals the following: "Productive potential would be very large even after retirement of 70 million acres."

A general retirement of 70 million acres is estimated to result in increased production and decreased net farm income.

Should this occur, the study goes on to say, the operation of a general cropland retirement program would intensify the adjustment problems of more farm people.

However, the study finds a small program could be a valuable supplement to present programs for individual crops.

Mr. Chairman, I want to direct your attention to this because the present legislation has a cropland retirement program—the CAP.

This program has not been able to demonstrate its true value as a supplement to our annual program because it has not been funded sufficiently. Yet in the consideration and writing of this particular legislation, the experiences gained from the conservation reserve program were fully considered. It limits the amount of cropland in any one county or community it gets at the heart of the crop surplus problem by requiring retirement of one or more allotment or base crops. It gives authority to the Secretary of Agriculture to allow some selectivity of participants. These are some of the more important provisions of the present act.

This program, had it been adequately funded, may very well have helped eliminate the distressing problems we find today with wheat and feed grains and most likely would have reduced annual program costs, since some surplus acreage could have gone into a 5- to 10-year retirement program at less annual cost per acre.

So rather than again start in a different direction with new and questionable farm legislation, why not improve on the programs and experience we have at hand.

Mr. Chairman, neither Farmers Union nor the Farm Coalition Committee opposes a cropland adjustment program such as is authorized in the 1965 Food and Agriculture Act provided it is operated in conjunction with commodity programs authorized by the act. We would not object therefore to the removal of limitation on appropriations that the act provides. This would permit the Executive and the Legislative branches of Government to determine at what level the cropland adjustment program should be operated.

On behalf of the members of Rocky Mountain Farmers Union, we commend the Farmer Coalition Committee for making such a recommendation and are pleased to give the proposal the endorsement of our organization.

Thank you.

The CHAIRMAN. We thank you very much, Mr. Hanavan.

Mr. DECHANT. Mr. Chairman, I would then like to ask a constituent of your district to present the views of our organization in regard to cotton, the president of the Texas Farmers Union, Jay Naman.

The CHAIRMAN. I will not introduce Jay Naman, because I think everybody knows him, but I do want to simply welcome him to this committee. He is my constituent, he is my neighbor, and he is my friend. We are glad to have you here, Mr. Naman. We always are.

We believe that he has a fine grasp of the problems in our part of the country and I think he can express them.

STATEMENT OF JAY NAMAN, PRESIDENT, TEXAS FARMERS UNION

Mr. NAMAN. Thank you, Mr. Chairman, and members of the committee.

I appreciate that kind introduction, Mr. Chairman.

While agreeing to give further consideration to the cotton program, the Farm Coalition Committee has tentatively agreed to recommend extension of the cotton program authorized by the 1965 Food and Agriculture Act. Farmers Union is in agreement with this recommendation.

My statement here is in two parts: First part of some general observations on the cotton program, and then I take the opportunity to take issue or at least Farmers Union does, with some proposed changes, rather radical changes in the program.

The cotton farmers' weak position in the marketplace is dramatized by the fact that although the raw cotton markets were at historic lows in the early spring, the mill margin, which is the spread between the raw cotton and gray goods, was at the highest level in history. In other words, cotton farmers are so weak in the marketplace that they are forced by the milling industry to sell their production at less than the production costs. This they are able to do because of the one-price policy of present law which is supplemented by direct payments to producers. But in contrast, the textile industry administers a price which continues to go up in spite of the reduced price of the raw product, thereby adding to the cotton milling industry profits.

There is considerable slippage between the mill and the farmer as well as between the mill and consumer. The effect of payments has not been reflected in increased prices to the farmer, nor have they resulted in lower prices to consumers.

But the fact remains that cotton farmers badly need the supply-management program and direct payments made possible by the action of this committee and the Congress.

Various ideas are being promoted to assure more production of cheaper cotton. One of these thinly disguised proposals suggests that the production payments be spread over a farmer's planted acreage rather than being restricted to his share of the domestic market. This device would force a farmer to plant his entire acreage to get all of his payments and would proportionately reduce the per acre payments which he receives. This trade-promoted device would thwart supply-management and stimulate the production of more bales to further depress the market.

Another illogical notion which is being given widespread notoriety is that the restrictions on transfer, lease and sale should be relaxed to "permit farmers who want to grow cotton to grow it." Unrestricted transfers would simply move all cotton production to California and the reclamation areas of Arizona. Since we have no problems with shortages, production of cotton should remain in the traditional growing areas. It is uneconomical to move an agricultural industry from one area to another along with all of the people and services that make up the industry. If anything, the rules on transfer of allotments by lease

or sale along with the county referendums and restrictions against transfers across State lines should be strengthened.

The present cotton legislation, if adequately funded and properly administered, is as near an ideal commodity program as ever conceived. It would operate better if the Secretary of Agriculture would exercise his prerogative to restrict production through a mandatory diversion and increase the payments for voluntary diversion to a level to get more compliance. The production payments on that cotton which is consumed domestically should be increased to the maximum authorized under the law.

Mr. Chairman, Farmers Union wishes to express our appreciation to you for the contribution that you made to the development of the present cotton program. We hope that the committee will accept our recommendation to extend it.

The CHAIRMAN. Thank you very much, Mr. Naman.

Mr. DECHANT. Mr. Chairman, I would like next to present a man who will discuss the wheat provisions. He is a wheat and livestock rancher from Montana. In fact, he left the harvest field in Montana earlier this week to come and make this appearance. His name is Gordon Twedt, president of the Montana Farmers Union.

The CHAIRMAN. Now, our newest member, Mr. Melcher, would like to introduce Mr. Twedt to us.

Mr. MELCHER. Thank you, Mr. Chairman. I would like to welcome Gordon Twedt and introduce him to the members of the committee that may not know him.

Gordon and I served in the legislature together. He is a long-term legislator, and former minority leader of the Montana House of Representatives. He is also a family farmer, as Mr. Dechant has described, and from Hall County, a part of the great triangle area, one of the great producing areas of the Nation.

He is a grassroots man of agriculture, a true leader, and I am proud to present him to all of you.

STATEMENT OF GORDON TWEDT, PRESIDENT, MONTANA FARMERS UNION

Mr. TWEDT. First of all, thank you, Mr. Chairman, for permitting my good friend and colleague, Congressman Melcher, to say his very, very kind words. I would have expected it from him. He is built that way.

Mr. Chairman, members of the committee, I would like to say something off the record.

(Discussion off the record.)

Mr. TWEDT. To get to the testimony, Mr. Chairman, and members of the committee, there are some differences, minor differences, between the Farmers Union's policy on wheat and the recommendations of the Farm Coalition Committee. But since this 18-organization committee did agree on improving amendments to the wheat program, I shall limit my remarks to setting forth the recommendations of the coalition committee, insofar as we feel that we can make further improvements and we intend to make suggestions for further improvements in the present wheat legislation.

But first of all, I would like to correct the one sentence where it says I shall limit my remarks to setting forth the recommendations of the coalition committee. Because of the suggestions of the committee and yielding to temptation in my presentation I shall include a couple of other recommendations.

But first of all, the important part of this recommendation are the four points set forth by the Farm Coalition Committee and which we are extremely proud and happy to support fully. No. 1 is that we recommend an export certificate that wheat accompanied by export certificate should be supported at between 65 percent of parity which is \$1.08 a bushel and \$0.90 a bushel and \$2.49 a bushel. This is probably the major recommendation.

Secondly, that the national average support price loan value of \$1.25 per bushel at harvest time rather than at loan maturity time. Here, of course, we are referring to those loans that are in commercial storage.

Third, we recommend that no reduction of project yield for any farm by over 5 percent of the preceding year by reason of national disaster.

No. 4, that the payment of at least 50 percent of the value of the domestic and export marketing certificates be paid at the time of program signup.

There are no proposed changes in the domestic certificate, the substitution clause, the overseeding privilege, or any other of the 1965 Farm Act provisions pertaining to wheat.

In way of explanation and justification for these four proposed changes, I will comment briefly:

1. *Export certificate.*—Despite desirable features of the wheat portion of the 1965 Farm Act, the commercial wheat farm economy is deteriorating rapidly. The domestic certificate assuring 100 percent of parity on domestically consumed wheat has been an important bulwark against the cost-price squeeze the farmer is suffering. However, even the domestic certificate has been unable to hold wheat returns at a survival level. In the 3 years since the certificate program went into effect, the blend price for compliers—national average market price per bushel plus returns for certificates—has been: 1966, \$2.22; 1967, \$1.87; 1968, \$1.79. In addition to this disastrous drop in blend price, the wheat farmer has had his allotment cut 32 percent and has seen his input costs raise by 15 percent.

Large wheat stocks throughout the world have depressed prices to or below loan level. Relief is desperately needed.

We are requesting, therefore, an export certificate which would, in effect, make a three-price program for wheat.

Using this year's parity price and also this year's domestic certificate percentages, a complying farmer would receive:

Domestic: \$2.77 per bushel for 43 percent of his normal yield;

Export: \$1.80 per bushel for 40 percent of his normal yield (if minimum 65 percent of parity was used);

Noncertificated: \$1.25 per bushel for 17 percent of his normal yield.

The blend price to farmers would be \$2.12 per bushel for the normal yield on allotted acres.

2. *National average support price loan value of \$1.25 per bushel at harvest time rather than at loan maturity time.*—It is now the practice

to subtract 10 cents per bushel storage cost from the support loan price if the wheat is in commercial storage. We urge that the full loan rate be paid when the wheat is put into storage at harvest time and then make the farmer responsible for paying his own storage liability when his wheat is either sold or turned over to the Commodity Credit Corporation. This would have the effect of setting the market price floor, which is dependent on the loan level, 10 cents higher at harvest time.

3. *Reduction of projected yield by natural disaster.*—There is presently no protection from having a very low per-acre yield caused by fire, hail, flood or other natural disaster, used as part of formula setting a farm's projected yield. This, of course, can drastically reduce the number of domestic certificates a farm is eligible for. We ask that a limit of 5 percent be set as the most a projected yield might be reduced as the result of any one bad year due to natural disaster.

4. *Advance payment.*—This request is based on the fact that the program is immediately benefited by the farmer indicating his intention to comply. A precedent in other commodities is also available. Obviously, need is the third factor—farmers need operating money at time of sign-up, and high interest commercial loans are the only alternative.

Mr. Chairman and members of the committee, with your permission and at the risk of being a bit provincial, perhaps; may I in closing submit as briefly as possible one more recommendation.

It is not a new recommendation, as I submitted this same recommendation to the Secretary of Agriculture at his meeting in Pullman, Wash., on April 23 of this year.

It is being suggested here again as a resolution adopted by eight farm groups, as we met in Helena, Mont., Congressman John Melcher, that last July 17 and therein their recommendation. We request that there be an adjustment in loan rates to fully reflect the \$1.25 figure on wheat. We suggest that this may be done by one or a combination of the following changes in the method of setting various loan rate levels from point to point in the United States.

No. 1, that the \$1.25 loan rate at all locations regardless of the distance from the so-called "terminals."

Secondly, that there be an adjustment of the loan rate to reflect the actual value on the quality of wheat rather than on "the dominant wheat class produced in the area tributary to an individual terminal market." Terminal markets—I am thinking of east coast market, the gulf market, and the Portland market and the wheat that is produced in the area tributary to these markets.

Third, by varying the value of the wheat certificates to fully reflect the 100 percent of parity. Obviously, the wheat certificate at the present time is on domestic wheat. By varying quality of the wheat to fully reflect the \$1.25 so-called national average rather than \$1.06 loan value at one area, \$1.46, for example, in another area.

Finally, in closing, Mr. Chairman, we recognize that the price cutting now going on with respect to the International Grains Arrangement is not a matter than can be corrected through legislative action at this time. However, we want to clearly record our continued support for a workable IGA and to urge the committee to lend its support toward this objective.

We note with dismay a recent USDA announcement cutting by 12 cents a bushel the price of Hard Red Winter wheat at gulf and east coast ports. This is expected to bring the price as low as 17 to 18 cents per bushel below the IGA minimum of \$1.73 per bushel. This is a senseless cut since apparently other countries are still underbidding our exporters.

Farmers have the most at stake in the failure of IGA-member governments to abide by the price schedules set out in the arrangement.

We can see no advantage to anyone. For example, devaluating our wheat stocks is a loss to the Government. And we question the claim of some exporters that the cut will facilitate greater exports.

Thank you, members of the committee.

The CHAIRMAN. Thank you very much, Mr. Twedt.

Mr. DECHANT. Mr. Chairman, we would like now to discuss the feed grain provisions of H.R. 12430. I would like to ask two gentlemen to come to the table, the president of the South Dakota Farmers Union, Ben Radcliffe, and the president of the Iowa Farmers Union, Sydney Gross. Mr. Radcliffe will present the statement.

The CHAIRMAN. Glad to have you both.

STATEMENT OF BEN RADCLIFFE, PRESIDENT, SOUTH DAKOTA FARMERS UNION; ACCOMPANIED BY SYDNEY GROSS, PRESIDENT, IOWA FARMERS UNION

Mr. RADCLIFFE. Mr. Chairman, members of the committee, as President Dechant has indicated, I have beside me Mr. Gross, president of the Iowa Farmers Union, who will be seated beside me to answer any questions that may follow this presentation at any time during the forenoon.

Our organization recognizes that the economic welfare of both feed grains and livestock producers are irrevocably tied together.

In many Western States, such as South Dakota, livestock now accounts for a bigger percentage of income than any other commodity. It is difficult to view the feed grains program separately because it relates directly to the livestock sector of agriculture in an economic sense.

We fully recognize the assistance to livestock producers and feeders that the feed grains program has provided, particularly in regard to stabilizing the price of feed.

The Nation's farmers badly need legislation giving them stronger supply control as well as bargaining power rights such as labor possesses. However, the worsening of the price-cost squeeze brought on by increasing prices for almost everything that farmers buy calls for immediate improving amendments to increase the income of feed grain producers and to underpin recent increases in cattle and hog prices. Therefore, we recommend that title III of the 1965 act be amended to:

1. Increase the price support loan rate on corn to \$1.15 per bushel, with the loan rate on grain sorghum increased in the same ratio to \$1.57 per hundredweight.

2. We further recommend that the payment for corn and grain sorghum be increased to reflect full 90 percent of parity price and that the payment be made on the full amount of the projected yield on base acres.

If these changes were made, the payment for corn would be increased 10 cents per bushel to 40 cents, bringing the price on the projected yield on corn base acres, together with \$1.15 loan to \$1.55 per bushel.

In the same ratio, the payment on grain sorghum would be increased 18 cents per hundredweight to 71 cents, bringing the price on the projected yield on grain sorghum base acres, together with the \$1.75 loan, to \$2.46 per hundredweight. Corresponding price support loan benefits would accrue to the benefit of producers of barley, oats and rye and would raise the income of the producers of these commodities.

We should also like to recommend that in no event should the farm-projected yield for any crop of feed grains for any year be reduced by more than 5 percent below what it was for the immediate preceding crop if the actual yield from such farm was reduced as the result of drought, flood, or other natural disaster.

In closing, Mr. Chairman, in behalf of the feed grain producing members of Farmers Union, we would like to express our support of the Farm Coalition Committee and to stress at this point that these suggested amendments have the full support of this coalition as well as Farmers Union.

The CHAIRMAN. Thank you very much.

Mr. MAYNE. Mr. Chairman?

The CHAIRMAN. Yes.

Mr. MAYNE. I would like to welcome Mr. Gross here today. Apparently he is not going to speak right now, but he has certainly proved to be a very effective and articulate spokesman for the Farmers Union in Iowa and the Midwest. He does not happen to reside in the Sixth District of Iowa, but I have had the pleasure of meeting with him frequently since coming to the Congress and we have considerable correspondence. I can certainly testify that he is one of the most responsible and effective farm leaders in the Midwest. It is a real pleasure to welcome you here today, Sid.

The CHAIRMAN. Is he a nephew or colleague?

Mr. MAYNE. He is closer kin than that, his brother——

The CHAIRMAN. His brother.

Mr. DECHANT. Mr. Chairman, the man who will make recommendations in regard to soybeans and flaxseed is the president of the Indiana Farmers Union, a dairy and grain farmer, Harold Wright.

The CHAIRMAN. Glad to hear from you, Mr. Wright.

STATEMENT OF HAROLD WRIGHT, PRESIDENT, INDIANA FARMERS UNION

Mr. WRIGHT. Mr. Chairman, members of the committee, I would like very much to comment on the action of the Farm Coalition Committee in recommending a program of acreage diversion for soybeans and flaxseed when oversupply threatens to weaken market prices.

Secretary of Agriculture Hardin conceded that the cut in soybean price support from \$2.50 to \$2.25 would not result in reducing production. As a result of the exceptionally large crop in 1968 further pressure from the trade developed. Their objective was to seek overseas sales

of the additional production. This was a major contributing factor in the Secretary's decision to reduce soybean price support. Some would argue that it was the only factor that prompted the cut.

Soybean growers want to grow and market as many soybeans as possible as long as they are receiving a fair price. The processors and exporters of soybeans receive a profit on each unit of their sales. They will take no less profit when farmers are receiving \$2.25 per bushel than they did when farmers were receiving \$2.50 a bushel.

In order to stave off a cut in price support this year Farmers Union recommended to the Secretary that he use the authority in existing law to deny price support to producers who were unwilling to reduce their soybean acreage by 7 percent and who did not participate in the wheat and feed grain program.

Our review of existing law at that time revealed that the Secretary had no authority to formulate and administer an acreage diversion program for soybeans or flaxseed. It is our recommendation to this committee, therefore, that the Food and Agriculture Act of 1965 be amended to authorize the Secretary of Agriculture to administer an acreage diversion program for any year that the combined stocks, including meal and oil bushel equivalent—CCC-owned farm resale and commercial—exceeds 150 million bushels as of August 31 or 15 percent of the previous year's utilization, whichever is less. Such a provision would provide that an acreage diversion program would be in operation only if it is needed. The Secretary should be authorized to make acreage diversion payments comparable to feed grain program payments so as to reduce acres by such an amount as will result in holding flaxseed and soybean stocks for the succeeding year to within the above limits.

The amendment to the 1965 act should authorize the Secretary to establish the procedure for individual farm diversion, including the setting of base periods, relating to acreage, yield, and other productivity factors as necessary to maintain production within the limits set forth above.

We recommend that the amendment also provide that in any year when an acreage diversion program is in operation the Secretary shall set the price support level for program participants at not less than 75 percent of parity price.

Mr. Chairman, we have prepared legal language such as we feel would be necessary to authorize such a program and it will be made available to the committee and its staff by the Washington office staff of Farmers Union.

The CHAIRMAN. Thank you very much, Mr. Wright.

Mr. DECHANT. Mr. Chairman, I would now like to call on the president of the Utah-Idaho Farmers Union in reference to wool and livestock marketing amendments to H.R. 12430.

STATEMENT OF ROY L. HOLMAN, PRESIDENT, UTAH-IDAHO FARMERS UNION

Mr. HOLMAN. In the area of the country that I represent the production of wool is an important farm enterprise. In Utah alone payments under the wool program amounted to \$21½ million. Without this program most of our sheepmen would quickly be forced out of business. The Wool Act was incorporated into the Food and Agricul-

ture Act of 1965, and since it expires next year with the other commodity programs, we urge the committee to make it a permanent legislative program as H.R. 12430 provides. In this connection, I should like to set forth other Farmers Union recommendations in regard to livestock marketing:

1. We favor legislation to prohibit feeding of livestock by meat-packers, feed companies, and retail chainstores.
2. We urge, as we do for other commodities, that wool incentive payments be adjusted to reflect 100 percent of parity price to the producer.
3. We urge the Secretary of Agriculture to institute livestock committees which are representative of family farmers and ranchers.
4. We urge passage of legislation which would require bonding of packers; however, we do feel that the regulations should not be so stringent that it discourages the smaller buyers.

I have been at auctions where the buyers were so few that it becomes a matter of you take your turn, I will take mine, and this is very discouraging to those bringing their livestock to the auction.

The Secretary of Agriculture should have the authority to prevent irreparable damage, provide severe penalties for those refusing to compensate producers, and clarify the jurisdiction in regard to the packers and stockyards authority relating to food chains.

5. We are concerned over the recent grazing fee increase imposed by the Department of Agriculture and the Department of Interior. The livestock industry feels that this is an unjustified additional cost of production. We strongly urge that any further increases be held in abeyance pending completion of the recommendations of the Public Land Law Review Commission on grazing fees. We urge that due consideration be given to the record established by those testifying at the grazing fee hearings held before the Public Lands Subcommittee of the Senate and House Interior Committees earlier this year.

I realize, Mr. Chairman, that tax laws are written by other committees of Congress than this committee. We enlist your support and your efforts, however, to end so-called tax-loss farming, removing the loopholes that attract into farming those with large incomes from other sources.

In closing, Mr. Chairman, I should like to stress that Farmers Union members in Utah and Idaho strongly concur with the leadership of Farmers Union in the participation of our organization in the Farm Coalition Committee that met recently here in Washington.

Thank you very much.

The CHAIRMAN. Thank you very much, Mr. Holman.

Mr. DECHANT. Mr. Chairman, I would like now, with your permission, to present recommendations that a consumers protection reserve be authorized. To make the recommendation is the president of our Nebraska Farmers Union, Mr. Elton Berck.

The CHAIRMAN. Mr. Berck.

STATEMENT OF ELTON BERCK, PRESIDENT, NEBRASKA FARMERS UNION

Mr. BERCK. Thank you, Mr. Chairman.

Mr. Chairman, and members of the committee, I would like to give the committee full assurance that the measures proposed by the coali-

tion has the full support of the Nebraska Union organization. It agrees in all areas with principles adopted by delegates to the State convention over a period of years.

As an amendment to H.R. 12430 Farmers Union recommends that a consumer protection reserve be authorized. We believe it should be the policy of the Congress to establish and to maintain reserves of storable agricultural commodities adequate to meet any foreseeable food and fiber shortage which might arise in the Nation as a consequence of any natural disaster, adverse food production conditions, military actions, or other causes and to assist other nations of the world in any food or fiber emergency. It should further be the policy of Congress to establish such reserves in years of surplus production and to maintain them to the maximum extent practicable in the control of producers to assure their segregation from the commercial market so that existence of the reserves will not adversely affect the level of market prices.

We should add parenthetically that Farmers Union has joined with other producer groups in recent months in expressing a mutual concern about the announced decision of the Department of Agriculture to make drastic cuts in loan funds available for purchase of on-farm grain storage facilities.

The decision created an additional obstacle in that grain conditioning equipment formerly eligible for loan has been deleted from the later regulation. This decision has a long-range effect in the maintenance of condition in grain stored over a period of time. For the short range it reveals a lack of perception regarding today's harvesting techniques since feed grains and wheat now move from the field into storage in a volume and at a rate of harvest that demands drying facilities at bin site for safe storage.

This decision by the U.S. Department of Agriculture so alarmed grain producers in our own predominantly agricultural State of Nebraska that the State legislature in 80th session assembled, adopted a resolution which I have submitted to the clerk of your committee for the files.

In S. 2488, introduced June 25, U.S. Senators Curtis and Hruska from Nebraska joined with others in proposing that the Commodity Credit Corporation be authorized to insure loans made to farmers for the construction or purchase of grain storage facilities.

It is a matter of urgent necessity that this measure receive prompt approval in both House and Senate.

During 1968 there was much discussion concerning a procedure for establishing a food and fiber reserve. A number of the general farm and commodity organizations who are active in the present Farm Coalition Committee drafted a proposal. This same proposal was given support by this Farm Coalition Committee which met in Washington, July 7 and 8.

The proposal provides for the reserve to be maintained in parts by (1) resale on farms, (2) farmer-contract, and (3) CCC publicly owned.

1. *Resale on farms.*—Reserves would be established as follows: Wheat, 150 million bushels; feed grains, 7½ million tons; and soybeans, 20 million bushels.

2. *Farmer-contract*.—Reserves would be established as follows: Wheat, 150 million bushels; feed grains, 7½ million tons; and soybeans, 20 million bushels.

3. *CCC publicly owned*.—Reserves would be established as follows: Wheat, 200 million bushels; feed grains, 15 million tons; soybeans, 35 million bushels; and cotton, 3 million bales.

This would provide a total reserve of 500 million bushels of wheat, 30 million bushels of feed grains and 75 million bushels of soybeans and 3 million bales of cotton. In order to insure that the CCC reserve stock of these commodities will be insulated from the market, the proposal provides release prices as follows:

For wheat.—When CCC stocks are below the above level of 200 million bushels, the minimum resale price would be 100 percent of the current parity price adjusted for class, grade and location, less the current cost of the marketing certificate charged to processors. Currently, this would mean about a \$2 per bushel resale price.

For feed grains.—When CCC stocks are below the level of 15 million tons, the resale price would be the parity price adjusted for class, grade, and location, less the current price support payment rate. Currently this would mean about a \$1.40 per bushel resale price.

For soybeans.—When CCC stocks are below 35 million bushels the parity price would prevail.

For cotton.—When Commodity Credit Corporation stocks are below 3 million bales, the minimum price would be 100 percent of the current parity price adjusted for the class, grade, and location.

For the farm resale and farmer-contract portion of the reserve, there would be no minimum release price, producers option as to sale would prevail at the date of release of the reserve commodities.

Provision would be made for rotating stocks and for emergency release in the event of need caused by natural disaster, low production, or military requirements.

We commend the proposal to the committee as an amendment to H.R. 12430. A brief summary of the program is before you and legal language to authorize such a program will be made available to the committee and staff by our Washington office staff.

In closing and with reference to the overriding question facing your honorable body concerning extension and improvement of present Federal farm legislation, permit me to observe that farmers, ranchers and livestock producers and chambers of commerce in Nebraska are of like mind concerning certain current proposals aimed at massive land retirement or leasing programs as a measure to control supply of farm products and enhance producer income.

Nebraska, as you know, is a State in which agricultural income largely comes from the sale of livestock products. This proposal is viewed as a grave threat for our livestock industry and the entire economy.

Mr. Chairman, thank you.

The CHAIRMAN. Thank you very much.

Mr. DECHANT. Mr. Chairman, following the action of the House in approving the Conte-Findley amendment in 1968, which the Farmers Union opposed, our delegates this year, in convention at Hot Springs, Ark., attempted to deal with the problem in such a way that would not disrupt the farm programs. I know that it is a controversial subject.

There were many delegates at our convention who disagreed or had various degrees of disagreement. But I think it was the general consensus that if we have to look forward to a dose of medicine, one of these times here in the Congress, that at least we should have a hand in writing the prescription. It was with this that the delegates took an action relating to payment limitations.

I would like now to call on the director of our legislative services here in Washington, Reuben L. Johnson, to present this portion of our statement.

The CHAIRMAN. Mr. Johnson, we are always glad to have you.

STATEMENT OF REUBEN L. JOHNSON, DIRECTOR OF LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. JOHNSON. Mr. Chairman, and members of the committee, I will only attempt to describe the graduated-payment formula, which our delegates approved. The recommended formula would affect only certificate, diverted acreage, and direct payments applicable to wheat, feed grains, and cotton, or a combination of these programs. They prescribed that the graduated formula would apply to farm operators as defined by the Agricultural Stabilization and Conservation Service, with interest of tenants fully protected.

Up to \$25,000, the producer would receive 100 percent; between \$25,000 and \$35,000, the producer would receive 75 percent or \$7,500; between \$35,000 and \$45,000, the producer would receive 50 percent or \$5,000; making the maximum limitation which would apply at the \$45,000 level, \$37,500.

In approving the graduated formula, the delegates realized that many Members of Congress support the concept of some form of payment limitation. It was their hope that, by giving direction to the Congress, we could keep farm programs operating successfully, specifically in relation to supply management. For example, they considered the graduated formula as much preferred over the flat-payment limitation of \$20,000 which was approved recently in the House of Representatives.

In coming to a decision on the payment-limitation issue the delegates were making an attempt to urge Members of the House and Senate to vote positively and constructively to make farm programs serve the Nation better. They in effect object to payment-limitation amendments which are offered as a harassment to present farm programs, are completely negative, and would disrupt and erode these programs.

The CHAIRMAN. Thank you, Mr. Johnson.

Mr. DECHANT. Mr. Chairman, a key issue in agriculture remains on the bargaining front, and I would like now to ask the president of the Minnesota Farmers Union and also the national vice president, Ed Christianson, to present the views of our organization relating to long-range farm legislation.

The CHAIRMAN. I think we all know Mr. Christianson, and are delighted to have him here.

Mr. Zwach asked to introduce him. Do you see Mr. Zwach this morning? Well, we all know Mr. Christianson, and we take notice of Mr. Zwach's desire to introduce him.

We will be glad to hear from you.

**STATEMENT OF EDWIN CHRISTIANSON, VICE PRESIDENT,
NATIONAL FARMERS UNION**

Mr. CHRISTIANSON. Mr. Chairman and members of the committee, we are grateful for this opportunity to appear before you at a time when you have made a beginning in resolving the basic policy direction in agricultural programs.

Never has there been a clearer choice between proposals to proceed from where we are to more effective farm programs on one hand and a retreat in to chaos and bankruptcy for farmers by elimination of the farm program as some have proposed.

We commend the committee for having undertaken these hearings and particularly we wish to single out the chairman for his leadership in bringing forward a bill which can serve as the framework for improved farm and food stamp legislation.

I am happy to be associated in the recommendations being offered by President Dechant and the State Farmers Union presidents here today. My responsibility in this Farmers Union presentation today is to deal with measures which are needed to give farmers a greater element of market power.

Bargaining power is not a new subject in agriculture nor in farm legislation. In our organization, the effort to improve the economic position of the farmer in the market goes back more than 60 years and it took a variety of forms—establishment of farm cooperatives at both the local and regional levels, obtaining of a place for co-ops on the terminal markets and commodity exchanges, development of commodity loan programs, provisions for acreage allotment and marketing quotas, encouragement of on-the-farm storage, provisions for acreage diversion and conservation programs, authority for producer payments, creation of Federal marketing orders and agreements—all these have been part of the campaign for a farm economic stability—all of these programs and tools have been and are elements of market power for farmers.

When a producer does not have to sell in a distressed market—because the loan and storage programs give him a ready alternative—then he has the beginning of bargaining power. Or when either surplus capacity or farm surpluses themselves are diverted by Government programs, this also is bargaining power for producers. Or when minimum prices to be paid by handlers are prescribed under a marketing order, this, too, is an element in bargaining power. Or when farm storage or extended resale opportunities enable producers to hold grain under their control, this also is bargaining power.

However, the development of enabling legislation for effective and direct bargaining with handlers on prices has never been successfully achieved on a broad base. Some limited bargaining takes place under the Federal marketing orders, but the establishment of a broader and more effective mechanism has been a frustrating process and an elusive goal.

The effort for such legislation can be traced back to veto of a forerunner of the Capper-Volstead law by President Taft in 1913, by the watering down of the Capper-Volstead law itself before passage in 1922, by the refusal of Congress in the mid-1920's to approve a law for a comprehensive farm cooperative marketing system, by the refusal again 10 years later to approve a system of licenses and marketing

agreements and the approval of only a limited system for specified commodities and restricted geographical areas under the Marketing Agreement Act of 1937, the failure to give serious consideration to the National Agricultural Relations Act in 1945, the Family Farm Program Development Act in 1959 and the Agricultural Enabling Amendments Act of 1961, and finally in 1967 and 1968 to seeing the Agricultural Fair Practices Act, S. 109, almost turned against farmers and farm co-ops before final revision and approval.

Certainly, the record of this history proves that it is difficult to obtain this very important "missing link" in the programs needed by farmers.

In the last Congress, Farmers Union strongly supported all three titles of the National Agricultural Bargaining Act, introduced in the U.S. Senate by Senator Walter F. Mondale and many other Members of the Senate, and by Representative Arnold Olsen and other Members of the House. Title III has since been taken care of by the passage of S. 109 to an extent.

At our 1969 national convention of the Farmers Union in March at Hot Springs, Ark., our delegates spelled out their views on agricultural bargaining and related points.

We have attached to this statement a copy of these particular resolutions and believe they speak for themselves in regard to the bargaining legislation introduced in this Congress. We ask that you make these statements part of this testimony.

In closing, we wish to make these general observations on farm bargaining measures:

1. We regard bargaining authority as a vital supplement to existing farm programs, but not as a total replacement of them. Farmers could no more hope to operate through bargaining alone than labor would be willing to rely on bargaining alone and waive all wage and hour legislation and regulations for the economic protection and safety of workers.

2. Any successful bargaining must be preceded by effective supply management so that alternate sources of supply are not available to handlers through unrestricted domestic production, through farming operations by the handlers themselves or through imports.

3. Bargaining legislation should contain the mechanisms and procedures for producers to initiate bargaining systems and to keep these operations responsive to the wishes of the majority of producers through producer-elected committees or boards.

4. While the bargaining enabling authority should be available across the board to all commodities, major as well as secondary, it is logical that the emphasis be placed first on areas where there is an initial framework for bargaining techniques—and that would be under the Federal marketing orders and marketing agreements. These Federal orders and agreements should be made available to all commodities. Orders and agreements should no longer be limited to the smallest practicable geographical area but should be encouraged on a regional or national basis.

5. Federal market orders should include authority for supply control and management by producers.

6. The parity income objective of the marketing order law should be restated and reaffirmed by Congress so that administrators do not ignore it as the basic purpose of the law.

7. Any bargaining program, to be effective, must require handlers to bargain in good faith. Labor's bargaining laws were relatively ineffective until the legislation of the 1930's requiring employers to bargain in good faith.

8. Prices agreed upon by producer and handlers under the terms of a nationwide bargaining system for a particular commodity should be recognized in law as the legal minimum at which public trading may take place.

We thank you for the opportunity to submit these recommendations and urge you to include market order or bargaining provisions in the context of a comprehensive farm bill.

Certainly, again, let me thank you, Mr. Chairman, and the committee for the opportunity that we have as a team here, a Farmers Union team, to submit these recommendations to you.

The CHAIRMAN. We are always glad to have you, Mr. Christianson.

Mr. DECHANT. Mr. Chairman, I would like next to call on the president of the Virginia Farmers Union to make some comments on peanuts. Jack Hall of Virginia.

Mr. WAMPLER. Mr. Chairman.

The CHAIRMAN. Mr. Wampler.

Mr. WAMPLER. Mr. Hall is not a constituent of mine; however, he has appeared before this committee on other occasions. He is extremely knowledgeable of peanuts, and I believe he is a constituent of Congressman Abbitt. He is from the same section of Virginia and certainly I welcome him to the committee.

The CHAIRMAN. Glad to have you.

STATEMENT OF JACK HALL, PRESIDENT, VIRGINIA FARMERS UNION, WINDSOR, VA.

Mr. HALL. Mr. Chairman, Mr. Wampler, I certainly appreciate the introduction.

I know that under this legislation today consideration of peanuts are not included. However, peanut growers would like to go on record as approving the action of the coalition committee.

Peanut growers believe that effective results can best be obtained through programs tailored to fit individual commodity problems, including supply management appropriate to control excessive overproduction. We would like to associate ourselves with the position taken by Farmers Union to extend and approve the Agricultural Act of 1965.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Hall.

Mr. DECHANT. Our last witness, Mr. Chairman, will present our views relating to the food stamp program, the president of the Arkansas Farmers Union. He has had considerable experience in recent years in the field of dealing with programs to bring income to underprivileged people in his State.

I would like now to introduce Lewis J. Johnson.

Mr. ALEXANDER. Mr. Chairman.

The CHAIRMAN. Yes, Mr. Alexander.

Mr. ALEXANDER. I would like to take this opportunity, also, to introduce Mr. Lewis "Red" Johnson from Arkansas. Mr. Johnson and I

have been friends for a number of years. I am pleased to have him here from Arkansas to testify before the Agriculture Committee.

He has dedicated his life work to the plight of the farmer and the underprivileged in Arkansas.

Mr. Johnson, I welcome you here to Washington and to the Agriculture Committee.

**STATEMENT OF LEWIS J. JOHNSON, PRESIDENT, ARKANSAS
FARMERS UNION, LITTLE ROCK, ARK.**

Mr. JOHNSON. Thank you, Mr. Alexander.

Mr. Chairman and members of the committee, let me say on behalf of Arkansas we are proud to send to you this fine young man from Arkansas, to serve on your committee. You are going to find him a great young man, and we are pleased to send him here.

Thank you, Bill.

Mr. ALEXANDER. We got together on that pretty good, didn't we?

Mr. JOHNSON. Mr. Chairman, if I may digress just a moment; inadvertently we forgot to mention rice in our overall program, so we don't have a written statement filed, but I would like to say this is our position on rice:

As you know, we grow a lot of it in Arkansas. I don't have the time to brag on Arkansas that I would love to have. But we grow a lot of rice and rotate rice and catfish farming. The rice program, as it is, is very effective. We don't want you to change it, just let it go as it is and keep increasing the acreage allotment and give us a realistic price support and export subsidy. Let's help these other hungry people.

So we are in pretty good shape, Mr. Chairman, on rice.

Now, if I may, Mr. Chairman, I would like to have this statement filed as it is, and I would just like to briefly visit with you members of the committee.

The CHAIRMAN. Without objection that will be placed in the files of the committee.

Mr. JOHNSON. We are talking about, on this food stamp program, we are talking about people, we are talking about helping the less privileged people from the storehouse of abundance that our farm people have been able to produce under the program that this committee has provided us.

It is always a pleasure to come before this committee, even though we realize you know a lot more than we do. We like to come up and visit with you.

I might have been in Texas, myself, if I could have read, Mr. Chairman, but since I couldn't read I stayed in Arkansas. I want to say to you that we have a deep appreciation for you and for your ability and for your feeling for rural people. We want to thank you for the introduction of H.R. 12430, which extends permanently the food stamp program, with an open end authorization.

We want to make the same recommendations that we did over in the Senate. We happen to believe, Mr. Chairman—and we don't play politics. But we like to help our neighbor that helps us, our city Congressmen that help us, we like to help them. Not all of the food stamp money goes into the city. A lot of it goes into our rural areas, and many who have gone into the cities are, our less fortunate farmers

that had to leave the farm several years ago. We must help take care of them in the city. But we like to help our city Congressmen. I want to say that. That is just good neighborliness, that is all that is, not politics.

We are glad that you are removing that limitation of \$340 million. Here we are talking about feeding our own people.

Mr. Chairman, when I was a boy, well, I had an uncle named Uncle Charley. We said, "You know Uncle Charley, he is lazy and sorry. He won't work." Well, what happens? We found out Uncle Charley had tuberculosis. He wasn't able to work. Uncle Charley wasn't sorry or lazy.

When we talk about helping needy people too often we say they are sorry, and we oughtn't to feed them—without knowing all the facts.

We have become accustomed to that thinking and tradition. But we are talking about human beings, people that are less fortunate than we are.

So we recommend that the Secretary make a study of this and that he come up with a minimum level that will qualify a family for free food stamps.

Mr. Chairman, I don't like to give anybody something that won't work for it if he is able. And yet if you have a hungry family, and we have got a warehouse or storehouse or our kitchen full of food, you and I are not going to say they have got to pay for food before I give them any of it. We oughtn't to do our needy citizens of this great Nation this way.

Once again, I want to remind you we are dealing with, in most cases, good solid citizens that have families.

How would you feel, Mr. Congressman, if you had to feed a family with eight children, on \$40 a week?

Mr. MYERS. I would find a job.

Mr. JOHNSON. He had a job, Mr. Chairman, the best job he could find.

Now, these are some of the people that we are talking about. He is holding the best job that he is able to hold, but he is a less fortunate person.

Now, then, we recommend, Mr. Chairman, that besides giving these that need it free food stamps, that in some way we have the food stamp and the food distribution program going along side by side, both of them in the same county.

Now, we would also like to say let's get away from just giving him a limited amount, that he can get with his food stamps. Let him buy some soap or wash powders, let him buy some toothpaste or toilet articles. Don't confine him to just a specific thing. You say well, we shouldn't do that, but I want to say that the overall picture in helping our economy will be the same.

We recommend to you, Mr. Chairman, that if you want to get away from the stamps—we print a lot of money up here and we got postmen that carry the mail. Let's set it up and make it easy for them to get money or stamps: let's mail it to them direct.

Let's don't make it hard for them to come in from way out in the county in to county seat and get it. Let's don't say if you haven't got all your money to buy all your stamps you are not going to get any. Let's don't say if you haven't got cooking facilities, you can't have any.

Let me give you this one other case, Mr. Chairman, and I will hurry along. This is Julius Robinson, a farmer, who lived out in the rural area and raised a family of six. He worked in the timber every summer and every fall after his crops were laid by.

He sent all of his children to high school and two of them to college. Now, when he became 65 workmen's compensation no longer covered him, so he couldn't work.

Now, his wife took cancer and he spent all his savings that he had saved. Welfare would not take him because he had a little home.

The food stamp program would not take him because he had a little home.

Now, these are discrepancies in these programs that ought to be ironed out. Thank goodness they had a green thumb program that he came on that helped him out. That is one of your Federal programs that you have supported to help older people.

Now, I want to say to you we are proud to come before this committee and give you some of their ideas. We realize you know so much more than we do, but we feel that we are in constant touch with these people in our rural areas and we would like to come and visit with you about it.

Thank you very much.

The CHAIRMAN. Thank you very much, Mr. Johnson.

Mr. DECHANT. Mr. Chairman, that concludes our formal presentation. We would be delighted to try and answer any questions that you or the members of your committee have.

The CHAIRMAN. We are very much obliged to you, Mr. Dechant, for a real comprehensive and enlightening presentation. I think it was a good one and well presented.

Our committee just yesterday had some discussion on this matter of questioning the witnesses. We have now just one-fourth of the allotted time for questions, and while I have a whole page of notes here of questions to ask each one of these individuals, I think I am going to waive this time and try to get down the line.

Mr. Belcher, do you have any questions?

Mr. BELCHER. I will waive mine, too.

The CHAIRMAN. Mr. Stubblefield?

Mr. STUBBLEFIELD. No questions.

The CHAIRMAN. Mrs. May.

Mrs. MAY. Just one comment.

I would like to say to our last witness that the family you just mentioned, who couldn't get food stamp money because they owned a home, there must be something wrong with the way the State or county is administering the law. Owning a home does not make it impossible for a family to get food stamp coupons.

I was going to say, if it is a needy case, you ought to have it investigated, because that should not rule him out for food stamps.

Mrs. JOHNSON. Thank you, ma'am.

MAY I add one more thing: We certainly would hope that in no case would a local official or a State official deprive a needy family from getting food contributions or food stamps.

Mrs. MAY. I think you will find the rules under food stamps are very flexible in this way. Thousands of people qualify and get food stamps who have their own homes.

The CHAIRMAN. Thank you.

Mr. Purcell.

Mr. PURCELL. I will limit myself to 1 minute, Mr. Chairman.

I will just say, Mr. Dechant and the other people who gave statements, although I may not agree with everything you said, that I compliment you on trying to work with other organizations. I have always felt when our country was in real need we could bury some of our difficulties somewhere other than in the other man's head with a hatchet, and I think we are in that condition now as far as farmers are concerned. I congratulate you on waiving some of your desires and cooperating with other farmers and other farm organizations.

Mr. DECHANT. Thank you, Mr. Purcell. I want to say that in many, many cases we had to take a step back from the policy position that our delegates adopted in order to present a unified front, in order to have 18 organizations present a coalition program. But we think it is so important, because the alternative is an undesirable massive land retirement program or no program.

In other words, if we are unable to extend the farm program we may find ourselves with no program, and in my testimony I outlined how ineffective that would be, because it would put a burden on the Secretary of Agriculture and no machinery to deal with supply management.

Mr. PURCELL. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. O'Neal.

Mr. O'NEAL. I will yield time.

The CHAIRMAN. Mr. Miller.

Mr. MILLER. Yes. Mr. Christianson, on page 3 of your statement, No. 2, where it states any successful bargaining must be preceded by effective supply management so that alternate sources of supply are not available to handlers through unrestricted domestic production, and so forth. Have you taken into consideration the synthetic materials that are now on the market? Will we be forcing them on the market more so by the price arrangements which will come from this marketing?

Mr. CHRISTIANSON. Well, Mr. Congressman, I could not believe, or we do not believe that we will. When we talk about supply management we, of course, take into consideration the supply necessary to meet the demand, and by carefully allocating this I do not believe we will leave a loophole for the synthetics and substitutes that come in.

Mr. MILLER. Inasmuch as we have substitutes for cotton, now, we have the synthetics, and their price is down, it seems they would be able to take a wider share of the market. Do you think that would not prevail?

Mr. CHRISTIANSON. No; I believe from the talk of supply management that we are talking about, an ample supply of cotton in which to supply the markets, you see.

Mr. MILLER. I see. Then on page 4, under 8, you have "prices agreed upon by producers and handlers under the terms of a nationwide bargaining system for a particular commodity should be recognized in law as the legal minimum." Now, with prices fluctuating as they are, do you have some method as to how this would originate?

Mr. CHRISTIANSON. Yes. Under a program for any particular commodity group they would sit down with the processors and handlers and arrive at a minimum price. We ask that when that minimum price is arrived at that that then be the very minimum that any trading in that commodity would be done. In other words, the establishment of a minimum price between the bargaining group and the handler would constitute the minimum price in which that product would be traded.

Mr. MILLER. If that price was high enough, the consumer would not purchase that. Would we then build up a backlog of that particular commodity?

Mr. CHRISTIANSON. Yes; this is true, although we doubt that a price would be negotiated higher than the consumer would purchase, because I believe that the negotiated price would take into consideration the consumer's position as well as the producer's.

Mr. MILLER. Thank you.

I yield back, Mr. Chairman.

The CHAIRMAN. Mr. de la Garza.

Mr. DE LA GARZA. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Mayne.

Mr. MAYNE. I have a question for Mr. Holman, Mr. Chairman.

Mr. Holman, you testified that your organization is in favor of requiring bonding of packers. I have introduced a bill which would require bonding of all packers, regardless of their size or their purported financial condition.

Now, you also said, however, that the regulations should not be so stringent that it discourages small buyers. Were you talking about small packers there?

Mr. HOLMAN. No; not necessarily. In our area——

Mr. MAYNE. Are you talking about small packers at all?

Mr. HOLMAN. No; what I had in mind was the independent buyers, the small purchaser who goes maybe to the farms, you see, and buys livestock, and then in exchange, in turn, takes them to a local auction or to a packer and resells.

Mr. MAYNE. Well, then, you would have no objection to requiring the bonding of the small packer?

Mr. HOLMAN. Certainly not.

Mr. MAYNE. I have been getting complaints about requiring bonding of the large packers who presumably are stable, but it seems to me still that they should be required to furnish a bond, as much as the small one.

Mr. HOLMAN. I would think so.

Mr. MAYNE. Thank you.

The CHAIRMAN. Thank you.

Mr. Vigorito.

Mr. VIGORITO. Mr. Holman, again, would you explain and give me the reason why the legislation to prohibit feeding of livestock by meatpackers, feed companies, and retail chain stores is recommended?

Mr. HOLMAN. Well, I think the problem there is that these particular people could take advantage of the lower price or the higher price and put their livestock on the market to their great advantage and to the disadvantage of the local farmer, the local rancher. This was the thinking there, and they are in a position to do that.

Of course, if they have their own livestock on hand——

Mr. VIGORITO. Is that being done now to any great extent?

Mr. HOLMAN. I am sure it is.

Mr. VIGORITO. Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Vigorito.

Mr. Kleppe.

Mr. KLEPPE. Thank you, Mr. Chairman.

Mr. Twedt, you made some observations about the IGA. You indicated your continuing support for it, and you registered your dismay with a recent USDA announcement cutting by 12 cents per bushel the price of Hard Red Winter wheat at gulf and east coast ports. You also know that our wheat exports are down. It seems to me that there is a little confusion here. Have you got any specific ideas as to what we might do? Do you recommend going so far as adopting sanctions against these countries that break the IGA agreement?

It hasn't been working, this is the reason for my question.

Mr. TWEDT. Your point is well taken, and your concern parallels ours. We spent quite some time yesterday, Congressman Kleppe, visiting with the people in the Department and talking quite frankly about the position we find ourselves in in IGA. We came to the conclusion—I think we all agreed to it—that retaliation would lead to nothing but everyone concerned in IGA losing.

If we began a price-cutting, throat-cutting program, it is a battle that nobody can win. We talked about the other countries that are members of IGA that pay a higher subsidy to their producers than we do here in the United States. We, as producers, are deeply concerned about the future price effect to the producer by virtue of the United States lowering the IGA price below the \$1.73 per bushel on ordinary Hard Red Winter wheat at the gulf.

Retaliation is a two-way street. We do not want to be accused of being the ones that are going to break the IGA agreement. We think the other countries have something at stake, and we are hopeful that it will be possible for them to come to our way of thinking, as far as supply-management is concerned, rather than to dump all of this on the market.

Mr. KLEPPE. I certainly agree with you completely. The only thing is if we lose these export markets it is always the wheat producer that ends up losing. These are the ones we are primarily concerned about.

Just exactly what direction we are going to take was an observation I was trying to get from you, because what seems to me to be a little bit of a confusing thing here, you support the IGA and you and I both want these countries to abide by it as well as ourselves, and yet we cut the price 12 cents a bushel, and you are saying that the wheat producer ultimately loses, and yet we are going to stock up additional bushels of wheat if we don't do something about it. This is our problem.

Mr. TWEDT. This is the problem that we are faced with. The other countries are not going to gain by it.

Now, we are a little bit upset, and the people who sat at the bargaining, in London, and talked about this—it was indicated by the people representing our Nation here that we did not want to be the only ones that were going to continually cut back production and perhaps we have to make some adjustments, too, but certainly we feel that the

failure to support a program which we for many, many years have historically supported is not the answer.

We think there are reasonable people involved in the wheat production and importing and exporting in other countries.

Mr. KLEPPE. Thank you very much.

Mr. DECHANT. May I also respond to Mr. Kleppe? I think it is very important that the administration take a rather firm position with the participating exporting nations. Earlier this year when Prime Minister Trudeau came to the United States he and President Nixon issued a very strong statement supporting the IGA and indicating that the prices should be strengthened. In other words, the policy, the official policy of the U.S. Government and Canada 2 or 3 months ago was to strengthen the IGA.

The Canadians have not engaged in this price cutting. At least they have held the line better than anyone else. I think it is incumbent on this Government to serve notice to the Australians, for example, and——

Mr. KLEPPE. And France.

Mr. DECHANT. And France, that they will have to come to grips with supply management. We can't cut acreage and production only to have Australia pick it up.

Mr. KLEPPE. I understand there has been some forceful language along these lines.

Mr. DECHANT. The only point I am trying to make is that I think if to start visiting, at the ministerial level, with other nations and to start visiting, at the Ministerial level, with the other nations and urge and insist that the provisions be observed, because there is just no sense in starting to cut. The key question is you cut 12 cents the first time and you don't move it to the export market, so then you cut 12 cents more. Where does it stop?

If we are going to rely on our traders to say that now it is cut low enough for us to sell, we are never going to reach that point, and the other nations are going to sit and wait for us to cut further.

Mr. KLEPPE. Thank you.

I have one more question of Mr. Dechant. You made some interesting observations about the payment limitation. Certainly you know—and you know so very well—that some of our State organizations have adopted different resolutions.

For example, in North Dakota the Farmers Union adopted a resolution on \$15,000 maximum payment of limitations. I suspect at your convention you had a great deal of conversation and disagreement on this subject, didn't you?

Mr. DECHANT. Mr. Kleppe, that could be the understatement of the day.

Mr. KLEPPE. I only recite this because I am sure you men know the differences as to why some of us did what we did. Very specifically, your organization had passed a resolution and publicized it very well, carried the message very well for a \$15,000 limitation. This is why it is kind of interesting to me to see what your representation is.

Mr. DECHANT. Mr. Kleppe, I take great pride in the fact that the Farmers Union is a responsible organization. When we came to a showdown in Hot Springs, Ark., in spite of the fact that a very large number of the delegation from some of the Midwest States wanted

much lower cuts, the matter of maintaining the farm program was uppermost in their minds. Everyone believed and felt it was important not to impair the effective operations of the farm programs.

It was with this in mind that the delegates from your State, North Dakota, moved their sights up very considerably when they went for a graduated formula, moving up as high as \$37,500.

Mr. KLEPPE. I haven't been advised yet, but they did?

Mr. DECHANT. It was a compromise, but the compromise was geared to trying to keep the programs operating at a high degree of effectiveness. We are conscious of the fact that if you have a flat limitation—and we opposed the \$20,000 flat amendment—you might make the farm program inoperative. In other words, you don't get the supply management.

Mr. KLEPPE. This is exactly the point I made to Farmers Union back in North Dakota when they took this position in this resolution that basically they are in favor of the farm program and very likely this decision could work to their disadvantage. I am pleased to hear you say they have raised their sights, because I am one for the farm program.

I think the need is not only necessary, I think it is mandatory. From that standpoint this payment limitation question is a most serious one. But we cannot evade the question that is before us in the House, as we know what has happened here. If we haven't got the votes to do what we would like to do we are whistling "Dixie." Of course, this is the over all problem, why we have got to get together at all levels of the farming community, this committee and the Agriculture Department, and the whole works. If we don't get together we are going to get no place. We are going to die individually instead of collectively.

Thank you very much.

The CHAIRMAN. Thank you, Mr. Kleppe.

I notice our colleague, Mr. Jones, has the Governor of North Carolina here, and at least I would like to have him introduced to our group.

Mr. JONES. Thank you, Mr. Chairman, very much, indeed.

It is an honor to introduce to the committee, as well as the guests, the very outstanding and able Governor of North Carolina, the Honorable Robert Scott.

Before I present him I think you would be interested to know that his father, for many years, was Commissioner of Agriculture of the State of North Carolina; later ran successfully for the governorship of the great State, and finally was elected to the U.S. Senate.

During his short term in the Senate, which was ended by a premature death, he contributed much to the present concept of agricultural programs that we now enjoy, and certainly the son is following in the footsteps very ably, of an illustrious father.

So it is with a great deal of pride that I present to this committee the Honorable Robert Scott, Governor of the State of North Carolina. [Applause.]

The CHAIRMAN. We are delighted to have you, Governor Scott. We know of your interest in agriculture. It was my pleasure to know your father. I served with him here, and I knew him when he was commissioner and when he was Governor and when he was Senator. We are pleased that the great tradition carries on in the North State. We are pleased that you have come to visit us.

We think Governor Scott is an outstanding friend of agriculture from the State which some of us are sometimes embarrassed to confess has more farmers than any other State in the Nation. Too often we get to talking about the size of our farms. North Carolina has the farmers.

Mr. LOWENSTEIN. Mr. Chairman, I just want to join in welcoming Governor Scott as an old friend and join the chairman in recalling the contribution of Senator Scott to this great country. Governor Scott's father was one of the genuinely great men from North Carolina to serve in the Congress in my lifetime. It is a privilege to have you here and remember for just a few minutes how deeply indebted we are, and what a great loss it was to all of us that your father didn't live to serve much longer than he did in the Congress.

The CHAIRMAN. Now, Walter, you are going to have to give up your time, because we are perhaps—

Mr. JONES. We have 5 minutes. Thank you.

The CHAIRMAN. Mr. Alexander.

Mr. ALEXANDER. Mr. Chairman, time doesn't permit all of us to go into the number of subjects that have been discussed here today, and in deference to time I will waive the balance of my time by simply thanking Mr. Dechant and his associates for the fine presentation he made here today, and I look forward to a continuing line of communication with you and your associates and members in order to fully explore the context of your statements and testimony today.

Thank you very much.

Mr. DECHANT. Thank you very much.

The CHAIRMAN. Mr. Price.

Mr. PRICE. Mr. Chairman, I would like to ask the gentlemen a couple of questions.

Mr. Dechant, would your organization be willing to work together with other farm organizations in hammering out a program that farm organizations and commodity organizations of this Nation would agree to?

Mr. DECHANT. By all means, Mr. Price. In fact, we started in January putting together the beginnings of a coalition, and in February John Scott, the master of the National Grange, called a meeting of some 20 farm organizations and commodity groups, and this included all of the general farm organizations. We spent an entire day exploring possibilities for putting together a common front and considering legislation. At that time there were a number of items that we were in agreement on. There were also some that there was some disagreement on.

Then in the spring, here in Washington, on July 7th and 8th, to be exact, 18 farmer organizations and commodity groups spent 2 days putting together a statement which we hope might end up in a bill on which we can be agreed.

The thrust of our testimony today, with the exception of the bargaining positions that were outlined by our vice president, Ed Christianson, and with the exception of the presentation by Mr. Johnson on payment limitations, was, for the most part, the result of the coalition of 18 organizations.

Mr. PRICE. Yes. The reason I asked this question is in my district there have been six counties, and I have encouraged them to meet together and try to come up with some kind of a common goal.

The chairman and Mr. Belcher were surprised that they did agree on 12 points. I think if we are ever going to have an agricultural program the leaderships of farm organizations are going to have to try to get together themselves. It is very difficult for us as members, when one organization comes in and wants one program, and another comes in and wants another program, and we have six different versions and ideas, and we are left with the problem of trying to do this.

Now, the second question, you talk about mandatory programs. The USDA has a program in which a person can allow ground to be broken out in Nevada, Utah, and other parts of the country with no limitation, and can use Federal moneys to plan the irrigation systems.

Are you in agreement with this, or not, as an organization?

Mr. DECHANT. We should never discourage movement of farmers in any area. For example, following World War II we made it possible for veterans to move into Idaho and into the potato business under a program that was geared to family farmers. Let me say I think this is the key, whether a program is geared to family-farm production.

For example, our organization has a long and consistent record of support of the 160-acre limitation which is the family-farm reclamation law. We are sometimes shot at for our position on that. We think it is a fine program.

Mr. PRICE. Right. I would like to expedite this. I only have a few minutes' time, and I would like to give these other gentlemen their time.

My point is we are opening up areas out there with no limitation which, as you know, produces probably a small amount of grain, but still it is opening up areas with no limits. I have people in my part of the country plowing up 15 section ranches, and putting it in wheat production. You have the same thing with rice in south Texas. Do you think that farm organizations have done as good a job as they could in merchandising? Congressman Belcher brought out, a very good point on our recent trip, that he didn't feel we were doing enough merchandising of our products. We spend too much time, perhaps, trying to grow a better seed and fertilizing. Maybe we haven't turned our attention enough to merchandising what is grown.

By this I mean we let the Government be our market or our front all over the world in merchandising our products. I think farm organizations have a duty to get on out there with their organizations and get to selling the grains—do you agree with this?

Mr. DECHANT. Well, Mr. Price, let me say that I guess none of us have done a good job, as good a job as we probably should have.

I have been very critical of our land-grant universities, of the Departments of Agriculture, both State and Federal, for the tremendous amount of money they spent on research, on the biological sciences to produce more and more and give practically no attention to marketing. We spend well over a billion dollars annually, of which 75 to 80 percent goes into more and more production and practically nothing into the selling end of it.

This is why, Mr. Price, as Mr. Christianson pointed out, we feel very strongly about some kind of a bargaining bill. We could deal with the problem you raised, for example, if the producers of a given commodity decided bargaining was called for in a certain commodity. There should be enabling legislation provided so that they could get together and work out a program, and once that program was adopted it would be incumbent on all of them.

Mr. PRICE. This is my point. I feel that this is foreseeable. I think the grain sorghum organization in my district has done a good job. I think we need to do more of it instead of leaving it to Government officials.

Mr. DECHANT. I agree. I would like to get everybody into the act.

Mr. PRICE. My last question is, formulating the farm program, do you really believe that we can perfect a program that is going to help a small farmer who makes poor decisions? I am a farmer and rancher myself and have been all of my life. I am the fifth generation. I have lived with agriculture all my life and still do.

I know we can't make a program for a man that is going to make a mistake in management, who buys a \$15,000 tractor when he doesn't need it. He goes into town and buys a new pickup, drill, or disk that he doesn't need. This happens time after time after time. We know it to be a fact. He will go rent a farm and he makes a bad deal with the renter.

The lessee just outraded him. The lessor goes out there and may decide to drill a \$20,000 well and put an \$18,000 sprinkler system in when there is no way it can be justified. Do you think we can formulate any sort of farm program that is going to take care of these situations?

I think this is the crux of our agriculture problem. Do you think we can build a program that will help a man, who will plant his wheat in the fall and sit on his tail the rest of the winter and won't help himself, to get a few hogs or cattle to kind of diversify himself?

Mr. DECHANT. Mr. Price, I think the basic regulation is that kind of thing comes by credit. I think the Farmers Home Administration, the PCA's, and banks go a long way toward advising and helping. Maybe we should have more help on this front and maybe we should be pushing the various agencies to be more helpful. I think we ought to try.

The CHAIRMAN. I think we have gone just as long as we can. If we are going to get anywhere around to all members to ask questions—yesterday we discussed trying to get around.

Mr. Burlison.

Mr. BURLISON. Thank you, Mr. Chairman. I think you skipped some of my senior colleagues. John, do you have any questions?

The CHAIRMAN. You have been recognized.

Mr. BURLISON. Thank you very much, Mr. Chairman.

I have a question for Mr. Johnson. I would like to say—incidentally, Mr. Johnson, as I told my dear friend Mr. Alexander, before he left, I am glad you are not in his congressional district, because I am afraid you might be here instead of him.

I do have a question about whether your organization has a position on the inclusion of fiber products in your idea of the stamp program. You didn't mention it in your statement.

Mr. JOHNSON. Mr. Burlison, surely we have cotton in storage in Arkansas. It looks sort of shortsighted that these needy people—that we don't provide them with some clothes, cotton clothes, if you please; cotton mattresses if you please; cotton quilts if you please.

Mr. BURLISON. Is this your position, now, or the position of the organization?

Mr. JOHNSON. This is the position of our organization. We had it in our statement. I didn't cover it.

Mr. BURLISON. I am sorry. I wasn't able to read it in detail.

Now, the second point I would like to cover, Mr. Chairman and Mr. Wright, I want to particularly commend you on your statement on soybeans. It is certainly in accord with my position, your opposition to the Secretary's lowering the support price back a few months ago 31 cents a bushel instead of going the route of acreage control, as you propose in your progress.

I would like to ask you to forward to me, if you will, a copy of the document that you refer to, which sets out I think maybe in legislative form your position.

That is all the time I will take on it, Mr. Chairman. I appreciate it, very much.

Mr. DECHANT. We will send the statement.

Mr. BURLISON. Thank you.

The CHAIRMAN. Mr. Myers.

Mr. MYERS. Thank you, Mr. Chairman.

Mr. Dechant and other members of the Farmers Union, I regret I had to be late, due to another committee assignment we were working on.

Particularly I regret that I missed my good friend, Harold Wright, who is president of the Indiana Farmers Union, who has been in my office, and helped frequently.

I have one question: Are you a farmer or business man, Mr. Johnson?

Mr. JOHNSON. Let me say this to you—

Mr. MYERS. Seriously, are you a farmer?

Mr. JOHNSON. Actually, I don't farm now. I have been with Farmers Union for 18 years and you don't carry on a crop and carry their work, too. I have been a farmer, a general farmer, a dairy farmer, and then I worked for the Government.

In other words, my degree is in agriculture. I worked for the old Farm Home Administration. I managed the largest farm home project in the United States, 97 farm families in Phillips County. In agriculture from the bottom up. If I had time I would tell you about it.

Mr. MYERS. I believe in the committee functions considering your naive way of treating our colleagues, if you were here I think you would have to watch your hat.

The CHAIRMAN. Thank you.

Mr. Rarick.

Mr. RARICK. Thank you, Mr. Chairman.

Mr. Dechant, and other members of the Farmers Union, I have enjoyed your testimony and wish I had more time; I have many questions I would like to ask. Since Mr. Johnson is a neighbor of ours in Louisiana and he's promoting a good neighbor policy, I would like

to ask him one question to correct any possible misunderstanding, since certainly we don't want any of these fine folks to think that we down in our area aren't civilized. You had made mention of one of your neighbors whose health became poor but because he owned his own home wasn't able to obtain food stamps. Certainly in Arkansas, as well as most other States, you have welfare organizations in your State with trained welfare workers who have done a commendable job working with the poor and needy for many, many years.

I have been to Arkansas and I know you have churches and the church people work in charity and they believe in charity. Then, too, you have many civic organizations, just as we do in Louisiana. In addition to that, there are bound to be good neighbors to this man—besides yourself.

I just bring this up because we certainly don't want any of our other neighbors around the country to think that we of the South don't practice charity and that somebody up here in Washington just invented it—and has the only answer to helping the poor.

Now, bringing our neighborliness into something you say is not politics—that is to dicker for the vote of the big-city folks—I am wondering have you given any thought to the idea of giving free food, making free staple food available to all the people? They can't eat money or the food stamps. If we mail free food stamps or money out from Washington then we will have to increase the postage rate for our other neighbors who still pay taxes.

Has the Farmers Union given any thought to making staple foods—milk, butter, flour, sugar, rice—available in every grocery store free to all of our people?

Mr. JOHNSON. Of course, we wouldn't go quite that far, but we say to you sincerely that here we have our underprivileged people; you have them in Louisiana, I have them in Arkansas, in New York, in Washington, D.C., so we don't have over our share of them. The rest of the States have their distribution.

Now, let me say this to you: Isn't it rather foolish that this great country, with all of our natural resources, with only one-quarter of a billion dollars to help feed the underprivileged?

Mr. RARICK. Wouldn't free food feed them?

Mr. JOHNSON. I am sure any organization would back me up on that, because the stamp program—we have worked on it since 1948, I believe, in our organization, and we did that because, after all, we got a lot of proud people in our rural areas that don't like to go and take food, they don't like to be on charity.

Mr. RARICK. Have you been hearing the politicians in New York City lately? It seems like the good people in your area and my area are getting the blame because we are being accused of running them into these northern areas. They may be too proud in our area but they don't seem to be when they resettle in New York or Chicago. In fact they're even organizing what they call unions to demand more and more charity.

Mr. JOHNSON. I personally had rather see us send them a check for the difference. They have got a mailing address. We make money out here just like baling hay, and we ought to spend part of it in taking care of our needy people, and we ought to send it to them by the post-

man and not put them through all that trouble of going to the commissary after it. That is my feeling.

The CHAIRMAN. Thank you, Mr. Rarick.

Now, if there are no other questions, the time is up, but I want to give these gentlemen who haven't had a chance an opportunity.

Mr. Sebelius.

Mr. SEBELIUS. I don't have any questions to ask.

I would like to comment, with a sense of pride—I just met Mr. Dechant this morning, however, and he was born and raised in my old senatorial district in Kansas, also, and would reflect as a final message that far too many good Kansans have strayed off to Colorado and other places because we haven't licked the farm problem.

The CHAIRMAN. Thank you.

Mr. Jones.

Mr. JONES of Tennessee. I would just like to take this moment to thank Mr. Dechant and his colleagues for a most informative presentation that has been given us this morning. I certainly admire you for your cooperative attitude in working with other farm organizations. This should be a lot of help to this committee. It certainly is to me as a junior member.

The CHAIRMAN. Thank you, Mr. Jones.

Mr. Córdova.

Mr. CORDOVA. Nothing.

The CHAIRMAN. Mr. Zwach was absent at the time his constituent came in, so I will call on him now.

Mr. ZWACH. I wanted the opportunity to introduce the Minnesota vice president of the National Farmers Union and State president, but at that moment there were 40, Mr. Chairman, 40 4-H young men and women from Minnesota who came in, stood in the back, and they were visiting their Capital.

They are going to be farmers. So I slipped out very briefly to do what I could to welcome them.

The CHAIRMAN. Off the record.

(Discussion off the record.)

Mr. ZWACH. Mr. Chairman, I want to compliment Mr. Christianson on the statement that parity income objective should be restated and reaffirmed by Congress so that administrators do not ignore it as a basic purpose of the law. I have felt the organizations have not really come right out and stated their objectives, which ought to be a fair and equal return for the countryside of America.

That is all, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Zwach.

We have one other statement which, without objection, will be placed in the record at this point.

(The statement follows:)

STATEMENT OF KEIFER CAUBLE, PRESIDENT, FISHER COUNTY FARMERS UNION, ROBY, TEX.

I feel that for a long time to come the primary responsibility of the Dept. of Agriculture of the U.S. government is to see that there is an abundant supply of food and fiber for this Nation with a surplus to feed and clothe a portion of the underprivileged nations of the world. The administrations of the past have done a most effective job. There is a secondary responsibility of the Dept. where in times

past an outstanding job has not always been done. That responsibility to the producers of these commodities that they may receive a fair return for their labors, management, and income from investment. In 1965 there was legislation passed that accomplished both of these goals to a degree never before seen in American agriculture and I feel it is mandatory that this legislation be renewed indefinitely.

I understand that there are those who would not agree with me and feel that we should depart from the present very effective program and revert to the negative "soil bank", land retirement program. To arrive at any logical conclusion I feel that the two programs should be compared.

The businessmen and bankers as well as farmers are most anxious to get an extension of the present program. But the thing that the small businessman kept mentioning in fear was the possibility of a "soil bank." Many doubted that the small West Texas towns could survive another one.

The 1965 Agricultural Act compensates the farmer who produces. To produce he must have good equipment, skilled labor, use fertilizers, insecticides, and on and on you could go to describe a modern successfully producing farmer. The person with the most desire coupled with good management and technology is the man who is being compensated under existing legislation. I think that most would agree that this is as it should be.

(S) It doesn't take much technology to be a soil bank farmer. It does not take much outlay in new machinery and skilled labor either. In fact some of the implement dealers and grocery store people who survived the middle "Fifties" say that you don't have to have either.

The present program is designed with the incentive on production to the point where a good landlord-tenant relationship can be maintained.

(S) A "do-nothing" program makes it most difficult for renters and leasees because they are competing with the government for the use of the land. No law, no matter how strictly enforced, can prevent this pressure from being applied. It puts large absentee landlords in position to receive money without putting anything into the local economy.

It is a most effective means of insurance from hail and other natural disasters. Because a man faces adversity one year he should not be eliminated. He still has the same abilities and needs help more than ever. It is a most precarious business at best. At present production costs very few farmers can stand a large natural disaster.

(S) It is rumored that those who favor a change are suggesting that applications into the soilbank will be on a bid basis, not on the proper return for investment. This sounds like a natural loophole for those who tend to lean to the dishonest side of dealings.

Our current program does not take the pressure off of one commodity only to place it on another product. Each crop stands on its own.

(S) Those who stress land retirement have inferred that a portion of this land can be used for livestock production. The livestock industry is currently enjoying one of the few bright spots in a number of years and conditions seem favorable for the foreseeable future. I doubt that this will be true if negative legislation is enacted. Since it is assumed that price supports will either be drastically reduced or discontinued altogether, I suspect that there will be a dramatic shift from high production cost crops such as cotton to less expensive crops and thereby adding to their problems.

Since the 1965 Food and Agricultural Act has come into being there is a stability in our community that I had never had the privilege to witness. The businessmen in our community are aware that a farmer, like any other person, has the desire to have pride in his equipment, to provide for his family above and beyond the bare essentials of existence, to educate his children, and to help support his community. They are aware if the farmer can receive a fair price for his products he will do all this and not put the responsibility on some governmental agency.

(S) There is a degree of certainty about a soil bank program. It is certain that the farmer will be going to the big city to look for a job unless he owns half of the county.

At the present time diverted or unused land is used in crop rotation systems or used on noncritical crop production. These acreages are kept in good tilth and would be ready for production immediately if an emergency arose.

(S) Those who argue that the land in retirement could be brought into production immediately have never hunted quail on soil bank land. It is very ef-

fective as a wildlife conservation venture but a minimum of 2 years is needed to make this land profitably productive even with all of the effective herbicides on the market today.

There is a large majority of farmers who have incurred long-term indebtedness because of land purchase, equipment buying, or dozens of other things that need long term financing. They bought these things believing in their ability to produce, manage, work hard, and survive the rigors of nature to repay these debts. I doubt that many of them dreamed that there would be those who would propose legislation that would eliminate a large majority of them.

We said in the outset that we in the United States live in an abundant supply of agricultural products. There are dozens of nations that wish they had a minimum adequacy of food and fiber. I strongly feel that very few farmers would like to see a shortage of either food or fiber in this country. However, if there is a continuing surplus (adequate reserve is more accurate) the laws of supply and demand cannot function properly. It is against the law for farmers to bargain for a price for their products. The farmer is expected to buy on a protected market and sell his produce at world market. What other section of the economy would raise money to fight for 74% of parity. I wonder if General Motors could lower the price of their cars 26%? As one farmer said "I've tried efficiency, what next?"

Unless there is drastic legislation in farm bargaining laws, farm import laws, and a drastic change in State Department policy it is imperative that the 1965 Food and Agricultural act be extended indefinitely. With the money coming out of the budget everyone is paying for the wonderful abundance that we have, rather than a "few" paying and everyone enjoying.

The CHAIRMAN. That will complete the hearing for the morning.

The committee will meet tomorrow morning and the committee will now recess.

(Whereupon, at 12:05 p.m., the hearing was recessed, to reconvene tomorrow, August 7, 1969.)

THE STATE OF NEW YORK

1881

GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

THURSDAY, AUGUST 7, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess at 10 a.m., in room 1301, Longworth House Office Building, Hon. W. R. Poage (chairman) presiding.

Present: Representatives Poage, Abbitt, Stubblefield, O'Neal, Foley, de la Garza, Vigorito, Jones of North Carolina, Montgomery, Alexander, Burlison, Rarick, Jones of Tennessee, Melcher, Teague, Goodling, Mathias, Mayne, Zwach, Kleppe, Price of Texas, Myers, Sebelius, Mizell and Resident Commissioner Córdova.

Also present: Christine S. Gallagher, chief clerk; William C. Black, general counsel; Hyde H. Murray, associate counsel; and John A. Knebel, assistant counsel, L. T. Easley, staff consultant.

The CHAIRMAN. The committee will please come to order.

We have met this morning for the further consideration of general farm and food stamp legislation.

This morning we will hear from National Farmers Organization, Mr. Orin Lee Staley, president, who is with us, and we are delighted to have you, Mr. Staley. We are always glad to have you here and to have your views. I suppose you have some others with you. I see Mr. Graham and I suppose you have others with you.

We will be glad to hear from you and will be glad to have you present whoever you care in any way you wish to do it.

STATEMENT OF OREN LEE STALEY, PRESIDENT, NATIONAL FARMERS ORGANIZATION; ACCOMPANIED BY HARRY GRAHAM, LEGISLATIVE REPRESENTATIVE OF THE NFO

Mr. STALEY. Thank you, Mr. Chairman.

Certainly it is a pleasure to be before the committee, Mr. Chairman.

Mr. MAYNE. Mr. Chairman, I would like to join in welcoming Mr. Staley. Although a native Missourian he has spent a great deal of time at the NFO national headquarters in Corning, Iowa, and is very well known in our State as a very outstanding and capable farmlender.

It is good to have you here, Mr. Staley.

The CHAIRMAN. Yes, Mr. Staley.

Mr. STALEY. Well, I am Oren Lee Staley, and I have with me today Harry Graham, our legislative representative here who is here in Washington on a full-time basis.

The NFO members are greatly concerned about the decisions this Congress will make concerning farm program. The NFO has been organizing farmers for the purpose of collective bargaining. We believe that farmers must establish more and more economic power at the marketplace in order to compete with the economic power already established by the buyers, processors, and retailers of farm products.

The NFO has been able to raise farm prices through its collective bargaining program by the use of six basic steps:

1. NFO is now organized in almost all of the agricultural producing areas of the 48 continental United States. There are usually four or five large companies that buy nationwide. They now realize that NFO is nationwide and that they must deal with NFO members because they are blocking their production together. These large companies know this can affect them in every area. This is of vital importance because the four or five large companies have used low price areas to control the price in all areas.

2. NFO, through experience, has learned that a high-price area never raises a low-price area. It's always a low-price area that brings down a higher price area. NFO's ability to move production out of low-price areas into new marketing patterns and higher price areas, is one of the most important reasons why farm prices are higher now than anyone predicted.

3. The supply contracts that the NFO is signing in almost all areas are the key to success because they maintain gains and are a basis for further improvement. These supply contracts include pricing formulas that take into account local, regional, and national price structures and keep pace with upward movement of prices.

4. The movement of production into new marketing patterns leaves vacuums. This forces the companies that are not getting their production from the NFO block to bid up and this brings about new and keen competition.

5. The upward price pressure is exerted by the fact that NFO is now in almost all productive agricultural areas and all buyers and companies not getting production from the NFO block, try to beat the price the NFO block of production is getting.

6. This upward price pressure has brought about a situation where large companies must be more aggressive in pricing their products at the chainstore level because they can no longer find low-price areas to take production out of.

I pointed these points out. I thought it might be of interest to the committee because of our broad bargaining effort.

The basic goals of the NFO are for farmers to meet as many of their problems as they possibly can at the marketplace, through the use of their own economic strength. In today's economy, the unorganized get weaker and weaker. So in order to compete, it is necessary for farmers to have at least equal economic strength at the marketplace.

The NFO will continue to use all the strength and energy it can muster to strengthen its collective bargaining program. But, at the

same time, we stand for and will support any efforts to improve farm programs that will maintain and improve farm prices, which, of course, assists farmers in their bargaining efforts.

The debate which is beginning before this committee at the present time, is largely revolving around two problems. In our opinion, the first being whether or not farmers have a right to economic equality with the rest of our society; and, secondly, whether or not the Federal Government has any responsibility in assisting agriculture to obtain its economic goal.

The showdown time on agricultural policy has arrived. In our opinion, the issues are becoming more clearly established. While the farmers are doing everything they possibly can to unite their strength to bargain collectively, there are those who are making allout efforts to destroy programs.

The decisions this Congress makes on agricultural policy and programs will have a great bearing on the total economy of this Nation. Facts should be obvious. But sometimes facts are not studied and, therefore, proper solutions are not reached.

A few facts should stand out. The migration of farm families to the cities has caused almost insurmountable problems for our Nation. When farm families leave the rural areas, it causes rural businessmen to leave for the cities.

Low farm income, not inefficiency, is depleting agriculture of its most valuable asset—youth. The average age of farmers is continuing to mount. The average age of farmers of this Nation is rising so fast that there is a great threat to the future ability of farmers to feed and clothe this Nation.

Many people will not take this fact seriously. They are only looking at the situation today and are not thinking about tomorrow. They are taking for granted that food production will continue. But the questions should be asked and must be answered, "Who is going to produce the food a few years from now?"

The average age of farmers is 57 years. No industry, including agriculture, can have vitality and growth without youth. You cannot blame the youth for leaving agriculture because farm prices have gone down, while the prices in every other walk of life have gone up.

There are many Members of Congress who would rather not have any discussion of the parity ratio. But again the facts stand out. It is still the best yardstick for the measurement of what farmers should receive in relation to the cost of the production items they must buy in order to feed and clothe this Nation. The parity ratio has declined 23 points since 1950. This tells the story of why the youth is not staying in agriculture.

In each agricultural community throughout our Nation, we find that the core of family agriculture is struggling for survival because of low farm prices. Indebtedness of farmers is rapidly rising and only increased land values have made it possible to borrow the money to produce food and fiber for this Nation.

I would urge members of this committee to stop in any agricultural community in their district and run a survey of the age of farmers in that community, and I know they will be shocked if they have not already done this.

The debate on farm policy that lies ahead is going to be a heated debate. Farmers are going to watch more closely than ever before, the attitude of their Congressmen. The issues are going to be clearly drawn. The votes in Congress are either going to be for or against farmers.

The NFO will work with and cooperate with the Farm Coalition Committee. We will be part of a solid front opposing the programs that are being recommended by the Farm Bureau. It is regretful that a farm organization supposedly representing farmers and looking after farmers' welfare, would offer a program that would bring chaos to the American farmer and to the rural businessman. Their help for the farmer is like having a fox guard the chicken coop.

The Farm Bureau proposal that calls for support prices not to exceed 85 percent of the average previous 3 years, is a low blow for farmers in our opinion. This program, enacted, would lower the support price on corn approximately 16 cents per bushel the first year, or down to about 89 cents per bushel. It would drop each year thereafter.

The Farm Bureau proposal would drop support prices on soybeans 21 cents per bushel, down to approximately \$2.04 per bushel. These price drops are based on official USDA figures.

In 1967, the price of corn paid to farmers averaged \$1.03. The 1968 crop averaged \$1.06. The figures are not in, of course, for the 1969 year, but if corn averages \$1.05, you would have an average price of approximately \$1.05. And 85 percent of \$1.05 would be 89 cents.

USDA figures show that soybeans averaged \$2.49 per bushel in 1967; \$2.42 in 1968; and, of course, the figures are not in for 1969. But if they should average \$2.30 per bushel, many people think it will be lower than this, then the first year's support price level would be approximately \$2.04 per bushel.

The prices on other commodities would follow the same pattern, and each year the support prices would be lower.

The land retirement program recommended by the Farm Bureau is supposed to be voluntary and, theoretically, only the old farmers and those who want to quit anyway will participate. Land retirement programs would severely affect rural businesses because the payment per acre would be low, thus cutting down rural income. And with entire farms being taken out of production, it means farm operators would disappear as customers for rural businesses.

The farmers of this Nation are going to be shocked when they realize the full impact of the Farm Bureau proposal. Farmers are not going to support the Farm Bureau philosophy and programs. The Farm Bureau is trying to camouflage its real influence and strength by using the names of insurance policyholders who are members of the Farm Bureau for insurance only and who do not agree with the Farm Bureau agricultural policies.

The NFO wants to present to this committee a new farm program called farmers self-determination farm program. Under this program, the farmers would vote by commodities each year and decide what level of support they want and would produce according to the program they voted for. If they vote for 90 percent support price levels, they would produce only so much to meet the needs of the country. If they vote for 80 percent support price levels, they could produce

more. If they vote for 70 support price levels, they could produce even more. And at 60 percent support price levels, they could have almost unlimited production. This program, worked out in detail, we believe would greatly reduce Government costs and the farmer would receive his price at the market place as everyone else does. This program would assist bargaining efforts in agriculture, rather than hurt the efforts.

The NFO strongly stands for continuation of price-support programs, loan programs, storage payments, storage facility loans, and adequate food reserves that are isolated from normal market channels.

The NFO supports the proposals of the Farm Coalition Committee concerning dairy, wool, wheat, cropland adjustment program, rice provision, soybean proposal, and food reserve.

If nothing better can be worked out, and although it is inadequate, we would support the 1965 act as outlined in the recommendation of the Farm Coalition Committee as previously presented.

We do, however, urge that farmers be given an opportunity to decide their farm program by using the referendum procedure.

I would like to add something we forgot, our hardy support of the food stamp program which we neglected to put in.

We urge that the United States work through the proper agencies of the general agreement on tariff and trade, to develop a worldwide agreement on production controls for those export crops which are in surplus supply, especially wheat.

We urge that the agreement to set aside some of the present surplus stocks for international relief programs be implemented as soon as possible.

We urge that serious consideration and favorable consideration, be given to the payment of some kind of an export subsidy to farmers, to insure that the earnings which they have made for the Federal budget in terms of gold and the favorable balance of trade, be partly returned to the farmers who have borne the cost of the production of these export items.

We urge that congressional oversight be given to the USDA to assure that we have used all the procedures of the International Wheat Trade Convention to secure a reasonable share of the existing markets, before the United States embarks on a price war with all the producing countries of the world.

We request that the USDA administer existing programs in such a way as to strengthen the farm bargaining power, rather than to stabilize and perpetuate the status quo.

The NFO comes before this distinguished committee today reasserting its belief that the Government has functions to perform in our economic system and especially, at the present time, in its relationship to agriculture. Some of these functions are:

1. The creation of an economic climate in which there can be both economic growth and economic justice.
2. The prevention of economic exploitation by those who have been able to concentrate economic power in their hands.
3. The creation of a political system in which those who produce our wealth have the right, the opportunity, and the means of getting an equitable return for their economic influence.

4. Provisions for the meeting of the basic social and economic needs of the people who are not now able to earn sufficient rewards for their own labor because of age, physical disability, or inadequate educational preparation.

It is the function of the Federal Government, and we are agreed that it is, to insure that the vast army of Federal and the rest of the society. And legislation has been recently passed, or is now pending, to accomplish these objectives, including the increase of the salaries of the legislative and the administrative offices of our Nation.

If it is in the interest of national welfare that those who produce the armament which is being used by this country, receive not only their costs of production but a reasonable profit—then why is it unreasonable to believe that this same concept should not be applied to the producers of our basic wealth and the supplier of one of our basic human needs—food.

The NFO recognizes that the Government cannot and should not do the whole job. This is why we established collective bargaining for agriculture. To this end we will be forever dedicated.

The CHAIRMAN. Thank you very much, Mr. Staley, for an interesting statement.

Was it your intention that Mr. Graham would make a statement at this time?

Mr. STALEY. No; he will help if there are any questions, he will answer.

The CHAIRMAN. That is fine. Then yours is the only statement to be made?

Mr. STALEY. That is correct, Mr. Chairman.

The CHAIRMAN. We will then proceed to question Mr. Staley.

I do want to say, Mr. Staley, that I am interested in your statement. I think you touched on some points that have been brought to the attention of the committee. NFO has, of course, been known primarily for its contract bargaining, and the extent to which it has developed that kind of farmer bargaining.

You come up on the last page of your statement with some four actions or fields in which you feel government has functions to perform. I think I can agree with you as to the desirability of these, but I have to confess that they haven't given me much guidance as to how to go about it. For instance, you say the creation of an economic climate in which there can be both economic growth and economic justice. Now, I accept that as a sound objective of government, but how do you suggest we go about it?

Now, this legislation has got to legislate.

Mr. STALEY. Well, Mr. Chairman, these at first were broad statements at the conclusion there, which I think almost everyone would probably in this room can agree philosophically.

I think that going back to how we do it is going back to the proposals on various procedures that we outlined. We believe that one of the steps that could be offered to farmers going back to farmer self-determination type of programs, that they could vote by referendum on the type of program that they want. We believe the farmers have the intelligence, and if they vote for low prices they can live with those low prices because they have established them themselves.

I don't think it would happen, but once if they did. These are some of the ideas that we have.

I think that the critical situation is that whatever we do—and we realize and recognize that this is going to be as we stated, a difficult debate and not so much a difficult but rather a heated debate on the issues, but I think that the committee, with the help of all the constituents in rural America, are going to have now a time of showdown of whether we maintain any type of farm program and give any substance to support it.

The CHAIRMAN. Well, I agree with you on that. I think that is what is going to be in the final analysis the real issue here, whether we believe in having the Government step in and provide the assistance substantially as has been done in the past with modifications as to how we do it, but with Government assistance, or whether we have the Government step out and seek to allow pure competition to control.

I am a little intrigued with your suggestion about referendums. Of course, we have referendums now.

Mr. STALEY. Right.

The CHAIRMAN. What we normally vote upon is one issue.

Mr. STALEY. Right.

The CHAIRMAN. And we try to make those referendums last a period of several years. We do that, as I see it, in the interest of stability, feeling that possibly even an important program on which farmers can rely and know that it will be the program for a substantial period of time, may be better than better programs which change each time the moon changes. Now, if I understand it, you propose to have a referendum every year?

Mr. STALEY. Right.

The CHAIRMAN. There are advantages, of course, of giving the farmers a chance to express themselves every year. The question seems to me to be whether they override or are greater than the desire for stability. What do you think about that question of stability?

Mr. STALEY. Oh, I think that where you would be dealing with major commodities you would almost have to have a yearly referendum, because you are dealing with basic commodities that depend on feeding and clothing the Nation when you are talking about major commodities. Because of that and because of the cost that can be involved and has been involved, you would have to determine what the supply was available and project what was needed in order to be certain that you had sufficient supply.

The CHAIRMAN. Well, now, we have that under our present program. For instance, the wheat program, which I believe is a 3-year program, isn't it? Now, it requires that kind of estimate, all of the basic commodities programs require that kind of estimate on the part of the Secretary to determine the production that will be needed to meet the domestic and foreign demand. That kind of determination must be made under the present arrangement. It is made by the Secretary of Agriculture presently rather than a determination through a referendum on the part of the voters.

I take it that your idea is that the producers themselves would make that determination?

Mr. STALEY. No; it would still have to be made by the Secretary of Agriculture, because they are the only ones that have the information at hand.

What we feel, Mr. Chairman, would be that if the Secretary decided that this was about the production, the necessary amount of production needed for the balance of consumption that this would be a choice that if the farmers produced only that amount they could receive 90 percent of parity support, which would mean very little Government costs. If they chose to vote for 80 percent of parity, there could be more production and still keep the Government costs probably within pretty good balance and on down the ladder.

Our feeling is that the attitude now that farmers have been through the economic wringer for quite a while, that given an opportunity they would have a different attitude than we had under the wheat referendum, for example.

The CHAIRMAN. Mr. Staley, I don't want to prolong this, because we have to be at a meeting of the House at 11 o'clock. I had not realized that. There is one vital point, it seems to me, that we must explore; your proposal would require that farmers vote on a number of choices, that is 90 percent, 80 percent, 70 percent, 60 percent, possibly four choices we well say.

Mr. STALEY. Yes.

The CHAIRMAN. A multiple choice. Isn't human nature such that those who—well, just to use plain language as you did, and I think it is correct, those who accept the Farm Bureau philosophy would vote for the 60 percent and practically unlimited production. We might even make it 50 and have unlimited production. They would vote for the lowest support and the least controls. Those who accept the philosophy of Government intervention would vote for the highest support and the maximum controls. Wouldn't you find that actually the middle ground received very few votes in what we were calling the first primary, even possibly the great majority of the farmers might accept some middle ground.

Mr. STALEY. Well, first, I suppose that is the reason we have conservative and liberals in the country. There is always the difference of opinion. Of course, my opinion would be different than some people's but I don't think 5 percent of the farmers who vote for the lower—if they did once I don't think they would do it the second time.

The CHAIRMAN. Fifty-seven percent of them did do it in wheat.

Mr. STALEY. This is going back and digging old skeletons out of the closet, but I think there are reasons that would not be valid.

The CHAIRMAN. It wasn't 57 percent, it was 43 percent which didn't do it. It lacked two-thirds vote. It was 57 for.

Mr. STALEY. I think that the only thing we can say is that somehow, someway we have to work toward a program that where there is more self-determination on the part of farmers—I think if people have had a part in making a decision on the type of program they have that they played some part in it—then they are more likely to support and go along with the programs, or where they have the opportunity to help bring about the change rather than far removed considerations of decisions. I think this is basic and sound, fundamental in our whole process in this country. I think all we are talking about is doing the same thing in agriculture that we found sound in our entire Nation.

The CHAIRMAN. Well, thank you so much.

Yes, Mr. Teague.

Mr. TEAGUE. Mr. Chairman, I would like to say to Mr. Staley that I find myself having considerable sympathy toward your objectives involving collective bargaining. It happens that marketing cooperatives are important in California. I realize how difficult it would be to organize wheatgrowers in the marketing. But the objective of cooperative marketing associations are similar to your own.

Mr. STALEY. Right.

Mr. TEAGUE. Farmers out there have found a long time ago that they were helpless in a marketplace unless they worked together. So I want to make it clear I am with you along those lines.

I would like, however, to state that I think you would have been wiser to attack the Farm Bureau's program rather than personalizing an attack on the organization. You have a different viewpoint than these men do, but they don't want to ruin the farmers or small businessmen any more than you do.

Mr. STALEY. If I may comment, I would like to say this is the first time that we have ever made as broad a statement as this. We have ignored the situation as a difference in philosophy, but I think that the situation in the States are so high—and this is a completely divergent situation, from our past situations that we have met—but I think that the situations is so critical now that it has to be outlined and they have the opportunity to do it the same as we do. I think it is the same way as a political campaign. I am sure that most of you name your opponent and what he stands for.

Mr. TEAGUE. We may attack his program, but we don't call him nasty names.

The CHAIRMAN. May I point out that I think you are talking about the statement on page 4, which is repeated twice and in each case Mr. Staley carefully says that the Farm Bureau proposals that call for support prices, and the Farm Bureau proposal would drop support prices, so and so.

Mr. TEAGUE. Well, Mr. Chairman, what I was referring to specifically, also on page 4, is this statement.

It is regretful that a farm organization supposedly representing farmers and looking after farmers' welfare, would offer a program that would bring chaos to the American farmer and to the rural businessman.

That is my objection.

The CHAIRMAN. I wouldn't assume that the Farm Bureau would identify themselves with that statement.

Mr. TEAGUE. I don't think so. Well, this isn't particularly important. I don't recall them coming in here and attacking the National Farmers Organization. They disagree with your policies, of course.

Mr. STALEY. I appreciate your comments, however, we will follow the pattern that we feel is in the best interest of farmers, and we hope that unity comes forth out of it.

Mr. TEAGUE. That isn't a very good approach toward establishing unity with the Farm Bureau.

Mr. STALEY. We have established it along with about 17 other organizations, and I don't know how to bring about unity without bringing up the issues.

Mr. TEAGUE. I don't either, but it is the name calling.

Mr. STALEY. Your point is well taken. It probably won't be followed, but it is well taken.

The CHAIRMAN. Mr. de la Garza.

Mr. DE LA GARZA. No questions.

The CHAIRMAN. Mr. Goodling.

Mr. GOODLING. Thank you, Mr. Chairman.

Mr. Staley, on page 2 you state this:

The debate which is beginning before this committee at the present time is largely revolving around two problems. The first being whether or not farmers have a right to economic equality with the rest of our society.

A debate, as I remember, always requires two sides. I think I can say for this entire committee there isn't a member who does not think the farmer should have equality with the rest of our economy. I don't see where this is debatable. We agree on that particular point.

Now, one other question, and I have been interested in this for a long, long time. I have not had the answer as yet.

One of your slogans has been collective bargaining.

Mr. STALEY. Right.

Mr. GOODLING. I have asked different members of your organization just what do you mean by collective bargaining. Let me give you a specific. Let's think of soybeans. In my State of Pennsylvania soybeans are a minor crop. Last year we had a 150 million bushel surplus. This year we anticipate a 300 million bushel surplus. Now, let's bring collective bargaining in here. Specifically, what would you do, how would you implement your collective bargaining?

Mr. STALEY. I would like to restate the first thing. I would like to comment on that. I didn't quite get your meaning, but I think I have been misinterpreted. When I referred to this I didn't refer to this committee. I don't question the members of this committee for agriculture. But I think we have to recognize the reason that we have a great debate going on over the farm issue is that there are many segments of our economy that today—and many of the economists and many people that are establishing economic policy are wanting to protect inflationary—and bring about anti-inflation effort or maintain them through low farm prices. They say you have got to keep the cost of food down. What I am saying in this Congress there is going to be a real debate on the basis of whether farmers should have this price level or whether it should be lower, while many of those people that are debating on the side that farm prices should be lower are the same people that debate very hard for other segments of the economy to raise their prices in congressional action. This is what I am trying to bring out, I am not questioning this committee and there was no intention, but trying to focus on what I feel and what we feel is a real debate that is going to develop, that we are going to have to depend upon the Congressmen from our rural areas that have the influence with the Congressman from the urban areas to get clear and equitable treatment for the American farmer. This was the point we were trying to bring out, not reflecting on this committee at all.

On the soybeans, on this I would have to put it in two categories. First, I would want to state that we do not believe that in the year of 1969 that individual farmers can compete in the complex economic power bloc structure that we have in this Nation. We are competing against each other while every other segment of our economy is organized, and if you remain unorganized you get in a weaker and

weaker position, because as prices soar, repairs go up or anything else that farmers have to buy, they look back and find economic power bloc somewhere raised the prices by either increasing profits industry-wide or by the working people getting a higher wage through their efforts. This is just a basic principle.

So first I think we have to organize to meet—this is the collective bargaining as far as I am concerned in agriculture, which is only building an economic power bloc to compete in today's economy with other economic power blocs and individual competition today has diminished almost to a point that it has gone to where it is economic competition between various power blocs throughout the economy.

Mr. GOODLING. Understand, I am not talking against collective bargaining. I want to know how you are going to implement it.

Mr. STALEY. Specifically what we are doing, and I could go on and on. So I will try to be very brief. There would be two or three categories. One of the reasons that we are interested in the farm programs—and we have always supported them, those to implement bargaining efforts, anything that helps keep production in balance help strengthen your bargaining, not only that but it is philosophically and basically correct to support any effort to maintain or increase farm income to keep production in balance with consumption. So there would be several categories.

First, on soybeans, we have, for example, brought production together of specific varieties of soybeans where we have been able to get a premium for our members. Only the organization of farmers can do it, because we are not kept separate as they go through the normal trade. We would block this production together. We would recommend storage of the soybeans at harvest time, using the loan program, and then letting on the market only what we can get a price for and maintaining the rest in storage. This is what we would recommend. This is the first step that would be letting on the market, then that we could get a price for and maintain the rest of production in storage for future use. This is a step, this is a reason programs such as we have had are vital. This is the way we think it has to be done.

Now, basically, over a long period of time, with sufficient strength, we have surplus disposal programs. We have programs outlined where we can take a part of the production into new markets, secondary markets, the market for those underdeveloped countries or establishment of new markets at whatever price we can get. But we are not to that point yet.

But, now, specifically what we would do is recommend that the farmers store all their soybeans at harvest time, either through local elevator contractual storage arrangements or in an entire elevator, on the farm storage, and this is something we are deeply concerned about. We think there has to be attention given to adequate on-the-farm storage, because that is where it should be and we are heartily in favor. I could go on and answer more specifically, but that is about what we can do under the present circumstances.

Mr. GOODLING. I have more questions, but I don't want to take the time of other people, so I will yield.

The CHAIRMAN. Thank you, Mr. Goodling.

Mr. Vigorito.

Mr. VIGORITO. I don't have any questions, but I would like to merely make a comment.

Mr. Staley, I congratulate you. You are a very good chapter up in northwestern Pennsylvania. They are very active and very vocal, and I am sure if they had consumer chapters throughout the country, farmers would get a better price for their products.

Thank you. They are good supporters.

Mr. STALEY. Yes, they are. I know that.

The CHAIRMAN. Mr. Mayne.

Mr. MAYNE. Thank you, Mr. Chairman.

Mr. Staley, in your statement you said that one of the things that the NFO strongly stands for is adequate food reserves that are isolated from normal market channels.

Mr. STALEY. Right.

Mr. MAYNE. Now, we have had some experience in this country with stockpiled food in the past. They didn't seem to be called reserves, and I am not saying that your suggested reserve is the same thing as a surplus, because it may well not be, but I would like you to comment on whether you feel that there has been in the past adequate isolation of surplus from the market.

Mr. STALEY. No, we do not.

Mr. MAYNE. Our experience has been rather unfortunate and disastrous to the farmer in that respect, has it not?

Mr. STALEY. Correct.

Mr. MAYNE. Now, could you tell us more specifically what means you have in mind to adequately isolate the proposed reserve from the market. What mechanism would you recommend to insure that it would be isolated from the market?

Mr. STALEY. I think first that we have to decide whether farmers should be responsible for carrying the reserve of food in this Nation and let it be used as a surplus over their market or whether this is the responsibility of everybody in the Nation. That is the first basis of consideration.

Assuming that most people would agree that it should be everyone's responsibility and not just the farmers, because everyone has a stake in food three times a day, and assuming if that is correct, then there should be a figure that had been determined on each commodity, what should be a reserve figure level. Once that reserve level has been determined then we believe that that should be production that cannot be touched. Now, you have to move that in and out to keep it in quality, but we believe that the one simple solution would be that if the Government would move out so many million bushels this particular day, we have to buy back that particular day or put it back in storage so it is kept at a constant level as long as that is determined to be the reserve that is necessary. But doing this, then, it means they cannot dump it today or tomorrow and use that as a price the present factor, that that would be considered reserve. You would have to establish the level first, but the technique or the use of making them have to replace whatever it may be into this reserve it is isolated from the market, the same amount that is taken out, and you have to move it to keep it in the proper quality standard.

Mr. MAYNE. One of the organizations that testified, I believe it was last week, advocated a prohibition against releasing any of this reserve

at less than 115 percent or 110 percent of parity. Would some safeguard—well, perhaps I shouldn't use the word safeguard today—some mechanism such as that, would it meet with your approval?

Mr. STALEY. Yes, I think that the danger is as long as the support price level has been so low—I do not think this is adequate, unless you had considerably higher support price level, because when you have farm commodities averaging about 74 percent of parity and you put them on 115 percent above that you have set a ceiling of really keeping farmers from getting equitable return if there is that much Government grain in storage.

Mr. MAYNE. This proposal is that the release price would be 110 percent of parity?

Mr. STALEY. Yes, this would be a difference, right.

Mr. MAYNE. Would that meet with your approval?

Mr. STALEY. This would.

Mr. MAYNE. Thank you.

The CHAIRMAN. Mr. Montgomery?

Mr. MONTGOMERY. Mr. Chairman, I have no questions.

The CHAIRMAN. Mr. Zwach?

Mr. ZWACH. Mr. Chairman. First, I would like to commend Mr. Staley for his leadership in having farmers, themselves producers, doing everything they possibly can for themselves and then coming to government in other areas where farmers need a friendly government.

I am a member of your organization, and it has been my privilege to be engaged in agriculture all of my life. I think your approach and the approach of your organization of having farmers do everything they possibly can for themselves first is commendable.

Secondly, I realize that you must always have a friendly government. Producers can never solve their problems without a government that treats producers at least as well as it treats other segments. We know every other segment has government involved.

Now, secondly, I want to commend you for restating the objective of your organization, which is parity. Is that correct?

Mr. STALEY. Yes, this is cost of production plus a reasonable profit.

Mr. ZWACH. You said there are many Members of Congress who would rather not have any discussion of the parity ratio.

Now, I don't know to what extent that is correct, but more and more around here I don't hear enough of this word. You say, it is still the best yardstick for the measurement of what farmers should receive in relation to the cost of production for items they must buy to feed this Nation. I agree wholeheartedly as a farmer for many years, and I know of no yardstick that has as adequately measured all the elements involved as does the parity formula. Perhaps the reason some would like to forget it is because it is too good in measurement of all of the relationships.

You mentioned a referendum. I would like to have you further—you can't do it perhaps today, but if you really have a proposal I would like to see a further spell down of it, because along with all of the other suggestions being made by all the groups, I am very, very interested in this facet of it.

Thank you Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Zwach.

Mr. Alexander?

Mr. ALEXANDER. No questions, sir.

The CHAIRMAN. Mr. Kleppe?

Mr. KLEPPE. Thank you, Mr. Chairman.

Mr. STALEY, I am intrigued with your statement. I suspect I am intrigued because there are a number of paragraphs that I had used in my speeches back home for several years. So I do have a basic agreement with most of it.

Let me just ask you this; You made a statement in here that the average age of farmers is 57. Now, is that a national average?

Mr. STALEY. Yes, it seems like nobody can get a real accurate figure, but it seems to average about that.

Mr. KLEPPE. The reason I mentioned this is that I have kind of bragged in a negative way about the fact that the average age of my farmers in my district is 57, and I thought the national average was about 47 or 48.

Mr. STALEY. No, 57 is about right.

The CHAIRMAN. No, no.

Mr. KLEPPE. You say no?

The CHAIRMAN. I am under the impression it was 56, but I guess that is going up.

Mr. KLEPPE. We can drop that subject.

What I would like to ask you is the question in regard to the IGA. Here very recently—we have been undercut in the world market by a couple of our joiners in this agreement, France particularly, and we have had a price cut of 12 cents a bushel. We know that our exports, particularly our wheat, have gone down. So here we are, trying to compete in the world market, and yet we have got friends and joiners in the IGA that have broken their promise, so to speak. How do you feel about this? What might we do to overcome this problem? Do I suspect correctly that you were a supporter of the IGA?

Mr. STALEY. That is correct. We have also been unhappy with what is being done now to enforce the minimum. We hope they are being worked out, but we urge Congress to see that they are. This is the reason for the statement.

I am going to call on Harry Graham, who has been very close to this. I would say I think one of the first breaks was that when some of the companies in this country made some move—and this is part of bargaining that at least we get reported in the trade that what they did was to move a lower quality of grain to set it at a substandard level, and this is just a way to break the minimum legally.

Mr. KLEPPE. If I could get a brief statement from Harry on this as to what might we do from a standpoint of correcting our problems in regard to IGA—

Mr. GRAHAM. The first thing we should do is live by the agreement ourselves. We were a bad violator of the minimums and we have been since last winter. This obviously we can't get any correction when we don't have our own house in order.

The second thing we could do would be use all the provisions of the agreement to get some kind of balance here in the trade. We spent 5 years working out the method by which the countries had thought they were agreed and could go back to the agreement to get some kind of an adjustment. We set up some technical standards and costs. Nobody knew whether they were going to work or not. Then when the

time came to make them work all we did was walk out of the agreement.

Now, we should remain there too—and this is part of the facts that haven't been very generally told—that the common market and Australia both agreed to stay out of the Asian market.

Mr. KLEPPE. Written agreement?

Mr. GRAHAM. No, no, they didn't. We didn't give them time to. They agreed to stay out of the Asian market long enough for us to get our historical share of that market, but 3 days later we cut our price 12 cents, and then, of course, they pulled back their agreement. They said if this is the way you are going to do it—we gave you a right to get this part of the market at a minimum price, but you went down 12 cents, and so they pulled right back off of it again.

So we ought to use the methods—and there is half a dozen different ways that the agreement has to rectify these problems before we go jumping out to destroy it.

Mr. KLEPPE. OK. Thank you, Mr. Graham.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Kleppe.

Mr. Burlison?

Mr. BURLISON. Mr. Staley, I for one do not condemn you for your bluntness. I happen to feel that if we don't very bluntly meet some of the programs that are being presented to formulate a new program, and if these programs should actually be enacted into law, I think that certainly our farmers are on the brink of complete destruction and complete chaos. I note that you are in agreement with the Farm Coalition Committee on a number of commodity programs. You mentioned wheat and soybeans, and I commend you on that. That certainly is in accord with my views; however, I see conspicuously absent the commodity cotton. Would you give us a brief explanation of the position of your organization on the cotton program.

Mr. STALEY. The coalition, I believe, under that—recently it was admitted they approved going along with the present cotton program, I believe this was it.

Mr. GRAHAM. That was part of it, but also the cotton boys themselves couldn't come up with a program for the coalition to agree on. This was the big problem. We generally agreed that when they came up with their program, if it was agreeable to them, we would try to give it sympathetic consideration.

Mr. BURLISON. Do you have any specific guidelines of your organization on a cotton program and how, if at all, it might differ from the present cotton program?

Mr. STALEY. We do not have at this time, but we are doing as we have in other commodities in developed programs, and cotton is a different one, there is no use ignoring it. We are beginning to call the various producers together throughout the country to work on some proposals, but as yet we don't have anything to present, and it is a difficult one.

Mr. BURLISON. I do not note anything in your statement relative to food stamp programs. Is your organization in accord with the food stamp program?

Mr. STALEY. Heartily support the food stamp program.

Mr. BURLISON. Do you have a position on the broadening of that program to include fiber products, clothing?

Mr. STALEY. No, I don't believe we have.

Mr. BURLISON. You don't have a position either way?

Mr. STALEY. No, we haven't yet.

Mr. BURLISON. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Burlison.

Mr. Price?

Mr. PRICE. No questions.

The CHAIRMAN. Mr. Jones?

Mr. JONES of Tennessee. I realize the time is running out, Mr. Chairman. I would like to commend Mr. Staley, however, for the statement that he has made. I might say that his organization is fairly active in my congressional district, and that at this point they have been effective in the fields that they have operated in.

I find myself in agreement with the statement that you made on page 3, the fact that the migration of farmers to the urban areas has caused some real problems. This is certainly true in my opinion. Also, low fund income and not inefficiency is depleting agriculture of its most valuable asset, our farm youths. This is a serious problem today. With all the money that we are putting in, emphasizing farm youth today, we are still losing those boys and girls off the farm. Also, that in each agricultural community we find agriculture struggling for survival because of low farm prices. To me these are quite important statements that you made, and I am in complete agreement with you.

And also, one other item that farmers' debts are certainly rising. I can testify that is absolutely de facto over a period.

I would like to know a little bit more about an important commodity in my district in the South, and that is cotton. I would like to see you elaborate a little more fully as time goes on on this particular commodity.

Mr. STALEY. We are working on it. I particularly appreciate your points on this, because I think that we must be aware of what is happening to the youths in agriculture. This is something that we can wake up and it is not too late.

Mr. JONES of Tennessee. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Myers.

Mr. MYERS. Thank you, Mr. Chairman.

In my district, too, in Indiana, the NFO is quite active. I notice in your statement on page 5 you have your observations on why one of the major farm organizations have some of its members, but I don't see in your statement figures on how many members you do have.

Mr. STALEY. No, we never released them. We never got into that numbers game because—

Mr. MYERS. Mr. Dirksen got into trouble the other day with that numbers game.

Mr. STALEY. You know, I can point out wherein one State somebody claims 200,000 members, and there are only 130,000 farms, so when you get in the numbers game all we do is go for results, we don't care. If we got the strength people will realize it.

Mr. MYERS. You also mentioned here on page 1, this is of vital importance because the four or five large companies have used a low price area to control the price in all areas. Can you give us an example of what you are speaking about?

Mr. STALEY. Let's—which district is yours?

Mr. MYERS. Indiana, west-central Indiana.

Mr. STALEY. That is west central. Just to the south of you you have always had areas, particularly Georgia—some Congressmen here may be from Georgia and know what has happened in Georgia hogs. Now, Georgia hogs, for example, up until we started our effort, were \$1.50 a hundred or at least \$1.25 under the Chicago market. The large companies dominated the area pretty well, particularly one company, and they said these hogs have got to be brought under the market because they were peanut hogs, said this, and they were salt pork. The farmers told us they hadn't fed them peanuts for 4 or 5 years.

Mr. O'NEAL. If the gentleman will yield, peanuts are for human consumption.

Mr. STALEY. The point I want to make is this is the point they used. What happened was we moved some hogs out of that area and we moved them to a higher priced area and we got price sheets that showed us those hogs yielded just as good in Illinois or Indiana and they were just as good quality. But with those hogs being purchased in the past, and below that then it meant any time the Indiana market would get aggressive the buyers in that area say we can get some hogs out of Georgia this much less. This is the point I am trying to make. Indiana is in the heart of the area where even when you got over in the Kentucky area and the Tennessee area this is the way it has been used by us, being able to bargain all over the area and move them out into new marketing patterns into the area of our choice. What happens is we move out some and the price immediately goes the level we moved them out at.

Mr. MYERS. Okay. One last question.

You spoke about the Secretary establishing the national needs year to year, and then the farmer, by referendum, could vote 90, 80, 70, or 60. If the Secretary establishes the national needs why can you justify any referendum on production more than requirements? How can you justify a parity, then, on something less than national requirements.

Mr. STALEY. I think what we are talking about is a situation that nobody at this point wants to have just arbitrary compulsory controls, at least without farmers having some choice in it. I think that the other point is that when you have this situation you have the Government costs involved and if there is going to be a support program and the farmers do not want to cut back and they want to be foolish enough to produce at below the cost of production, then I guess you should give them the opportunity.

Mr. MYERS. They have that right now. We don't need legislation to do that.

Mr. STALEY. We need legislation to give them another choice, another alternative than they have.

Mr. MYERS. The present programs are supposed to do that.

Mr. STALEY. At the present price levels it is sure not getting the job done.

Mr. MYERS. One of the reasons is because some farmers didn't have to comply and do what you are speaking about. Most of the people sitting in that chair have said this.

You are suggesting the same thing and even more obvious, that is what alarms me a little bit.

Mr. STALEY. Well, we are suggesting to give the farmers the opportunity to decide.

Mr. MYERS. Do what he wants to?

Mr. STALEY. Right. He can't blame anybody but himself. He can't say congressman, you voted that on for us.

Mr. MYERS. Come read my mail sometime.

Mr. STALEY. Yes, I can imagine.

Mr. MYERS. Whether I did or didn't.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. Melcher.

Mr. MELCHER. Thank you, Mr. Chairman.

I wonder if the witnesses could submit for the record, if there is no objection, Mr. Chairman, a more detailed study of the provisions that could have been followed by our people in regard to the International Grain Agreement?

Mr. GRAHAM. I will be glad to do that.

Mr. MELCHER. Because I know they will be in greater detail than we have been able to develop in the time available.

The CHAIRMAN. Without objection they will be inserted.

(The document referred to follows:)

THE UNITED STATES AND THE IGA

The International Grains Agreement covering only wheat was the objective of intensive negotiations during all of the Kennedy Round in the GATT. As a result, the exporting and importing nations agreed to sell and buy at prices above an agreed minimum of approximately \$1.84 per bu. base price for No. 2 Hard Winter wheat.

On this base, there was also negotiated a price schedule for the various classes and grades of wheat. An additional schedule of transportation charges to be levied by all exporting countries was agreed to.

Machinery was provided for the re-negotiation of both prices and transportation charges when one or more exporters were unable to sell their traditional share of the market.

Throughout the negotiations, the grain trade and the American Farm Bureau Federation waged a vigorous campaign to prevent an agreement and then to prevent the ratification of the treaty by the Senate. Although the treaty required a two-thirds majority, it was ratified by a 3 to 1 vote.

The appointment of a man long associated with the grain trade as Assistant Secretary of Agriculture with responsibility for international agricultural trade was a matter of grave concern to those who had supported this serious attempt to prevent a disastrous price drop every time there was an over-supply available for the world market demands.

Action to break the agreement, which was now the law of the land, was immediate after the inauguration. On Jan. 22, the U.S.D.A. announced the extension of the then existing export subsidies from April 15 to Aug. 31. This was an official indication that the U.S. was prepared to break the agreement and resulted in long-term downward price pressure.

Between Jan. 31 and Feb. 13, the U.S. sold 747,000 bushels No. 2. DNS, 14% protein to the Netherlands for an east coast price of \$1.64-\$0.20 under the relevant I.G.A. level of \$1.84 per bushel. During the same period, the U.S. also sold 1,717,000 bushels of the same quality wheat for \$1.70 per bushel, 14¢ under the I.G.A. price of \$1.84. From Feb. 14-20, there was registered a sale to Taiwan of 576,000 bushels of No. 2 West White for a west coast price of \$1.54 as against a relevant I.G.A. level of \$1.62.

By the third week of Feb., it is understood that the U.S. and Canadian governments had received official notes from Argentina and Australia protesting that U.S. wheat prices in the Atlantic area were up to 11¢ per bushel below the I.G.A. level for European marketing, and that some wheats sold from Pacific ports were priced up to \$0.04 below the minimum.

From Feb. 21-24, there was registered a sale of 394,000 bushels to Brazil of No. 2 Hard Winter wheat with a gulf price of \$1.64 compared to a relevant I.G.A. price of \$1.73.

On Feb. 28 a meeting was called by Asst. Secretary Palmby to which the farm organizations and representatives of the grain trade were invited. The farm organizations were called on first and warned that they were not to discuss the reasons for the developing crisis, but to confine their remarks to suggestions of action to be taken. These instructions were followed by the producers who took about one-half hour.

The trade and Farm Bureau spent one and one-half hour, completely disregarding the previous instructions from the chair, without any objection from the chair, to state their opinions of what was wrong with the I.G.A. The obvious bias of the meeting caused some of the farm organizations to object vigorously and to insist that the U.S.D.A. try to use the Agreement rather than destroy it.

On Feb. 29 and March 1 there was held an inconclusive meeting of the major exporting countries. It is understood that the U.S. explained that its sales were disadvantaged by the shipping rates, recognized that shipping rates may change over time, and that this would call for periodic adjustments among the exporters. The U.S. did not make any serious, persistent effort to negotiate changes in the days following the exporters meeting. Nor did the U.S. suggest that the prices review committee of the I.G.A. meet for the purpose of changing price differentials. The prices review committee had been created specifically for the purpose of making periodic adjustments. It had been recognized at the time of negotiation of the I.G.A. that price differentials could not be conclusively and permanently set for all time, and the changing levels of production and demand would require temporary adjustments among the differentials from time to time. Thus the U.S. made no real effort to work within the provisions of the I.G.A. at that juncture.

By mid-March, Canada announced that it would no longer hold to the I.G.A. minimums, as it had been doing, and cut prices by about 10¢ a bushel. This action was taken after further consultation with the U.S. by Canadian ministers, and no sign was given by the U.S. of an effort to move back up to the I.G.A. levels, nor to formally rearrange the price structure through the mechanisms of the I.G.A.

Two sales were registered March 21-March 27, 735,000 bushels of No. 2 Hard Winter wheat, 13% protein was sold to Columbia for a gulf price of \$1.64 compared to the relevant I.G.A. level of \$1.73. 533,000 bushels of No. 2 Western White wheat was sold to Japan for a west coast price of \$1.57—5 cents under the I.G.A. level.

By early April, another meeting of the major world wheat exporters was held, at which the exporting countries agreed to work within the framework of the I.G.A. to strengthen prices. Little, however, happened, and again so far as can be ascertained the U.S. made no persistent effort to negotiate, through the framework of the I.G.A., any improvements in the situation which would have allowed maintenance of relatively strong prices. Discussions were held in London as background to the prices review committee, but the committee was not asked to consider any concrete action or actions.

During the May 9-15 registration period, the U.S. sold 1,521,000 bushels of No. 2 Hard Winter 11% protein wheat to Brazil for a gulf price of \$1.62, 11 cents under the I.G.A. level. (This is not a complete list of sales, but only those reported by the *Grain Market News*. In recent weeks, the sale prices have been significantly lower, but the exact prices in particular transactions are no longer published in the *Grain Market News*.)

Serious trouble then arose in May over extremely low French offer prices to Taiwan, not a traditional market for France. Vigorous protests were made, it is reported, by the U.S., and the EEC agreed to rectify the situation at least in part. Just how far the EEC was prepared to go, and just how persistent the U.S. was in laying down the specifics of the prices it believed were reasonable for France in the Far East, is not clear. The indications are, however, that the EEC was moving in the right direction by late June, after Secretary Hardin's visit to Mr. Mansholt, the Vice-President of the Common Market.

Sometime in June the U.S. suggested, in an informal discussion with other exporters in London, that Article 8 of the I.G.A. be invoked and that the minimum price schedule in the I.G.A. be suspended. The other exporting countries reacted strongly against this. Shortly afterwards the Prime Minister and Deputy Prime

Minister of Australia and the Prime Minister of Canada asked President Nixon to convene urgently an exporters meeting. On July 10 and 11 such a meeting was held in Washington. Certain understandings were reached, under the threat of the U.S. suggesting that prices be suspended. These understandings, it is reported, were designed to firm up world prices, and allow sales by Canada and the U.S., who, in spite of price cutting, had not been selling. It is not clear what the precise undertakings were, but it is clear that the Common Market reacted vigorously against the subsequent cuts by the U.S. on Hard Red Winter wheat in the Atlantic. In a July 28 report from Brussels by Richard Norton-Taylor in the July 29 issue of the *Washington Post*, the Common Market is reported to be extremely angered by the U.S. price cuts. The EEC communique is quoted as saying that: "The European Community had counted on the United States and Canada abstaining from unilateral measures which did not conform to the terms of the arrangement." It is difficult to believe that such a communique would be issued if the United States had been working within an agreed framework, taking into account the top level governmental consideration these issues have had in recent weeks. It is difficult to believe the U.S. exhausted every remedy through the I.G.A. and bilaterally with the EEC before making the recent cuts. (U.S. wheat prices broke 6¢ that day.)

It appears that these cuts in the Atlantic were far bigger than they at first appear. The basic cut on Hard Red Winter ordinaries was about 12¢, but other Hard Red wheats seem to have been cut up to 20¢.

The cut was apparently made into Europe only. Subsequently, and not surprisingly, Brazil and Japan, major importers of U.S. wheat, became angry and threatened to cease purchasing of U.S. wheats. Thus the U.S. not only seems to have jumped ahead of the ministerial level decisions of July 10 and 11, but also to have offended two of its biggest customers in the process.

It is not surprising then that further cuts had to be made into Brazil and Japan, by August 13. Australia and Canada followed, since this action appears to have further breached what ever understandings were reached by ministers in July.

At no time, except for a brief threat made in June to suspend the prices of the I.G.A., does the U.S. appear to have made any serious effort to work within the framework of this international treaty.

Was all of this aggressive price cutting necessary?

The I.G.A. provisions do provide for adjustments in an orderly, agreed way. No where does the I.G.A. say that the minimums are rigid and unalterable. On the contrary, the provisions treat the minimums as indicators of when prices are weak, and when corrective action is to be called for. Article 8, very carefully negotiated with this in mind, and as subsequently carefully explained to the United States Senate, provides for an orderly international procedure for adjustment. The provisions of Article 6, the article providing the price schedule, are clearly conditioned by all of what is said in Article 8. In addition, however, specific mention is made in Article 6 of adjustments in accordance with Article 8 and 31 (see par. 4). Moreover, paragraphs 5 through 11 of Article 6 all refer to computation of equivalent maximum and minimum prices in terms of "currently prevailing transportation costs." Paragraph 16 states flatly that all of the price equivalences in paragraphs 5 through 11 "shall be computed at regular intervals by the Secretariat of the Council with the assistance of the Subcommittee on Prices, having regard to the costs of ocean transportation which reflect the current method of movement generally employed and on the most comparable basis between the ports concerned." Moreover, under these two Articles, 6 and 8, new prices can be set for new qualities, in addition to adjustments for existing wheats defined in the price schedule.

Another article which qualifies the provisions of the price schedule in Article 4, which defines in paragraph 6 that the terms "consistent with the price range" shall be interpreted to mean that any prices, even those below the formal minimums of Article 6, are consistent with the price range if the provisions and procedures of Article 8 are adhered to.

What is important here to note is that the U.S. does not at any time appear to have tried to use the provisions of Article 8, and it seems to have ignored all of the provisions regarding price. The only reference to the provisions was in June when the U.S. Government suggested suspension, not implementation, of Article 8.

Does cutting prices make any economic sense in the present world market situation? All wheat exporting countries have heavy surpluses. The world over-

hang will probably increase somewhat in coming months. On the other hand, Australia already seems to be taking steps to restrain production, and Canada seems ready to undertake measures of restraining.

The U.S. Department of Agriculture announced a 12% reduction in acreage in August. There is no evidence that this reduction was discussed with other countries, or that commitments were sought in precise terms as to what reductions other countries were prepared to make. Again American farmers were asked to bear the total burden of supply management for the world.

Demand for wheat is fairly inelastic. As Senator McGovern said in the Senate on July 31, "A lower world price will not result in significantly larger wheat sales. Lower prices would only be helpful if the United States could move down alone, while other countries held back on their sales. But that degree of cooperation, where others agree to sell nothing, is impossible." He also said "Even if there were no I.G.A., the exporters under present market conditions would still need to seek some reasonable live-and-let-live understanding in order to avoid costly price wars. Moreover, no one among the key importing countries will be grateful for price wars. The EEC will simply absorb price declines with higher import levies. The United Kingdom will oppose substantial price reductions because of the interference with her domestic programs and will adjust her levies accordingly. Japan will oppose drastic downward movements because of her rice accumulation at high support prices. Those developing countries which are becoming increasingly self-sufficient and improving their export position will oppose major declines because it will damage their own export prospects."

World price cutting by the U.S. can be matched by the EEC. In fact, as U.S. wheat prices come down, EEC levies go up, helping to finance export subsidies for cheaper European export prices. The U.S. and the EEC have the money to compete on the basis of government budgets, but other countries do not. That is competition on the basis of subsidies, not efficiency. It is competition which does not hurt the country said to create the major problem for U.S. wheat.

If average world sales cannot be directly increased by price cuts, the purpose must be to let prices fall to the level necessary to make wheat competitive with other grains for feeding. This means an attack on domestic grain price supports generally, obviously.

There is no reason, if that is not the objective, that the U.S. cannot in the present world surplus situation, work together with other countries to moderate the price effects of surpluses. The present world situation requires cooperative effort to relieve the burdens, while maximizing foreign exchange earnings at minimum budget costs, and not price wars which are self-defeating and have opposite results.

The results of these actions have been to increase government costs of subsidies, to reduce gold earnings, to depress domestic prices for wheat, to reduce the EEC demand for U.S. feed grains by pricing wheat down to the feed grains level and increasing the substitution, to put further downward pressure on feed grain prices, to further alienate our two great friends among the exporters—Canada and Australia, and to seriously disturb the possibility of holding our two most important export markets—Japan and the EEC.

Mr. GRAHAM. May I suggest one quick thing we ought to be concerned about. Right now we are getting ready for 16½ percent, or what people are talking about, cut in wheat acres. We are going to carry the load and supply-management for the whole darn world, because we didn't finish our supply-management negotiation with the other producing countries. This is one example.

Mr. MELCHER. I also have a question for Mr. Staley. As of right now you are not recommending any legislation to augment large collective bargaining for producing farmers?

Mr. STALEY. No.

Mr. MELCHER. Does your organization have any substantial objection to enlarging on marketing orders?

Mr. STALEY. No, we do not.

Mr. MELCHER. You do not feel this would in any way jeopardize collective bargaining?

Mr. STALEY. No.

The CHAIRMAN. Mr. Sebelius.

Mr. SEBELIUS. I have two questions, and one of them is a leading one, because I think it is your hand in bargaining which is going to be enhanced by certain trends in the business with the decentralization in the packing industry which will help your ability to bargain.

Mr. STALEY. Well, it is possible it will. This is right. The only trouble is it is a little hard to tell whether decentralization is really coming back.

Mr. SEBELIUS. In my district we never had packing plants. Now we have a lot of them, including cooperatives. I would think that on a local basis you could bargain more collectively.

Mr. STALEY. This is right, but the large companies still determine the pattern as long as you have leaders in the industry.

Mr. SEBELIUS. What effect would the advent of the new commercial feed yard have on bargaining? What plans have you got for those boys?

Mr. STALEY. Well, we are bargaining on feeder cattle and on grain, and we feel if we do a good job we will be very happy to be a part.

The CHAIRMAN. Thank you.

Mr. Córdova?

Mr. CÓRDOVA. No questions.

The CHAIRMAN. Now, there is the bell. I think everybody else is finished and I now will ask those who did not hear the testimony to ask any questions. The rollcall is now on, but—any questions. Mr. Mizell? Do you want to ask any questions?

Mr. MIZELL. No, thank you.

The CHAIRMAN. I don't believe there are any requests.

We are very much obliged to you, Mr. Staley and Mr. Graham. We appreciate your testimony and appearance.

Mr. STALEY. Thank you.

The CHAIRMAN. Come back and see us.

(The committee recessed at 11:10 a.m. to reconvene September 3, 1969.)

GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

WEDNESDAY, SEPTEMBER 3, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m., in room 1301, Longworth House Office Building, Hon. W. R. Poage (chairman) presiding.

Present: Representatives Poage, Abernethy, Purcell, de la Garza, Vigorito, Jones of North Carolina, Montgomery, Sisk, Burlison, Melcher, Belcher, Miller, Mathias, Zwach, Kleppe, Price, McKneally, and Mizell.

Also present: Christine S. Gallagher, chief clerk; William C. Black, general counsel; Hyde H. Murray, associate counsel; John A. Knebel, assistant counsel; and L. T. (Tex) Easley, staff consultant.

The CHAIRMAN. The committee will please come to order.

We are met this morning to continue our consideration of the food stamp and farm legislation. This morning will be devoted entirely to the food stamp program and related matters.

I consider the food stamp portion of this legislation to be of extreme importance. We have several outstanding witnesses here this morning. Mr. Ackerman was scheduled to be the first witness but since some of his group have been delayed—they will be here in about a half an hour—we are going to start with Mr. Charles I. Krause of the Krause Milling Co., Milwaukee, Wis. But first, without objection, we will insert two statements which have been submitted to the committee.

STATEMENT OF JORGE L. CORDOVA, RESIDENT COMMISSIONER FROM PUERTO RICO

As this Committee considers legislation to amend the Food Stamp Program, I wish to call its attention to the fact that, as the Program now stands, and as enacted in 1964, Puerto Rico is not included within its provisions.

This does not mean that there is no malnutrition or hunger in Puerto Rico. Quite the contrary. The needs of the underprivileged in Puerto Rico have been and are recognized, and the program of direct distribution by the Department of Agriculture is in force in Puerto Rico and has been for years.

It is unnecessary to burden the record with a showing of the advantages of the Food Stamp Program over the Direct Distribution Program. Suffice it to say that these advantages are as applicable to Puerto Rico as they are to the mainland.

I should add that I am not advocating any particular type of revision to the Food Stamp Program. Specifically, I am not in favor of entirely free food stamps. But however the Food Stamp Program is revised or even if it is not revised in

any manner, I ask that consideration be given to the inclusion of Puerto Rico as an area eligible for that program.

STATEMENT OF RON DELUGO, ELECTED REPRESENTATIVE OF THE VIRGIN ISLANDS TO WASHINGTON, D.C.

Mr. Chairman and members of this Committee: My name is Ron deLugo, and I am the elected Representative from the U.S. Virgin Islands to Washington, D.C.

I am honored to make this presentation to you on behalf of the people of the Virgin Islands and their Government, to ask that this Committee include the Virgin Islands in the Federal Food Stamp Program.

The Territories are not included in the existing Food Stamp Act of 1964. But we feel strongly that we should be permitted to participate in this program, just as we participate in many other Federal programs. The Virgin Islands Department of Social Welfare estimates that 2,460 families or a total of 8,266 persons would be eligible to participate in the existing Food Stamp Program if the Virgin Islands were included. I submit to this Committee, for the record, a report on participation by the Virgin Islands in the Food Stamp legislation, which I requested of the Virgin Islands Department of Welfare.

The poor in the Virgin Islands do participate in the Federal distribution of surplus commodities. This has been a good program, but we think that the Food Stamp program will serve the nutritional needs of the poor much more effectively and with greater dignity.

The Virgin Islands Government has been exemplary in its administration of many Federal programs. We have pioneered in the school lunch program, and today all school children in the Virgin Islands, in both public and private schools, and with no income eligibility requirements, can take advantage of these benefits. Additionally, the Federal Government covers just one-third ($\frac{1}{3}$) of the cost of this plan, while the Virgin Islands' share is two-thirds ($\frac{2}{3}$).

In the area of housing, the Virgin Islands has taken full advantage of the Federal programs, and, in addition, has supplemented these Federal programs with local programs modeled after them. We also have effective programs for construction and renovation loans to Government employees, for the sale of public lands to Virgin Islanders for homesteading, and for guaranteeing bank loans for home construction.

The Congress has recognized this repeatedly by including the Territories in many of their grant-in-aid programs. Additionally, in the case of Food Stamp, Congress would be replacing one Federal program, surplus commodities distribution, with another, better program.

As I indicated earlier, the Virgin Islands has established a model program in another area of nutrition—providing lunches for all school children. Food Stamps would be of special assistance to another segment of our community, the aged. These people, many of whom labored for a pittance when they were able, prior to the very recent economic growth in the Virgin Islands, are now in their senior years, and their resources are limited, but their needs just as real as the needs of us who are more fortunate.

For these older people and for the other poor in the Virgin Islands, the Food Stamp Program would meet their nutritional needs much more effectively than the commodities program. And we know that the person who can enter the supermarkets and local grocery stores, in addition to having a greater selection of foods, can also hold his head higher than one who must queue at the Welfare Department's warehouse for the staples.

Additionally, the local merchants will benefit from the Food Stamp Program through purchases.

We, therefore, respectfully request Mr. Chairman, that this Committee include the Virgin Islands in the Food Stamp revision which it reports to the House of Representatives.

The Congress and the Executive Branch have determined that the Food Stamp is the proper approach to feed the unfortunates who are hungry. And President Nixon, in the Administration's bill submitted to this Congress, has included provisions which *require* full participation in the Food Stamp Program by the States. It is only consistent, then, to provide for our participation. To extend this program to United States citizens who, by chance or by choice reside in our Islands, the cost will be minimal when compared with the value in providing the poor with a nutritional diet and with dignity.

I thank you for your careful consideration of this matter.

BENEFITS OF FEDERAL FOOD STAMP PLAN—BY ALDA M. MONSANTO AND MACON M. BERRYMAN

The Food Stamp Act of 1964 was designed to assist recipients of Public Assistance and other low income households by increasing their food purchasing power; safeguarding the health of the Nation's low income families through better nutrition; increasing the flow of foods from the Nations farms through normal trade channels.

Experience in the United States is reported showing that the Food Stamp Program has benefitted farmers by creating an expanded food market; low income households participating in the program by providing more and better foods, livestock products, fruits and vegetables; local business by increased sales and improvement of local economy.

A careful study of the Food Stamp Plan indicates that it would equally benefit the Virgin Islands by providing:

1. Better selection and wider variety of nutrition foods;
2. Better selection and wider variety of native and local foods and aided by a nutrition education program, the proper use of all foods;
3. Better money management in providing for all needs;
4. A guarantee of proper foods to meet special diet needs;
5. Greater initiative and encouragement toward independent living and becoming more self-supporting;
6. Possible extension of this aid to certain low income households needing assistance but not being reached under the Surplus Food Distribution Program;
7. A flow of more money into the hands of local business, in keeping with the Virgin Islands Legislative Program to assist small businesses located in the neighborhoods where the participating families live, thus enabling these businesses to compete with supermarkets; and
8. A decrease in the cost of distribution by eliminating warehouse operations and the stocking of Food Commodities.

SURPLUS COMMODITIES PROGRAM

The present commodities distribution program requires warehousing of the various food items and refrigeration of same. Distribution to eligible families is accomplished direct from the warehouses located in St. Thomas, Christiansted and Frederiksted, St. Croix. Food is trucked to the ferry at Red Hook and taken to St. John for distribution, one day per month food is trucked to the rural areas of St. Croix and St. Thomas, on various days each month, for distribution in these areas.

All warehouse space can be converted to greatly needed office space. Refrigeration units, trucks and all other equipment can be transferred for use in Welfare Institutions. Employment can be found for all personnel without difficulty.

This program serves two groups of recipients and Health and Welfare Institutions.

1. All persons receiving Public Assistance in the programs of Aid to Families with Dependent Children, Aid to the Blind, Aid to the Disabled, Old Age Assistance, and General Assistance.

2. Persons of limited income, needing assistance but unable to qualify for Public Assistance are designated Non-Public Assistance recipients, (NPA). Eligibility of this group is determined by a formula approved by the Department of Agriculture, which permits a family budget to be developed by using the Public Assistance standard and adding 25%. This formula does not permit sufficient flexibility to reach and assist enough of the low-income, high-membership households in the under employed category. The Public Assistance budget standard does not actually provide a grant based upon 100% of cost to meet maximum needs standard.

For example: A family of ten persons (2 adults and 8 children) would be budgeted as follows:

Assistance standard

Food, clothing, fuel	\$300. 00
Rent	24. 00
Total	324. 00
Plus 25 percent	81. 00
Total	405. 00

The family having a monthly income less than \$405.00 is eligible for this assistance. The family having an income greater than \$405.00 would be ineligible.

Health and Welfare Institutions receive these Surplus Food Commodities. Under the Food Stamp Plan aid to these institutions would be eliminated since this program is available only to families and individuals.

The following chart shows the Surplus Food Distribution caseload on January 1, 1969.

Category	Eligible—		Participating—		Nonparticipating—	
	Families	Persons	Families	Persons	Families	Persons
PA.....	968	3,313	906	3,113	62	200
NPA.....	274	1,233	261	1,157	13	76
Total.....	1,242	4,546	1,167	4,270	75	276

A review of the distribution record shows that each month a few of the eligible families do not pick up the commodities. Some do not accept certain items. Under the Food Stamp Plan we believe that all participants will make full use of the Stamps since they can purchase the food items they like. The Stamps are handled like cash and the grocer deposits them to his bank account as cash. We believe that approximately 50% of the medically needy would qualify for the Stamp Plan under this formula.

The following chart shows combined figures for the Medicaid Program and estimated persons eligible to participate in the Stamp Plan:

TITLE XIX MEDICAID

Category	Present MA caseload				Estimated eligible for stamps			
	Families	Adults	Children	Total persons	Families	Adults	Children	Total persons
PA.....	968	719	1,167	3,313	968	719	1,167	3,313
Non-PA.....	274			1,233	274			1,233
Med. needy.....	2,437	2,613	4,827	7,440	1,218	1,306	2,413	3,720
Total.....	3,679	3,332	5,994	11,986	2,460	2,025	3,580	8,266

The retail value of the distributed commodities is approximately \$33,568 per month for a caseload of 1242 families and 4546 persons. The additional 1218 families or 3720 families from low income households would increase the retail value to approximately \$80,000 per month with all of this value being added to our economy through the hands of local storekeepers.

We have made a brief survey of the various small and large stores on all three islands. Over 75% of those contacted indicated willingness to participate in the Food Stamp Plan. The Food Stamp Plan is a more dignified way of helping needy people than the "charity hand out" of the present packaged food system. We recommend that every effort be made to secure Federal Legislation to extend the program to the Virgin Islands.

The CHAIRMAN. We will be glad to hear from you now, Mr. Krause.

STATEMENT OF CHARLES A. KRAUSE, PRESIDENT, KRAUSE MILLING CO., MILWAUKEE, WIS.

Mr. KRAUSE. Thank you, Mr. Chairman, members of the Committee on Agriculture, my name is Charles A. Krause. I am grateful for this opportunity to appear here today. I want to present a proposal to you which I am convinced will eliminate hunger and malnutrition in the United States immediately—and at a level of cost within the

present limits upon Government expenditures for doing only part of the job. As you requested, Mr. Chairman, I will present only a brief summary of my statement orally at this time, and would like to offer the full statement for inclusion in the record.

The CHAIRMAN. Without objection, the statement will be inserted and there will be no summary. I want to get this straight. This is the rule we have laid down. The witness can either testify or can insert a statement. We will be glad to hear your testimony, but I mean that which will appear in the record will be your statement.

Mr. KRAUSE. Thank you, sir. That is most satisfactory.

Mr. Chairman, I am president of the Krause Milling Co., which has its headquarters in Milwaukee, Wis. We operate extensive milling facilities in Milwaukee, St. Joseph, Mo., and Dodge City, Kans., processing corn and grain sorghums.

Our company has been privileged to play a leading role in an exciting and rewarding advance against human malnutrition and hunger in the American food-for-peace program overseas. Our company is one of the major manufacturers of "CSM," the high protein blended food product developed only a few years ago, which is now being used with outstanding success in famine emergencies and child-feeding programs in the food-for-peace program. Since September 1966, 1 billion pounds of CSM have been purchased by the U.S. Government for distribution in more than 100 countries.

BREAKTHROUGH IN FOOD ECONOMICS

The development of CSM represents a dramatic breakthrough both in food technology and in nutrition economics. CSM is what might be called an economical full-nutrition food. It is scientifically compounded to provide at the very low cost of less than 8 cents a pound f.o.b. mill, virtually fully adequate human nutrition. One pound per day provides ample food for a child's health and growth. A pound and a half provides enough calories, and more than enough protein, to maintain a man for a day of hard labor.

We propose that these breakthroughs in food technology and nutrition economics be adapted and applied to the domestic hunger and malnutrition problem.

Indeed, Mr. Chairman, we contend that this must be done, or else millions of Americans will surely remain underfed and malnourished for many years to come. The levels of expenditures for food programs that are reflected in present plans fall far short of closing the real hunger gap in America. Even in the most generous of them would reach barely half way to the real need. The administration's proposal would not fill half the gap, even by the end of 1971. Our analysis of this problem is presented in some detail in my full statement. What it comes to is the simple fact that the cost of adequate nutrition at retail price levels in the commercial marketplace is much too high to be covered by the levels of expenditures now being contemplated. The food stamp program is too expensive to get the job done unless levels of spending are doubled or more from what is now planned.

On the other hand, it is possible to close the hunger and malnutrition gap in America immediately. It can be done within the levels of cost

specified under present plans. It can be done by using the breakthroughs in new technology and economics exemplified by CSM.

CAN END HUNGER PROMPTLY

We believe that CSM as now used in the foreign programs, or modified to suit domestic requirements, could be used to good advantage in domestic food distribution and school lunch programs.

But the technical and economic breakthroughs which CSM represents can be applied with even greater usefulness in our domestic feeding program. The larger possibility lies in adding the feature of convenience to the present features of economical full nutrition foods. By this means, the nutritional quality of the present selections of foods now being offered in the direct distribution program could be upgraded substantially.

One of the leading possibilities for such a new economical full nutrition convenience food would be a pancake-waffle-soft bread preparation. Other possibilities are "instant" soup mixes, noodles, pudding mixes, breakfast foods, and so on. Another would be "finger-food" forms that would be ready to eat, like the popcorn and peanuts of old, and the present day "cocktail snacks" items. The Government is already seeking to procure fortified macaroni products. All of these food forms can be produced in compositions that offer high nutrition value and vitamin and mineral reinforcement.

The use of such foods in the Government's family food distribution program would make it possible to eliminate promptly the hunger and malnutrition caused by poverty in America—and it could be done within the levels of cost that are now being considered for doing only part of the job. It seems clear, as a practical matter, that an approach such as this is the only realistic way that we can expect to provide adequate nutrition to all Americans who need it, and to do it now and to get it done within the practical realities of present and prospective funding limitations.

DO NOT LEAVE HUNGRY WAITING

We contend that it would be a cruel delusion to insist that many who are now hungry should remain inadequately nourished until and unless funds become available for them to be reached through the more expensive food stamp program.

On the other hand, our proposals would not need to interfere in any way with the orderly expansion of the food stamp program as funds become available. All we say is—put first things first: Concentrate immediately upon getting adequate nutrition to everyone in need.

We urge that Congress act promptly by taking the following steps to insure that all Americans who need help can obtain enough food for adequate nutrition:

1. Instruct the Department of Agriculture to: (a) develop formulations for economic full nutrition convenience foods which will form the core of a national full nutrition program; (b) conduct extensive field trials of CSM and other such foods, in conjunction with an effective program of consumer instruction in the use of these foods, and (c) report to Congress on the economic and nutritional merits of this

program and the consumer acceptability of these foods as determined by field trials.

2. Authorize the Federal Government to operate school breakfast and lunch and family distribution programs wherever local officials decline to do so;

3. Broaden eligibility standards so that all persons having incomes below the poverty level will be able to obtain fully adequate nutrition without sacrificing other necessities of life; and

4. Provide adequate funds to procure needed supplies of food and for administrative costs and the transportation and delivery of food.

It is my understanding that no new statutory authority is required to use CSM and other economic full nutrition foods in the domestic school lunch and family distribution programs. Indeed, the Secretary of Agriculture earlier this year authorized the purchase of protein-enriched macaroni for these programs. We urge that CSM be purchased immediately for domestic food programs, and that other forms of economical full nutrition convenience foods be purchased as soon as suitable products are developed and tested.

These steps by Congress would lay a practical foundation for eliminating hunger and malnutrition from the American scene—within months. These preliminary steps should then be followed with these three principal administrative measures:

First, introduce a variety of economic full nutrition convenience foods in the school breakfast and school lunch and family food distribution programs as the basic core of commodities to be made available.

Second, undertake a strenuous effort to reach everyone in need as soon as possible with at least a basic supply of economic full nutrition convenience foods.

This should be given top priority, instead of expanding more costly programs such as the food stamp program, which at best would leave many to continue without adequate nutrition for several years until sufficient funds become available.

Third, develop an intensive nutritional education program, designed to reach all the poor but aimed also at the general public, and focused on promoting the use of economical full nutrition convenience foods by all kinds of consumers.

PROMOTE CONSUMER ACCEPTANCE

This approach would combine (1) the mandatory extension of Federal food assistance programs to all who need them, (2) the introduction of economic full nutrition convenience foods in Government programs and (3) a concentrated public nutritional education effort to promote general consumer acceptance and encourage commercial marketing of economic full nutrition convenience foods. Such a program would be of specific and direct importance to insure satisfactory nutritional results for participants in the food stamp program, under which the quality of the food bought is directly dependent upon the selections made by the family food buyer.

The Consumer and Marketing Service of the Department of Agriculture is currently arranging with Krause Milling Co. to set up three or more countywide field trials in three widely separated States to

test CSM in the family food distribution program. These trials may be extended to include new economical full nutrition convenience foods also. These anticipated tests are an extension of what I have presented here today. We believe in our proposal—so much so that we have agreed to supply the foods required for the tests and the supplemental personnel necessary free of charge to the Government in order that these tests may be expedited. Time is important. I will be glad to keep your committee informed of the outcome of these trials. We hope these trials will confirm the workability of the approach I have proposed here.

We believe, Mr. Chairman, that the measures we have suggested will enable us to achieve before the end of 1970 a goal to which I am sure we all subscribe—the eradication of human hunger from America, and the end of malnutrition caused by economic want.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Krause. We appreciate your interesting statement.

I wonder if I fully understand what you are proposing. I take it that what you are talking about when you talk about CSM is a food that is high in protein and the needed acids and all the other components that are required in a human diet.

Mr. KRAUSE. Protein is only one of them. There is vitamin and mineral enrichment.

The CHAIRMAN. But if you accept the advertising, there are a great many breakfast foods now on the market that have everything in them that anybody ought to eat, food that is nutritious and will make one look pretty, prevent old age, and keep you in good health. Do you know of any cereal or breakfast food product that meets the requirements that you have set out here for a proper diet?

Mr. KRAUSE. There are several breakfast foods that have been enriched. I do not believe any of them have reached the full nutrition concept that we speak of here. That does not mean that they could not. And we are hopeful that they would, that this would come. Though there are many breakfast cereals that do not have any kind of enrichment, there certainly are some, you are right, sir.

What we are proposing here is not a new food—what we are talking about when we say an “economical full nutrition food”—but a better food. We would take a pancake mix or waffle mix and make it an “economical full nutrition food,” which would be familiar to the people now consuming it. We would hope then, through the direct distribution program to encourage regular producers of these same products to fortify them and sell the fortified products in the marketplace.

The CHAIRMAN. Well, the ordinary breakfast food certainly does not qualify from the standpoint of being an economical food. I think when you figure out by weight, a breakfast food is about the most expensive type most of us buy. We are buying so much cold air in the package and so little cereal and additives that by no stretch of the imagination could breakfast food as we now know it, qualify as being a cheap food, something economical for poor people to buy. Is not that correct?

Mr. KRAUSE. That is right, but using the concept of the formulated foods in the direct distribution program, we feel that a good breakfast cereal can be made available at a very, very low cost.

Now, CSM is a food that gives the child or an adult all of his needed nutrition. If he has an orange a day and perhaps a stalk of celery and a pound or a pound-and-a-half of CSM, he is going to be adequately nourished.

The CHAIRMAN. The point is there has not been an economical nutritional breakfast food placed on the market, if it can be.

Mr. KRAUSE. Well, there is a difference in the cost, of course, of providing a food through the direct distribution program which is purchased by the Government and distributed in that way. We are selling CSM at less than 8 cents a pound f.o.b. our plant in 50-pound bags. Now, assuming small packaging costs and a 100-percent markup to cover distribution, administration, and transportation costs, we are still talking about making available for, say, 15 to 20 cents a pound, adequate nutrition for somebody in need of nutrition or someone who is hungry.

Our company is not in the consumer business at all. I do not know why some breakfast cereals like that have not been made available. There have been attempts to. Some of them are—as you pointed out earlier—fortified cereals are now being sold.

The CHAIRMAN. But they are not being sold at what you could call economical prices. They are being sold at about 80 cents a pound, are they not?

Mr. KRAUSE. I have not checked your mathematics but I am sure you know the accuracy.

The CHAIRMAN. If you buy, oh, I think a 10-ounce package for 40 cents, that would be about 65 or 70 cents a pound. Is not that about the way most of them sell?

Mr. KRAUSE. Well, you have the costs of advertising, distribution, promotion.

The CHAIRMAN. I know they have costs. But I say that is not something that you can use and call it low-cost food.

Mr. KRAUSE. Well, I think really the point we are trying to make is that the food stamp program, which would provide stamps to purchase products like this, is not going to get the job done within the funding limitations that apparently are in effect, within the funds that are apparently available at the present time. A product such as we conceive, CSM and CSM-like products, that could be purchased by the Government and made available through the direct distribution programs could provide much more of a nutritional impact at this lower cost.

The CHAIRMAN. I think we will all agree that it could. I think there is no question but what the present commodity distribution program provides more nutrition for the money you spend than the food stamp program. Probably the food stamp program is the most expensive of all the nutritional programs that we have devised. But it does maintain a good many features of our society that we want to maintain and it would seem to me that the question would be whether its effects on society as a whole were sufficient to justify the additional cost.

I do not think anybody can contend for 1 minute the food stamp program is a cheap program, or that it is one that provides a maximum of food for the dollars you spend. It does give the recipient a freedom of choice that he does not have elsewhere. Sometimes that is not wisely exercised.

We find that some of these grocery stores, specialty stores which frankly my wife cannot afford to trade with, accumulating a large volume of food stamps because the holders of food stamps go there and buy commodities the ordinary citizen does not feel he can afford to buy. I think that is one of the weaknesses of the food stamp program. It is not perfect by any manner of means.

I think the food stamp program has a great many advantages, but it certainly has a number of disadvantages and you are emphasizing the disadvantages in that it is not a true nutritional program, getting nutrition to people who need it at the lowest cost. I think there is no question about that. But can you get the American people to accept a true nutritional program?

Mr. KRAUSE. I would certainly hope so, and I would look to the Government to provide real leadership in this area.

The CHAIRMAN. Well, now, by real leadership do you mean we ought to try to see that the average American, the citizen who gets help from the Government on his grocery bill, use that help in the most intelligent manner? Is that what you mean?

Mr. KRAUSE. No. I think a nutrition educational program, should not be aimed only at the people that are participants in the direct distribution program or the food stamp program, but should be aimed at all segments of our society. Then it would encourage manufacturers to produce and sell, in the regular supermarkets and the regular stores, more fortified nutritious foods. At the same time it will provide an education to the people that are using the full nutrition foods that are in the Government programs, and it will give them the background and the ability to plan their purchases in the stores of economical foods when they leave the direct distribution program or the food stamp program and become self-supporting consumers through the regular channels of trade.

The CHAIRMAN. Well, just how far would you go with that? Obviously, we have gone a step in that direction with food stamps. You cannot use food stamps to buy liquor. And that is on the theory that the liquor is not helpful to you. It is not nutritious. It does not add to your nutrition. Therefore, although the store may be selling it, they cannot take—cannot legally accept food stamps in payment for it.

And we also say that you cannot use food stamps to buy very many imported articles. You can buy coffee and tea and there are a great many people—I happen to drink both coffee and tea—but there are a great many people in the United States who believe that coffee and tea are injurious and evil and that it is some kind of a wrong to use it.

Now, maybe we ought to exclude coffee and tea but we do not. But we do exclude coconuts and mangroves and tropical fruits generally. We do exclude imported items with very few exceptions, and that is on the theory, of course, that the American producer can supply those products and, therefore, there is no reason for spending the Government's money to buy those imported articles.

Now, would you go any further? Would you eliminate from the food stamp list of foods that you can buy—there is no list; rather, would you add to the list that you cannot buy those that simply are not nutritious, and we know that there are a great many foods sold in any grocery store that have minimal nutritional value. Would you eliminate those?

Mr. KRAUSE. No; I would not. I would simply encourage—and there are various ways that this might be done—that the nutritious foods be purchased. It is not beyond the realm of possibility that a blue ribbon panel of nutritionists could develop certain standards of nutrition for food classes.

The CHAIRMAN. Well, just how would you do that? It is characteristic of the American people, I think, that if something is hard to get, that is what they want. If it is available, that is what they do not want. Alligators are getting in short supply and everybody who has but one pair of shoes wants alligator shoes. I never wore them in my life but anybody who is a little short on shoes wants alligator hides.

The same thing applies to food. If it is something that is a little bit different to get, if the asparagus crop is short, they all want asparagus. It depends on what is not generally available. They want the thing that the average citizen cannot get.

I am not criticizing anybody. It applies to you and me and all the rest of us.

How would you go about making them, encouraging them to buy the nutritional products?

Mr. KRAUSE. Well, the first thing, I think, is to make them aware of what they should buy. This might be done by having certain certifications to be made of foods that met certain nutritional standards, and then educating consumers about them.

The CHAIRMAN. Wouldn't you drive them away from it? I think most everybody knows that milk is more nutritional than pop, but I think probably more pop is sold in the United States than milk.

Mr. KRAUSE. Well, perhaps—

The CHAIRMAN. I do not know that there is.

Mr. KRAUSE. Being from Wisconsin, I am a great advocate of milk, and I love it, and there is milk in CSM. But look at another product. Look at pancake mix. It would be possible to produce a fully nutritious, well-fortified pancake mix that would taste—

The CHAIRMAN. Nobody would eat them unless you go to a pancake house and pay a dollar and a quarter for a little half-dollar-size pancake.

Mr. KRAUSE. This is the same kind of pancake mix that you can buy in the store, an instant pancake mix, but it could be an instant fortified pancake mix, or an instant fortified soup mix. All of these can be fortified.

You mentioned coffee and tea before. I do not know the technology behind this but I understand there is a very active proposal under study now in India to fortify tea. I do not know how it is being done but this is underway. And we are not talking about presenting new foods, but just better foods that cost a little more to put together but do provide full nutrition.

Now, you mentioned the cost of the food stamp program and the fact that it is not the most economical way to get nutrition into the hands of the people that most need it. This is certainly accurate. As I point out, what we are proposing here is not in conflict with the food stamp program. We just say that right now there are funding limitations, Mr. Chairman, that I think are rather stringent. Our survey indicates that between \$5 and \$6 billion would be needed to provide adequate nutrition to the people that need it today. There is a mounting body of evidence—

The CHAIRMAN. Now, when you say people who need it today, let us clarify that. Do you mean people who cannot buy adequate nutrition or people who just do not buy adequate nutrition?

Mr. KRAUSE. I mean people who cannot buy adequate nutrition at retail prices. It is based—as I say in my statement—there are about 3 million families that we feel need \$1,200 per year—these are USDA figures—the minimum of \$1,200 per year that would be required for a nutritious diet for a family of four. That comes to \$3.6 billion. And then there are 3½ million families which while they are above the minimum poverty line and could pay something toward the cost of food, probably would need help in buying about half their food—about \$600 a year. There is \$2.1 billion, or \$5.7 billion all together that would be required at retail prices under the food stamp program. We are saying these people are hungry and malnourished. If we would go the route of economical full nutrition products—not speaking only of CSM, but a variety of reinforced foods—as the core of our strategy, that is the way that we could today bring adequate nutrition to this group of 26 million people.

The CHAIRMAN. Thank you.

Mr. Belcher? Mr. Purcell?

Mr. PURCELL. Thank you, Mr. Chairman. I do not have any questions. I, just like the chairman, would like to compliment Mr. Krause on his statement and then would indicate my agreement with you on the importance of education of all people toward the importance of eating nutritional food. I know it is very difficult but I think we just were negligent in not realizing what our situation was.

I feel that there are probably more malnourished female teenagers in middle and upper income homes in America today than probably any other category because these young ladies worry about their figure at a certain age and they would rather drink diet soda pop of some kind and little snacks than they would worry about the more nutritional food and this, I think, is society's fault and we have not been able to or have not tried hard enough to educate the parents, to the importance of feeding their families a fully balanced diet during the day. And surely we can.

I do not think that all the churches are very successful in getting very many people converted to their religion but they do not quit trying because they do not have everybody coming to church, and I think we must not quit trying until we have a more balanced acceptance of the consumption of better foods.

The CHAIRMAN. Mr. Zwach?

Mr. ZWACH. Mr. Chairman, first of all, let us have a definition of CSM. Corn, soybean, and milk products?

Mr. KRAUSE. Yes, sir.

Mr. ZWACH. In what proportion?

Mr. KRAUSE. At the present time it is—the formulation has changed but at the present time it is about 62 percent of precooked cornmeal, 24 percent of soy flour, and 5 percent of nonfat dry milk, and 2 percent of a vitamin and mineral enrichment, blended together in a dry form and then there is some soy oil added to bring the fat content of the product up to 6 percent.

Mr. ZWACH. So, it is vitamin fortified?

Mr. KRAUSE. Vitamins and minerals. Cornmeal with soy flour added to give a very substantial protein impact. The product has 19 percent minimum protein.

Mr. ZWACH. Now, this is not a spanking new product; is it? It has been in existence for quite a while and has been used overseas, and so on.

Mr. KRAUSE. Yes, sir. Since 1966, and the separate components, of course, have been used in food products for many, many years.

Mr. ZWACH. How do you prepare it for sale? You prepare it and package it? How do you package it?

Mr. KRAUSE. It is used in the food for peace program under Public Law 480 and it is sold in 50-pound bags.

Mr. ZWACH. Then it is bought directly by the Department of Agriculture?

Mr. KRAUSE. Yes, sir.

Mr. ZWACH. But do you package it now for retail, for general sale?

Mr. KRAUSE. Not CSM as such, but we do sell one of the components that we manufacture, precooked cornmeal, to food manufacturers who in turn process it and use it in food products.

Mr. ZWACH. Do you foresee that this will be sold at wholesale and retail in America like other foods or are you foreseeing a distribution by Government in this whole program that you are suggesting today? I just could not sense what you were envisioning.

Mr. KRAUSE. I think what we are thinking of is probably a two-pronged attack. CSM, in the formulation that I just described, may not be exactly what is needed to solve the problems of malnutrition in this country. Perhaps the vitamin and mineral enrichment should be a little different, or the level of protein should be a little different. This product can be mixed with other products to prepare soups or it can make an excellent soup on its own. Waffles——

Mr. ZWACH. But are you contemplating short circuiting the whole economic structure, the whole retail-wholesale structure in America?

Mr. KRAUSE. No. I think that what will happen is that this product, and products like it that encompass this concept of blending nutrition together, will very definitely be put out by the major manufacturers of retail food products in this country.

Mr. ZWACH. How many manufacturers make this now?

Mr. KRAUSE. I think that there—CSM as such?

Mr. ZWACH. Yes.

Mr. KRAUSE. I think there have been seven or eight different companies that have participated in the program for foreign distribution.

Mr. ZWACH. And they do not necessarily all use this exact formula.

Mr. KRAUSE. The formula is set up by the Department of Agriculture and everybody who sells the product must come up to exactly those specifications.

Mr. ZWACH. This exact formula that you have given for the record.

Mr. KRAUSE. Yes, sir.

Mr. ZWACH. What does that cost per pound?

Mr. KRAUSE. Less than 8 cents a pound at the present time, 50-pound bags, f.o.b. our plant.

Mr. ZWACH. Now, I am an author of the expanded food stamp program. It seems to be here you are sort of setting up a meatless society; are you not? There is no meat of any kind? America, you know, is

measured in a sense by—you are expecting more and more millions of Americans to not have available to them meat as a dietary part of their living?

Mr. KRAUSE. I think——

Mr. ZWACH. You expect to go completely to a vegetable and milk——

Mr. KRAUSE. Not at all. I think that the people that we are talking about, trying to reach immediately with this concept of blended food, are people that are not now eating meat. Certainly, meat is a delicious form of protein and good nutrition, and I am sure it always will be in this country.

Mr. ZWACH. You are talking continuously about economical food. Do you think food in America is high?

Mr. KRAUSE. Well, I can only speak for what my wife says and she says it is.

Mr. ZWACH. You answer it, please. Do you think food in America is high today compared to other nations and compared to the whole structure in the world?

Mr. KRAUSE. Well, certainly the convenience that is demanded by the American housewife has a cost and a high cost.

Mr. ZWACH. Do you think food is high priced in America?

Mr. KRAUSE. Yes, sir. I do not think it is low priced.

Mr. ZWACH. You know that producers of food get less today than they did 20 years ago for the same product. You know this; do you not?

Mr. KRAUSE. Yes, sir.

Mr. ZWACH. So really, the American consumer spends less of his income for food than any other nation in the world. You are aware of this.

Mr. KRAUSE. Yes.

Mr. ZWACH. Why, then, do you think that Americans cannot afford to pay the cost of food for its people when you have the combination of the most efficient producers getting less than a fair return and the consumers spending less of their income, why do you say we have to go to a meatless sort of product in order to feed our people?

Mr. KRAUSE. Well, the figures—which we understand are accurate, sir—are that there are a great number of Americans, about 26 million, that are not able to buy adequate nutrition and are hungry and malnourished. These are the people that we say this approach should initially begin with. We feel that this concept of full nutrition then will spread, as we indicated before, through an education program as to what is good nutrition for all Americans.

Certainly, meat is good nutrition and I do not for a moment envision any time when meat is not one of the staples of most Americans, but I do believe that the people we are talking about reaching, the people that today have their children facing permanent mental retardation because of lack of adequate nutrition do not have an opportunity to purchase meat in any quantity or in sufficient quantity.

Mr. ZWACH. I watch in the retail establishments of our country the use of the food stamp and the purchase of meat in its various forms. Meat in its various forms is one of the real purchases of people in the food stamp program. Now, if we substitute CSM for it we will eliminate meat which is a good, nutritious food and real American dish

that I sort of feel ought not to be eliminated by legislative process from the tables of America. The food stamp provides that people buy by choice. I spend an hour or more every Saturday afternoon watching the purchases of foods in our great big stores and I have noticed those people that have food stamps buy great varieties of meats. So, I was wondering why we come now with a product that would eliminate this from the diets of so many, many people.

Mr. KRAUSE. Well, I do not think it would eliminate it. All we were talking about is that it does not appear that the funding that will be available for food stamps in the immediate future, the next 18, 24, 36 months, is going to be nearly adequate to provide adequate nutrition today. Every month thousands of young people are continuing to fail to obtain sufficient nutrition to promote their mental growth. There is a growing body of medical evidence that unless young people get adequate nutrition before the age of six, they are going to suffer permanent mental retardation. I do not think the food stamp program is reaching all of these people, nor that it could reach them within the funding restrictions that are currently being proposed.

As the food stamp program grows, as additional funds become available, we would expect it to expand, and perhaps this direct distribution program then should be retracted. But in the interim we would have given the people adequate nutrition, some of the people that are not now getting it, and we would have created a nutritional consciousness among all Americans that would enable them to do their food buying more intelligently in the grocery store as the food stamp program expands, and as people leave the food stamp program and become regular purchasers.

Mr. ZWACH. I am happy to see that you add vitamins and fortify it. Could not this be done now with food now manufactured in America to a much fuller and greater degree? Is not this maybe part of our problem?

Mr. KRAUSE. It certainly could be done. But as a manufacturer you have the very real problem, however, of trying to sell your product at a higher price compared to your competitor who does not fortify and may have a product that tastes just as good but is not as good for you. But again, a nutritional program that would make people aware of the penny or two more they have to pay and why they have to pay it to get good nutrition seems to me a result of a nutritional education program that would be well worth the cost.

Mr. ZWACH. Well, I certainly think we should use this product in our fight to eliminate shortages of nutrition in America, but I did not like the idea that this was the economical thing and that other foods were high priced in our country, that they were so high priced that we could not afford to do a job of feeding without using CSM. I do not believe that is true.

Mr. KRAUSE. If the funds would be provided, that is true. But I have severe reservations on the question of sufficient money being appropriated to get the job done right now.

The CHAIRMAN. Thank you, Mr. Zwach.

Mr. Kleppe?

Mr. KLEPPE. Thank you, Mr. Chairman.

Mr. Krause, you have given a very thought-provoking statement, I think, and a very interesting one. I would just like to review a couple

of things so that I understand the thrust of what you are saying and proposing here.

It is basically correct that you are against the food stamp program because of the lack of funds to do an adequate job?

Mr. KRAUSE. I do not mean to say we are against the food stamp program. I just do not think it will do the job done today that we feel has to be done.

Mr. KLEPPE. Well, then, in effect that makes you against it at this point in time, subject to the proposal that you make which is a direct food distribution system of CSM enriched products.

Mr. KRAUSE. Well, products such as CSM.

Mr. KLEPPE. Such as CSM.

Mr. KRAUSE. The concept, the technology.

Mr. KLEPPE. That is basically correct, is it not?

Mr. KRAUSE. Right.

Mr. KLEPPE. You think the food stamp program is too expensive and cannot do the job, so you are proposing this other method to take care of the hunger and malnutrition promptly.

Mr. KRAUSE. Yes, sir.

Mr. KLEPPE. All right. You agree there is a difference between hunger and malnutrition.

Mr. KRAUSE. Right.

Mr. KLEPPE. Sometimes it may be kind of a hard line to draw and hard to define.

I am very intrigued and very interested in this third administrative proposal of yours which is the nutritional education program. This is something that many of us have talked about and many of us feel very strongly about. Have you given this particular suggestion much thought as to how this would come about?

Mr. KRAUSE. I think it has to be undertaken with real zeal and dedication on the part of Government, and it has to be funded in a very substantial way. It just cannot be something that is considered a luxury. It has to be a very important program, and one that calls upon the creativity of all the people who are far better qualified than I am to determine the ways in which you can sell nutrition in this country.

As we begin these testing programs that I mentioned in my statement, we plan to work very closely with home economists and nutrition aides in each of the counties where we will be conducting the tests. We want to see if we cannot get them to really carry the banner for us into the homes, and teach people about nutrition and why these products are the kinds of products that they should eat. But it is going to really take a creative program and advertising and everything that goes with it.

Now, I mentioned earlier the possibility of some kind of standards of optimum nutrition to be established for various categories of foods such as for breads, for pancakes, for breakfast cereals.

Mr. KLEPPE. This is primarily what I wanted on the record because I think it is so easy to roll off our tongue that we need a program of nutritional education, that many people do not think about what is involved in bringing this about. You are a businessman. You know something about the merchandising and advertising aspects of what makes our country go, of the selling of products, and involved in this

particular educational program is I believe, and I agree with everything you say, a very deep-thrusted program that needs a great deal of funding, and it needs a great deal of creativity, and then it is not going to be done overnight——

Mr. KRAUSE. That is correct.

Mr. KLEPPE (continuing). Because this is a most difficult program. I think we could answer our malnutrition problems primarily if we could accomplish the educational aspect of what it is that represents good nutrition. Hunger is a little bit different again. That is something else. This is a matter of getting to the people that are really hungry and I think there is a difference. Basically, this is what I wanted to understand about your approach from the standpoint of how this is going to be done.

You said immediately. I take a little issue with that because I think the educational program is more difficult than that and there is a matter of education involved and this is why I wanted to understand the thrust behind your proposal and how deeply you had thought about some of these suggestions.

I think that is all.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Kleppe.

Mr. McKneally?

Mr. McKNEALLY. I just want to add to what Mr. Kleppe said, Mr. Chairman. I just do not know whether anybody has thought through what form education to taste will take. It is all very well for us to hope that by a series of lectures or a series of conditioning by TV that people will come to eat string beans or prefer them to ice cream. But I just think that we will fail miserably if we will depend upon what we regard as education as a means of solving the problem of what people eat.

Eating string beans as against ice cream is a matter of discipline. When I was fed as a child, I always left the string beans there. But somebody made me eat them. My mother.

Now, how can we approach the solution to an adequate diet or a diet that will avoid the ills that flows from an inadequate diet I do not happen to know. But I do know that the simple business of saying we need an educational approach is a vast generalization not particularized and not very helpful to the solution of this problem.

Mr. Purcell said something to the point when he said that young people will of their own will follow their taste to soda pop and avoid milk. The only way that I know you can avoid that is by taking the soda pop away from them and compelling them to drink milk. That is not education. That is discipline. And until somebody gets into their head a program that involves a discipline with reference to selecting and eating foods, we are just going to be whistling around in here kidding ourselves that we are going to avoid all the ills that flow from inadequate diet.

Therefore, after all that, I say that somebody better come along that is quite willing to think out a program that will result in not only education but a measure of compulsion, and I know that in a society that is based totally and more on freedom, this is hard to do because discipline and freedom seem more or less to be hostile concepts.

But if you are going to feed them and make them healthy, you have got to make them eat the right foods and they are not going

to eat the right foods by telling them over the air or in some brightly colored cartoon that string beans are good for you and, therefore, eat them because it is not going to work.

So in developing this program, somebody ought to come up with some realistic approach to making people eat those things that they should eat and after having said that, what part the U.S. Government can play in such a program.

The CHAIRMAN. Thank you, Mr. McKneally.

Now, is there anyone else who heard the witness testify who wants to question him? If nobody else——

Mr. Abernethy?

Mr. ABERNETHY. Mr. Chairman——

The CHAIRMAN. Just a minute. If there is anybody else now who did not hear the witness testify and who wants to question him, he is in order.

Mr. ABERNETHY. Mr. Krause, as I understand, your company is a manufacturer of this product known as CSM.

Mr. KRAUSE. Yes, sir.

Mr. ABERNETHY. How long have you been manufacturing it?

Mr. KRAUSE. Since September 1966.

Mr. ABERNETHY. Do other companies manufacture the product?

Mr. KRAUSE. Yes, sir. I think there are seven or eight companies that have been awarded contracts by the Department of Agriculture for purchases of this product for distribution abroad.

Mr. ABERNETHY. Well, now, do you have a patent or something on the product?

Mr. KRAUSE. No, sir.

Mr. ABERNETHY. Who developed it?

Mr. KRAUSE. The product was developed by a number of people. It started out when the Department of Agriculture in August of 1965 developed some guidelines for a blended food. Then our company and our industry developed CSM in accordance with those guidelines, and then we undertook to test the product in various countries around the world. We had questionnaires and tested its acceptability, and presented this information to the Department of Agriculture, and they began a limited purchasing program that has expanded very substantially so that today as I indicated before, just less than 3 years since the first purchase, we have already bought 1 billion pounds of this product.

Mr. ABERNETHY. When you say "we," who are you speaking of? I thought you said you manufactured the product.

Mr. KRAUSE. Yes, sir.

Mr. ABERNETHY. What do you mean when you say "we" bought?

Mr. KRAUSE. I mis-spoke. It was the Department of Agriculture that purchased the product.

Mr. ABERNETHY. I see. Is it generally available in grocery stores throughout the country?

Mr. KRAUSE. No, sir. But its components are.

Mr. ABERNETHY. You cannot buy it off the shelf in any grocery store?

Mr. KRAUSE. No, sir.

Mr. ABERNETHY. I just wanted to try it.

Mr. KRAUSE. I will be glad to give you some to try it.

Mr. ABERNETHY. Fine.

Thank you, Mr. Chairman.

The CHAIRMAN. Anyone else want to question Mr. Krause? If there are no further questions, Mr. Krause, we are very obliged to you for an interesting discussion. We appreciate your attendance.

Mr. KRAUSE. Thank you, Mr. Chairman.

The CHAIRMAN. We will hear now from Mr. Dave Ackerman of the National Council of Churches. He will be accompanied by Msgr. Lawrence Corcoran and Mr. Marvin Braiterman.

STATEMENT OF DAVE ACKERMAN, NATIONAL COUNCIL OF CHURCHES; ACCOMPANIED BY MSGR. LAWRENCE CORCORAN, DIVISION FOR POVERTY, U.S. CATHOLIC CONFERENCE; AND MARVIN BRAITERMAN, UNION OF AMERICAN HEBREW CONGREGATIONS

Mr. ACKERMAN. Mr. Chairman, members of the committee, we appreciate the opportunity to testify before you today on behalf of the reform of the food stamp program.

Permit me to introduce who we are. On my left is Msgr. Lawrence Corcoran, the director of the National Conference of Catholic Charities. He is also testifying on behalf of the Division of Poverty of the United States Catholic Conference.

On my right is Marvin Braiterman, acting director of the Religious Action Center of the Union of American Hebrew Congregations.

My name is David Ackerman. I am staff associate, Washington office testifying on behalf of the National Council of Churches.

We are testifying in support of the reform and improvement of the food stamp program.

It can no longer be thought that hunger and malnutrition stalk only foreign lands. Nutritional experts may debate the definitions, but the existence of hunger and malnutrition in the United States has been irrefutably established. Two years ago in 1967, a group of doctors investigating conditions of hunger among children in the Mississippi Delta first removed from our country its veil of blissful ignorance when they reported to a Senate Subcommittee on Poverty in these words:

In sum, we saw children who are hungry and who are sick—children for whom hunger is a daily fact of life and sickness, in many forms, an inevitability * * * “Malnutrition” is not quite what we found * * * They are suffering from hunger and disease and directly or indirectly they are dying from them—which is exactly what “starvation” means.

Since then, numerous other studies—“Hunger, U.S.A., Their Daily Bread,” the CBS report on Hunger in America, the report entitled “The Food Gap: Poverty and Malnutrition in the U.S.” by the Senate Select Committee on Nutrition and Human Needs, the National Nutrition Survey, reports by independent investigators—all have reached the same general conclusions: Hunger and malnutrition do exist in the United States. They afflict surprisingly large numbers of people. They affect both physical and mental development. Their incidence and severity are closely related to income level.

What makes these conditions morally outrageous is that hunger and malnutrition exist in this country needlessly. This is an affluent land. Our economy is moving toward a gross national product of over \$1 trillion. In our production of food, our problem has been one of surpluses rather than scarcity. We are, in short, in the enviable position of having the capacity to provide all our people with the opportunity for a well-balanced diet.

Mr. Chairman, for the religious person the issue of hunger and malnutrition existing in a land of plenty is primarily a moral issue. The three of us are here as one, testifying jointly because our religious traditions are united on this issue, and because the moral imperatives ought to be clearly projected.

Our religious traditions speak in common of the responsibility of the just man to care for the needs of his less fortunate neighbor. Wealth is not seen as a private preserve; rather it is to be shared for the betterment of all. Our traditions hold no moral solace for societies that fail to seek justice. The Book of Proverbs says: "He that giveth unto the poor shall not lack, but he that hideth his eyes shall have many a curse." The crisis our Nation is experiencing is the curse brought by continuing neglect of the problems of the disinherited, deprived, and disadvantaged. Social order can be achieved only through social justice.

Mr. Chairman, the moral responsibility to feed the hungry, clothe the naked, shelter the homeless, is both an individual and social one. In a modern mass society such as ours, the primary need is for highly developed and well-coordinated programs on a national scale. Private agencies alone do not have the resources to do the job. We must realize that the claim of the poor to the right to a full humanity is as just as the claim of those of us in better economic circumstances, and we must act on that realization. This Nation has the opportunity to assure that all of its people have access to adequate diets. To have his opportunity, and to fail to act on it, would be, from our perspective, morally irresponsible.

THE FOOD STAMP PROGRAM

The food stamp program is one of the means this Government has devised to enable people with inadequate incomes to improve their diets. Like all the food programs—commodity distribution, school lunch, emergency food and medical services—it has proven grossly inadequate to the need. As the Senate Select Committee concluded in its interim report, the Government's food programs "have been neither funded nor administered to alleviate the problem of poverty-related hunger." (p. 7)

Responsible estimates of the number of poor suffering from hunger or malnutrition suggest 14.4 million Americans as the minimum. The actual number may be twice as high. But the food stamp and commodities distribution program together reach only 6.4 million people. Nearly 400 counties and independent cities have no food program at all. On the average, only 10 percent of the poor are reached by the food stamp program in a given county. Few of those who are reached receive enough stamps to assure an adequate diet.

Nevertheless, we believe that the food stamp program can be made to work. But major reforms are necessary. We would like to comment

on the following nine areas in which it seems to us that the food stamp program falls short, and make recommendations for its improvement (not listed in order of importance) :

- (1) Purpose of the program;
- (2) Eligibility standards;
- (3) Methods of certification of eligibility and issuance of coupons;
- (4) Value of coupons issued;
- (5) Purchase price/free stamps;
- (6) Purchase of soaps and sanitation products;
- (7) Consequences of lax State and local administration, and of State and local failure to request program;
- (8) Simultaneous operation of food stamp and commodity distribution programs;
- (9) Level of authorization.

(1) Purpose of the program.—In the present law (Public Law 88-525), the purpose of the food stamp program is stated as follows: “* * * the Nation’s abundance of food should be utilized * * * to safeguard the health and well-being of the Nation’s population and raise levels of nutrition among low-income households * * *” (sec. 2)

and

provide eligible households “with an opportunity more nearly to obtain a nutritionally adequate diet * * *” (sec. 4(a))

These statements of purpose do not go far enough. They fail to speak to the need of all our people for fully nourishing diets. Simply to “raise levels of nutrition” is insufficient when present levels are appallingly low, and to provide households “with an opportunity more nearly to obtain a nutritionally adequate diet” is to raise expectations and default on them in the same sentence. The policy of this Government should clearly state that no person shall be denied an adequate diet for reason of poverty, that this Nation’s abundance of food shall be used not only to “safeguard the health and well-being of the Nation’s population” but especially to raise to nutritionally adequate levels the quantity and quality of food intake of those in low-income households, and that under the food stamp program “eligible households shall be provided the opportunity to obtain a nutritionally adequate diet.”

(2) Eligibility standards—At present, standards of eligibility for the food stamp program are set individually by States and localities at levels consistent with those used in federally assisted public assistance programs. Not only are these standards in some States so low that many households with real need are barred from participation, but this plethora of standards also sets up a geographical discrimination: a household eligible in one State may not be eligible in another.

The food stamp program ought to have national eligibility standards. The Secretary of Agriculture ought to have the authority to set a national income standard beneath which all would be eligible for food stamps.

It is clear from various studies that the food budget is one of the most flexible parts of a poor family’s budget. When necessities of rent

or clothing or medical bills are pressing, the food budget is likely to be diminished. Consequently, to assure that the poor have adequate diets, eligibility for food stamps should be open to all who cannot both purchase an adequate diet and meet other necessities as well. A realistic level, we think, should be at least three times the cost of the low-cost food plan.

Allowances would have to be made for regional variations in the cost-of-living, of course. Resource limitations would have to be established for recipients. In addition, States should have the option to set a higher standard if they so choose. The standard should be revised annually to reflect changes in the cost-of-living and/or changes in the determination of what is necessary to purchase a nutritionally adequate diet.

It should also be made possible for elderly and incapacitated persons who do not have cooking facilities or who are unable to purchase and prepare their own food to receive food stamps and to turn their stamps over to a nonprofit organization (meals-on-wheels, boarding house, nursing home, church, etc.) that would purchase, prepare, and deliver the meals. As it is now, many such persons are excluded from the food stamp program because their mobility, and sometimes their motivation, is limited. Such a provision would also bring those people into human contact and perhaps assuage to some degree the loneliness they often feel.

(3) Methods of certification of eligibility and issuance of coupons.—Certification of eligibility ought to be as simple as possible. It ought to respect the dignity of the applicant, create no delay, and not weigh down the certifying agency in paperwork or investigation. The present system uses and duplicates the certifying procedures of public welfare agencies. These have long been criticized as onerous to the agency and demeaning to the applicant. Designed to save money, they have ended by creating an unwieldy bureaucracy, a resentful clientele, and a policeman in place of a social worker. We suggest that certification by affidavit is superior in all respects: it is faster and simpler, frees the certifying agency for other work, trusts the applicant to declare himself truthfully, is no more likely to be abused than Internal Revenue Service forms, and can be as easily safeguarded. There is no need to wait for the public welfare system to convert to the affidavit method of certifying eligibility. It can be instituted in the food-stamp program now. Such a simplified system should provide also for the special needs of migratory laborers, whose eligibility should apply across county and State lines.

Much criticism as well has been directed at the methods of issuing coupons. In many places they are issued only once a month, and all too often they are issued from inconveniently located centers. Many households are unable to put together the necessary cash at the right time of the month and/or are unable to get to the issuing center. To meet these difficulties, we recommend that the law require that coupons be issued at least twice a month, and that every area have several centers of distribution easily accessible to the recipient, open at convenient hours. We recommend also that the law permit persons on welfare to request that charges be deducted in advance from the welfare check and the coupons mailed to them; and permit the elderly

and incapacitated either to have their coupons mailed to them or picked up for them by other persons.

In short, Mr. Chairman, the procedures used in certification and issuance ought to be as simple and flexible as possible in order to reach and serve those in need. The changes we have suggested, we think, would make these procedures more humane.

(4) Value of coupons issued.—This is one of the most serious inadequacies of the present program: even with the bonus coupons, most recipients still cannot afford to purchase a nutritionally adequate diet, as defined by USDA. Only those in the upper income levels of the bonus schedule (\$250–\$365 a month for a family of four) receive a total coupon allotment equal to or greater than the \$98.90 per month the USDA estimates in its economy-food plan to be minimally adequate.

But the economy food plan is itself an inadequate guideline as to what is necessary for an adequate diet. Because the plan makes unrealistic demands on the marketing and food preparation skills of the homemaker, USDA itself has admitted that “the cost of this plan is not a reasonable measure of basic money needs for a good diet.” Yet this was the plan on which the President based his recommendation that all recipients receive allotments of \$100 per month.

A better guideline would be USDA’s low cost food plan, which estimates that \$1,440 a year is necessary for a family of four in the North to purchase a nutritionally adequate diet. All recipients of food stamps should receive a total amount of coupons adequate to the purchase of such a diet, regardless of the purchase price they pay. To provide less would mock the purpose of the program. In addition, USDA’s estimate of the money needed to purchase an adequate diet ought to be periodically revised to reflect increases in the cost-of-living as well as changes in estimates of nutritional needs.

(5) Purchase price/free stamps.—The present food-stamp program specifies that eligible households will be charged an amount “as is determined to be equivalent to their normal expenditures for food.” (Sec. 7(c).) Families are ordinarily charged a lump-sum amount for their monthly allotment of stamps. The purchase price they are required to pay is usually between 30 percent and 50 percent of their income. Even families without any ascertainable income whatever have been required to pay something. The effect of the required purchase price has too often been to keep people from participating.

The purchase price schedule ought to be modified so that no participating household pays more than 25 percent of its income for the stamps. To charge more takes too much from budgets that are already meager. In addition, no purchase price ought to be charged the poorest of the poor. In short, the purchase price charged the food-stamp recipient should be set on a sliding scale according to income. Those whose need is greatest should be charged the least. The sliding scale suggested in section 7(b) of H.R. 13423 strikes us as realistic.

(6) Purchase of soaps and sanitation products.—The present act forbids recipients the use of food stamps for the purchase of soaps and other items necessary for personal hygiene and home sanitation. This seems to be self-defeating. Recipients should be helped to store

their food in clean places, eat it off clean dishes, with clean hands. They should not be left vulnerable to infection with worms and other parasites which sap them of the nutrition they so desperately need. We believe the act should be amended to permit recipients to use food stamps for the purchase of personal hygiene and home sanitation products.

(7) Consequences of lax State and local administration, and of State failure to request programs.—The Government has learned from evaluations of its poverty programs that aggressive and imaginative administration is needed if the benefits are to reach the target population. The present food stamp law does not search out such aggressive administration.

This Nation should not permit the poor to suffer simply because of laxity and/or malfeasance in State or local administration. The Secretary of Agriculture should have the authority not now granted him in law to set up and operate a food stamp program in areas that refuse to request one. He ought to have similar authority when it is determined that an operating program is not being properly administered. It tests our credulity to read in the present act that the only course provided to rectify improper administration of a food stamp program is the removal of the program from that area. Certainly this should be changed. To provide further flexibility, it should also be made possible for nonprofit voluntary agencies to be the administering agency at the local level. In many areas these organizations could provide far better outreach than Government agencies, and their use would be in accord with the President's desire to make greater use of such organizations.

(8) Simultaneous operation of food stamp and commodity distribution programs.—Statistics show that levels of participation drop when areas convert from the commodities program to the food stamp program. To make sure that as many of the hungry and malnourished are reached as possible, the present legal barrier (sec. 4(b)) against the simultaneous operation of both family feeding programs in a given area ought to be eliminated.

(9) Level of authorization.—The real test of any nation's commitments lies not in its rhetoric, but in its budget. A reformed food stamp program must be adequately funded.

In the present law the authorization level for fiscal 1970 and the first half of 1971 is \$340 million. This is enough only to annualize existing food stamp programs and to expand it to include only 100 new areas (there are approximately 1,600 areas that have no food stamp program now). Revision of the bonus schedules, an increase in the coupon allotment to meet minimum nutritional needs, modification of the purchase price, more inclusive eligibility standards, replacement of the commodity distribution program, expansion into areas with no family feeding program at all—none of these are possible without substantially increased funding.

The first step, of course, is to increase the authorization level. The Senate in late June passed a bill (S.J. Res. 126) authorizing \$750 million for the food stamp program for fiscal 1970. We urge this committee to report that bill for prompt House action, so that the full \$750 million can be provided in USDA's regular appropriations bill (now awaiting a House-Senate conference).

But even that increase falls far short of the total need. The Senate Select Committee on Nutrition and Human Needs has reported that the minimum need is \$3.3 billion, and suggests that a more realistic figure is \$5.2 billion. Even that figure, however, would not help the 13 million individuals whose income lies between the current poverty index (approximately \$3,500) and a more realistic poverty index of \$4,500.

We urge the committee to authorize a rapid expansion of the food stamp program to meet fully the dietary needs of the poor and the near poor.

We realize this is an economizing year, but we should not save money by keeping food from the poor. We urge this committee to lead the Congress in meeting this responsibility.

CONCLUSION

As the President has said—

That hunger and malnutrition should persist in a land such as ours is embarrassing and intolerable . . . Something very like the honor of American democracy is at issue.

An improved food stamp program offers no panacea for the poverty of this Nation, but passage of the reforms and modifications we have suggested would be a major step in the right direction. We urge this committee to take that step.

I believe now that Monsignor Corcoran and Mr. Braiterman would like to add an additional comment of their own.

The CHAIRMAN. We would be glad to have it.

Monsignor CORCORAN. Just very briefly, I think Mr. Ackerman has detailed the proposal very well and, therefore, I would just express my own appreciation to have the opportunity to appear before this committee and reemphasize, you might say, the very first point which is made, namely, to have as the purpose and objective and public policy of this country the eradication of hunger and improper nutrition; that is, trying to eliminate malnutrition to the very best of our ability. I will just leave it at that.

The CHAIRMAN. Thank you, Monsignor.

Mr. Braiterman?

Mr. BRAITERMAN. Mr. Chairman, the only point that I would make additionally to what has been testified to this morning is that there is, I sense, a great and significant political opportunity for the Federal Government to acquit its responsibility in this area with the agreement of the States; perhaps a greater opportunity than we have had in recent years because the issue has become better known and because the inability of local governments to deal with the problem is becoming increasingly recognized.

I am very impressed with the fact that the National Governor's Conference which is presently in session has in effect admitted that it must throw up its hands in the area of poverty, at least where the most elemental matters of life itself are concerned, and has invited and in fact in yesterday's action at the conference requested the Federal Government to fully fund welfare programs and to take over their administration and expense.

If that is true with what is essentially as complicated a question as welfare, it certainly can achieve a great deal of political acceptance in the simple area of the distribution of food. The business of starving people in deference to local initiative is both a mistake in morals and a mistake in politics. I think that essentially the Governors of our country and the States are recognizing that now and you will not, if you increasingly federalize the initiatives and standards and the funding of these programs, you will not run into the kind of difficulty that I would admit realistically you would have run into a few years ago.

I do not know, though, that this opportunity will stay with us very long, and while the country is in a mood to deal with hunger as a national problem, those agencies of our national government and our national legislature should respond lest the time of political acceptance of this thing pass and the public again go to sleep on the fact that poor people are hungry and that they are not in a position to participate in any kind of creative federalism or any other kind of political theory as long as some overall agency in this country does not take on the responsibility of making sure that no American is hungry.

Therefore, if you are ever going to move to federalize these programs in a realistic, financial and political sense, I think the time is now.

The CHAIRMAN. Thank you very much.

I want to ask one question but before I do, I feel I must comment on Mr.—what Mr. Braiterman just said. Personally, I do not look upon it as a political opportunity to extend the powers of the Federal Government. I am the author of one of these bills that takes off all of the limitations on funding. I understand the economics of it, I think, but from the political philosophy, I still believe in States. I think that our Federal Government is far superior to anybody's national Government. I believe in the philosophy set up by our Founding Fathers.

I merely want to suggest that I not be associated with any idea that I am seeking an opportunity to extend the powers of the Federal Government. I think the powers of the Federal Government have been stretched far beyond the constitutional provisions now. I am not looking for such an opportunity. But I raise the question in the extending of aid—how far should we extend this aid, to whom, how far we should go in providing food. It has been suggested, and I think there is logic to it, that soap and antiseptics be included.

Mr. Burlison will suggest clothing. Housing has been suggested.

In other words, how far should the Government go, should society go, toward providing all of the needs of humanity without contribution on the part of those individuals? I believe it was in our early settlement the statement was made that: "He who will not work, neither shall he eat," and a good deal earlier still there was a much more profound authority who stated that "by the sweat of thy brow shalt thou eat bread."

Now, of course, we are abandoning the sweat of the brow to eat philosophy and I have gone along with that on the theory that to the extent that one cannot find the work to provide the bread, then we will provide the bread directly. But how far should we go on that?

Should we go all the way? Should we go all the way of providing all of man's needs, and if we do, is it your conviction that we will still be able to make our economy function?

It is my feeling that history has taught us that man simply will not work unless he has to work for something, that he does not work simply for the exercise, that he only works when he has to work, in order to provide for himself and family.

How far do you think we can go and still maintain our productive ability?

Mr. ACKERMAN. Permit me to comment on that.

The CHAIRMAN. Yes. I want you to because I think it is the most serious thing involved in all of this.

Mr. ACKERMAN. I am not quite sure what tack to take. It seems to me that we as a society have a responsibility to those who through no fault of their own find themselves in circumstances that do not enable them to live full productive lives.

The CHAIRMAN. Most all of us will accept that, I think. Will you comment on the proposition of the able bodied man who can find work and will not take it?

Mr. ACKERMAN. Well, I am not sure. It seems to me—well, with particular regard to the food program, it seems clear to me that an able bodied adult is not able bodied unless he has a nutritionally adequate diet. That is the minimum certainly that we ought to provide so that he is able to work.

The CHAIRMAN. If you provide that and he becomes able bodied, what do you then require of him? Simply that he remain at an income level of less than \$4,500 a year?

Mr. ACKERMAN. No. It seems to me that it does not become us, though, giving up on the possibility of redeeming any man that from circumstances not to his wanting or the wanting of society—

The CHAIRMAN. I did not understand what you said.

Mr. ACKERMAN. You are suggesting if a man wants, shows that he is unwilling to work, that we then forget about him and let him fall at the wayside of society. It does not seem to me that is the attitude we ought to take. We ought to do everything in our power to help that man lead a productive life. If his need is food, clothing, housing, it seems to me we ought to go the extra mile for him.

I am not for coddling a person. There may be need for discipline at some point.

The CHAIRMAN. At what point would you provide discipline? I think that is really the crux of the whole thing.

Mr. ACKERMAN. It is impossible to answer that. It comes down—

The CHAIRMAN. We have to answer it when we write the law. We cannot escape it. And if you are going to be really helpful to us, you will help us answer it, because in all seriousness now, I have supported this food stamp program. I am supporting it today. I have legislation pending here with my name on it to take off this limit on appropriations. I do not think I can be classified as an enemy of food stamps. I think it is a helpful, useful, procedure, but I do not think it is perfect by any means.

Now, you can be real helpful to us if you will suggest at what point you would begin to apply that discipline. We have to decide

that. It has to be in the law. If we do not put anything in, there is no discipline. You understand that, do you not?

If we say nothing about it, then we have said that forever we will feed that man regardless of his efforts on his own part. Now, where would start applying that discipline?

Monsignor CORCORAN. I would like to comment on that, if I could.

The CHAIRMAN. Yes, sir.

Monsignor CORCORAN. I do not know whether this will be the help that you want but I will be able to take a stab at it.

I think that just the same as no one would disagree that if there is someone who through no fault of their own is hungry that we would feed them, likewise, if there is someone who absolutely when, say, there is work available, he is able to do it, and he turns his back upon it, that extreme, too, we would say we are not going to coddle him as Mr. Ackerman says.

The in between is the situation where it becomes difficult to decide, and the approach that we have taken by and large in this country, is an individualized approach on an investigatory type of thing because we have recognized that every individual has his own problems, his own needs, his own situation, and I think that it is very hard to lay down a general principle that is going to govern every situation.

I think that at the same time we would have to recognize that no matter what approach we take, there is always going to be a certain percentage that you cannot cover, and I keep referring to the comment of a friend of mine who is president of a large department store chain and they allocate about 11½ percent—they recognize there is about 11½ percent pilferage, dishonesty, and all that, and they do not even try to eliminate that because it is not worth it economically. And I think we are going to have to recognize that if we could reach that same percentage, we would probably be doing pretty well. And I think it is a very hard thing to accept the fact that we will overlook a certain amount of it, but I think in setting a general program, it is practically impossible not to do so.

The CHAIRMAN. Well, Father, that department store operator does not take the position that he does not try to prevent stealing in his store. He recognizes there is going to be 11½ percent. He adds that to his cost, of course. That is what he does, and passes it on to the public. But if he catches somebody shoplifting in his store, he is going to prosecute, because if he does not, he is going to invite every thief in the country to come to his store.

We are in the same position as that store operator. We know there are people in the United States who never work until they have to because they are hungry, and they let their families starve. They let others, anybody else, go until they get hungry. They do not work. And they are not going to. I think the percentage is higher than 11½ percent in this instance. I do not know. It is not tremendously high, but enough that another 10 or 15 percent who see some getting away with it, enjoying everything they enjoy, without working, will they themselves quit working?

Has not that been the history of society? Do you know of any place where mankind has tried to operate profit motive economics and made it function while providing all the wants of everyone in that society, whether they work or not? Do you know of any such place?

Monsignor CORCORAN. I cannot say that I do, no.

The CHAIRMAN. I do not think it has happened. I think the history of the world indicates there are a great many people, or at least a substantial number of people who quit work whenever they were able to meet their physical needs without work. Is that not still true over the world?

Monsignor CORCORAN. I think that there are some people like that. I think that myself, with all due respect, I would rather concentrate on the ones that are definitely in need, who are desirous of doing whatever they can for themselves, and are still in need through no fault of their own. I think if we can take care of them, we will be concentrating on the largest problem and I think that we can set up certain guidelines that would eliminate those who would not choose to, given the opportunity, not choose to work.

The CHAIRMAN. That is the question I was asking. What are those guidelines? Where do we set those guidelines? We have to set them.

Mr. BRAITERMAN. Mr. Chairman, I make this general suggestion to you, and that is the reason that I am glad that it is the food stamp program in particular that we are talking about. It may very well be that we could not set reasonable guidelines in a lot of other areas. We might not be able to set reasonable guidelines in furnishing people with recreation or housing or some other things, but certainly in the area of food we ought to be able to set as a reasonable guideline what amounts to either an issue of hunger, starvation, or malnutrition, and say that at that level, at that level we will make the absence of income no deterrent to being able to eat at a level that will avoid malnutrition.

Now, this does not mean that we are providing the recipients of that food, whether it is through food stamps or anything else, with the kind of diet that he would have if he had operational money to choose as to whether to use for food or something else. We are not equating his standard of living with the standard of living of people who work in high-income jobs. We are not equating his standard of living with the standard of living of people who do not work at high-income jobs but who have steady and regular employment. But we are saying that at the very minimum, at the very minimum, he and his family have to be able to get enough food to not be malnourished. Otherwise, you are not only sentencing him to starvation and malnourishment because he does not want to work. You are also sentencing in the case of a head of family, his wife to that situation, if he has a wife, and you are sentencing his children to that situation and they are not able to work and we would admit that.

There is no way under the organization of family life in the United States, there is no way to get terribly accounting conscious where food is concerned without depriving children of an adequate diet. As a matter of fact, the largest issue of hunger in the United States is that which reflects upon children.

Malnourishment is a difficult problem for anybody who is the victim of it but the problem is greatly multiplied in the case of children.

Now, I do not think that any public official would knowingly want to make children hungry, and yet if we make as our standard of judgment that which was suggested in your earlier remarks, namely, that if you do not work, you do not eat, we are not only saying that

if you do not work you do not eat, Mr. Wage Earner, or Mr. Non-Wage Earner, but if you do not work, your children do not eat.

Now, I do not think that that is a standard of society that we do accept in this country any longer, and we have merely hidden from ourselves the fact that there are really many children who are not eating because their parents are not working.

The CHAIRMAN. Well, I come back to my question. Of course, I recognize the difficulty of our family organization. That permeates all of society. When we enforce criminal laws and send the father to the penitentiary, we may inflict more hurt upon the family than we do upon the individual. That has always been true, and I do not know that we have gotten smart enough to avoid it.

Somewhere back on the Sinai Peninsula I believe there was a pronouncement about visiting the sins of the father upon the children of the third and fourth generation. I think that still happens, that maybe the third and fourth generation suffer for the sins of the father. It happened 4,000 years ago and I think it is still happening. And we try to avoid that as far as we can. But I think that hardly answers the question that I was asking you.

I know it raises another question, a difficult question, one that is no more related to food stamps than it is to penology. It is related to our whole family setup, of course. When you punish the father you often do inflict ill upon other members of the family. But do you think we are smart enough to provide food for the children, for the innocent victims. I think in the food situation we can do it possibly better than we can in some others.

Mr. BRAITERMAN. I think we can, Mr. Chairman, but I do not think we really have.

The CHAIRMAN. I do not believe we have outgrown that statement about "in the sweat of thy brow shalt thou eat bread." I still don't believe that society has gotten so smart we can get the kind of production necessary to maintain the standard of living we want unless we have some compulsion about working. I just do not believe we are that smart.

Maybe we are. Maybe we can all quit working, sit in the shade and fish. Lots of people would like to do that year round. I do not believe we can do it.

Now, if any of the three of you have any forthright answers to give as to where this committee should begin to apply those standards that you suggested, where we should draw that line, I want them now. If you have not got them, let us frankly admit it. I do not have them. Now, do you?

Mr. ACKERMAN. Mr. Chairman, quite clearly from what we have said, we do not have them, either. I think we have an innate shyness against imposing legal requirements to work because of the fear of the compulsive aspect of that kind of thing.

The CHAIRMAN. What is wrong with the compulsive aspect? If you are giving a man something, what is wrong with the compulsive action of saying he has got to do something for it?

Mr. ACKERMAN. It violates the freedom of choice of that individual.

The CHAIRMAN. You mean—I will agree he has got a freedom of choice to go out and starve himself if he wants to, but he has not any

freedom of choice to say he can tax Tom Abernethy to feed him. That is no freedom of choice that our Government gives him.

He has got perfect freedom of choice. He can work or he does not have to. I will agree with that. But, do you agree that he has got the freedom of choice of doing nothing and then has got a right to make this man, Mr. Abernethy, feed him? He has got to work. He is not smart enough to feed his own family without working. He is not smart enough to feed himself and two or three more without work.

Now, has that deadbeat got the freedom of choice to say that I will just fish and live under the culvert and let him work and feed me? Is that the freedom of choice you are talking about?

MR. BRAITERMAN. Mr. Chairman, I presume and assume that you do not refer to all people who are poor or all people who are hungry as deadbeats.

The CHAIRMAN. No, sir. I did not.

MR. BRAITERMAN. I know you—

The CHAIRMAN. I said those who could and would not work. I refer to them as deadbeats, the man who can and will not work.

MR. BRAITERMAN. Right. But we have a situation where the majority of hungry people in the United States are not people who can and do not work but who are people who can and do work.

The CHAIRMAN. I realize that. Let us get back to the practicality because as I pointed out to the monsignor a moment ago, and I think we all have to agree, even though the percentage is very, very small, I suggest it is the same as he suggested for pilferage and it may well be, say 1½ percent, the very small percentage, when you have that example standing up that Bob Poage does not work but he is able to get everything that Page Belcher gets by working, that leads Graham Purcell to decide he ought not to have to work. And if you do not think it is true, just look back over history.

I ask you to cite the example of a society that has succeeded and has provided for all the needs of everybody in the society without requiring anything on the part of the individual.

MR. BRAITERMAN. Well, I would say this, that one part of society in microcosm that this is applied to is the U.S. Congress, for example. There are people in the Congress, Mr. Chairman, who do not work as hard as you. There are people in the Congress—

The CHAIRMAN. I did not say work as hard as anybody. I said work. They do—every man does something who is in the U.S. Congress.

MR. BRAITERMAN. Right.

The CHAIRMAN. Every man in the U.S. Congress at least does some work.

MR. BRAITERMAN. Right, but he—

The CHAIRMAN. He did not get here just free and easy. There is no free ride into Congress.

MR. BRAITERMAN. Absolutely, but he is paid according to a Federal standard of payment and not according to a Federal standard of what he is required to do.

The CHAIRMAN. Maybe he gets too much, and your congregation may decide you are over or underpaid but whether we are over or underpaid, you have a job.

MR. BRAITERMAN. Right.

The CHAIRMAN. And you purport to do that job.

Mr. BRAITERMAN. Right.

The CHAIRMAN. I assume you do.

Mr. BRAITERMAN. Right.

The CHAIRMAN. But this fellow who will not take a job, he is the man I am talking about. And you well realize who I am talking about. You are not under any misapprehension that I am talking about somebody who makes more money than somebody else. That is part of our society, too. That is part of our economic setup, that you get greater rewards for some things than you do for others. But I am talking about the man who feels that he can have all of the niceties of civilized society, food and clothing and shelter and medical attention and education, all of those things and we provide them all free, we provide them all without him doing anything in return.

Now, that is the man I am talking about and I know and I think you know that if we let that man brag about that all over the country, that others are going to seek to enjoy the same leisure that he enjoys.

Mr. BRAITERMAN. There, I just do not agree, Mr. Chairman. And I guess we just have to agree to disagree. I do not believe that this food stamp program or any other Federal food program is going to encourage people to be on it rather than work. I think that the majority of those who need this program are not unwilling to work. I think that the majority of those who need this program are people, children, old people, able-bodied people in areas of low employment and low skills. I think the majority of the recipients of this program are people who need this program and who this Congress should provide for.

The CHAIRMAN. Of course, the majority are. We have all agreed on that. I have agreed that probably 98½ percent—

Mr. BRAITERMAN. Then we are not talking just about a majority. We are talking about the overwhelming number.

Now, I do not believe that you should have a policy either by action or inaction that starves 98 deserving people to make sure you do not feed two people that might not be entitled to it. I think you have got to find other ways to deal with these two people after you feed the 98 who need it.

The CHAIRMAN. Then you have answered my question by saying you do not believe you ought to impose any sanctions against the man who will not work?

Mr. BRAITERMAN. No. I do not believe in imposing sanctions against the 98 who cannot work because of a fear that we will not be able to impose sanctions against the two who will not work.

The CHAIRMAN. Have you any suggestions as to sanctions we might impose against the 1½ percent?

Mr. BRAITERMAN. Not specifically at this point.

The CHAIRMAN. Then, you come back to the proposition that we should not impose sanctions against that 1½ percent.

Monsignor CORCORAN. I do not know how specific you want to get but I think I alluded, and I would come back to the point that I think that if in trying to set an overall policy that Congress felt that it had to say, and perhaps it might, that if a person is offered a suitable job and turns it down, they would not be eligible, this is a simplified statement of something that would have to be detailed in greater length. But I do not think that any of us would say that someone, as

I said before, who turns his back on work would still then be given food or anything else as far as that is concerned. In other words, that could be a work-related provision and I think that this is the type of thing that is being proposed and is already in existence in the total welfare system. It is being included in the welfare form system that is being proposed.

Therefore, I think that this whole question of work is a related question and that it is not simply a matter of saying that everyone who receives food must either have been unable to work or if they are able to work, and do not work, then they are cut off.

That is one possible approach but included with that it is necessary also to make sure that there is a provision for stimulating employment and for determining what a person is able to do and enabling them to have work. So these things are included.

My basic point is that I think in the total program as a matter of policy, that it could be that the bill would read that the person would have to accept suitable employment to be eligible, at least not have turned it down.

Now, I think that beyond that, I for one, would be willing to accept responsibility for those who maybe might have been wronged or might not have been wronged in application of such a policy.

I was instrumental some few years ago in establishing in a run-down neighborhood in my hometown the equivalent of a soup kitchen because we worked on the principle that you never go wrong by feeding a person, that you might do wrong maybe or indirectly contribute to something wrong a person might be going to do if you give him money. I do not completely agree with that, but you never go wrong in giving a person a sandwich and a bowl of soup if they are hungry.

Now, it may not be possible for Congress to follow that principle. I would hope they could, but maybe you feel you cannot. I for one, would be willing to accept the responsibility for that and our total complex of Catholic charities across the country would, I think, agree with that.

The CHAIRMAN. I agree with that statement. I have taken too much time.

Mr. Miller?

Mr. MILLER. Yes, Mr. Chairman.

Mr. Braiterman, in your testimony you made a statement about the inability of the local government to handle this. Now, this seems to be a problem where there is a question as to how we separate those who would work from those who would not work. The local people should know who would work, and could work, and yet we talk about making this a Federal program completely. We are taking it away from the control of the local people.

Have you given that consideration?

Mr. BRAITERMAN. Yes. I have. Congressman Miller, I have given it some consideration and my standard of judging the thing is that despite the fact that it might have been true that theoretically local people would be the ones to know, we have just got too many hungry people in the United States, nationwide, to demonstrate that this theory is a fact.

Not only do we have too many people who are hungry in the United States to demonstrate that the theory is a fact but we also have too

uneven a distribution of these food programs where we have many evidences that counties and other local jurisdictions that have the greatest problem of poverty and hunger are in many cases not participating in the Federal programs that are involved out of local choice or local initiative not to participate.

This means to me that we have got this problem that Governor Rockefeller described last night when he talked about the welfare situation in an interview. He said that the problem of welfare, the problem of poverty, is a national—I am paraphrasing him, not quoting him—he says a national issue, a national problem. The Federal Government is going to have to treat it as a national problem and deal with it as a national problem, fund the program, set up guidelines and operate it.

Now, if that is true about a complex issue like welfare, I am afraid it is even truer and more seriously demonstrated about one aspect of the poverty program which is the hunger problem.

If we were making our first efforts in the United States to feed hungry people, I would agree with you, Mr. Miller. I would say this is the place to start. Start with local initiative. Start relying on local judgment of who needs the program. Start relying on local decision making as to how much the localities are willing to put in together with the Federal Government. Start relying on local initiative as to whether to be in the program.

But we are not just starting this program. We are picking up on a situation that has been going on for years and in this situation one of the areas of greatest malfunction has been the local initiative involved.

The local initiative has not helped hungry people get fed. The local initiative has, despite the fact that we all make a kind of a ritualistic obeisance to local initiative, the local initiative as resulted in the fact that we have too much hunger in a country as rich as this. Therefore, I think that there is more and more sentiment in the country for making this a Federal Government initiative and that sentiment is even reflected in the local communities.

Mr. MILLER. Excuse me. It was reflected in the Governors' conference statement.

Mr. BRAITERMAN. Yes.

Mr. MILLER. All of us know we have to face reality.

Mr. BRAITERMAN. Right.

Mr. MILLER. It is easier for the Governors to come to Washington to collect the funds than it is for them to raise money in their own State.

Mr. BRAITERMAN. Right.

Mr. MILLER. We have to be aware of the impact here. That statement, of course, is important to them. I think that we should not overlook that as we move along.

Let me ask also, you are feeding a number of people, I would assume. Maybe a few million, is that an appropriate figure? It is a matter of money—you could feed more if you had more money. That is why you are here.

Mr. BRAITERMAN. No. Not as such. We are not here requesting Government grants to supplement some program of ours.

Mr. MILLER. No. To fit into the total picture. The food stamp program would help in feeding.

Mr. BRAITERMAN. That is right.

Mr. MILLER. We are talking about, in reality, money; how much will be appropriate for the total picture of all organizations.

Now, only this morning we had a man from the Krause Milling Co. who spoke of CSM and, as I understand the testimony, one pound would feed a child for 1 day, and a pound and a half would feed an adult—furnish enough calories for a working man. This could be sold in lots of 50 pounds f.o.b. at 8 cents a pound. It could be sold retail, packaged and sold at 10 cents a pound.

Have you considered this type of thing in helping those that you would help?

Mr. BRAITERMAN. Here I am not speaking for myself because this is not my work, but I do know that among groups both in terms of groups in the organizational area and in the private sector, and among scholars and scientists in the problem of health and nutrition, ways are being looked for to assure more adequate nutrition through technological improvement, and that is essentially what you are talking about. And I am all for that.

I am all for doing whatever we can scientifically, administratively, organizationally, et cetera, to assure an adequate diet. But I do recognize that there are cultural problems involved in changing people's eating habits. There are distribution problems involved in getting technology from the testtube or the laboratory through our marketing systems on to the kitchen table where kids sit every day to eat a meal. And in the meantime, I would take as a sine qua non of what the Federal Government should do that objective, actually funded and paid for, to give every family an adequate diet.

Now, the question of what an adequate diet is may change. The question of how an adequate diet is achieved may be technologically improved. We may find ways, just as we found a way to send a man to the moon, to more efficiently and more economically give people minimum standards of nutrition. But while we are looking for these mechanisms, and they are mechanisms, we have got to be able to feed people.

Mr. MILLER. We heard testimony this morning that the way was available. That is what I was talking about.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Miller.

Now, the Chair is going to suggest that maybe in fairness to our other witness, Mr. Anderson, Friends Committee on National Legislation, that if it is agreeable I am going to ask these gentlemen to let us hear Mr. Anderson.

Mrs. GALLAGHER. Mr. Anderson would prefer coming back Friday and we only have two witnesses Friday if you want to do that.

The CHAIRMAN. I am perfectly willing to hear him Friday. I am simply trying to accommodate him.

All right. Then, we will proceed right now.

Mr. Purcell?

Mr. PURCELL. I have no questions, Mr. Chairman.

The CHAIRMAN. Mr. Mathias?

Mr. MATHIAS. Mr. Chairman, I just have one question.

Earlier you mentioned the Nixon administration's new idea on the welfare system. For example, if this does come about and we come up

with a guaranteed annual income, or another name, whatever it is, if every poor person in the United States if he does work were to get a guaranteed income, now, I imagine this would eliminate such programs as the food stamp program, the school lunch programs, the milk programs, all the programs which give people things, because people would not be poor any more. They would be above the poverty level.

Now, would you be in favor of this?

Mr. BRAITERMAN. Yes; if you really raised it above the poverty level, and you understand the President's problem in this respect. He has not proposed a level, for example, for a family of four that would go above the poverty line. He has got a \$1,600 proposal. Now, I am just using that as one illustration.

Now, an adequate diet purchased at conventional prices for a family of four cannot be purchased for less than a—minimal diet cannot be purchased for less than about \$1,500 a year. That is, speaking in round terms, something like \$33 or \$35 a week for food for a family of four.

Now, we should not expect that we are ready to eliminate food programs if we have got a \$1,600 welfare floor because a \$1,600 welfare floor will itself just about pay for an adequate diet for a family of four.

I am not disagreeing with you, Mr. Mathias. I am just saying that until we reach the level where we really have a guaranteed income that puts people above the realistic poverty line, we cannot assume that we are ready to go out of the food stamp business or any other food program in spite of the fact that income supplements and other welfare reforms are absolutely necessary and we are in favor of them.

Mr. MATHIAS. You are quite right there. We come down to another point. Say we do have a guaranteed income per year. These people might go out and spend it all on clothing. They still might be hungry. They might spend it on liquor or soda pop. Nobody would have that control.

Right now there is little control over the food stamp program. These people get money. There are no restrictions. They can spend \$100 worth of food stamps for crackers which is not nourishing. So in my thinking on it, I think the USDA or this committee should have some type of restrictions on the type of food that these people can buy.

This gentleman from Wisconsin has the ideal solution. If your real thinking is to get people from being hungry and so they will not have malnutrition and we are told these people know how to do it, why cannot we tell them what to eat so there will not be malnutrition?

Mr. BRAITERMAN. Well, in principle—I did not want to argue with you on that score because I am not sure frankly—I am not sure of the extent to which I agree or disagree with you. I hope you understand that.

I think that there is some value in letting people decide what food to buy. On the other hand, I admit that there is a lot of improvident purchase of food and we need programs that will educate consumers and educate poor people in nutritional dietary practices that will enable them to make their money stretch further or to make the Government's money stretch further and to do a more adequate job in ending malnutrition. But I do not think we can find an easy magic formula, that we could put our whole program into one very nourishing commodity, give that to people and say we have no more malnutrition. I think it is a little more complicated than that.

Mr. MATHIAS. We are helping the poor people, the people who are starving, to get better nourishment by giving them food stamps.

Mr. BRAITERMAN. Maybe you are, I admit except that we have not seen that program end malnutrition in the United States either and, therefore, I have a certain amount of skepticism that that is a panacea or solution to it, and that is the reason why I think we have got to do a lot of other things besides. I think we have got to do something about food stamps. I think we have got to do something about other kinds of commodity programs, do something about food education, and I think we have to do something about food technology. All of these things have to sort of proceed apace.

Monsignor CORCORAN. May I say something on this because I think there is a particular point just in the approach. In other words, I would hate to see us start out by saying that we are going to require certain types of purchases for everybody because some of them, and probably very, very few, are going to make the wrong kinds of purchases. I think probably we ought to start out with the approach that everyone is going to make the right kinds of purchases and then when we find out those who do not, then try and invoke some type of restrictions upon those who do not do it, because then I think that we would be placing the confidence in the majority which I think is rightfully placed rather than placing the suspicion which attaches only to a few, placing that suspicion on the totality.

Mr. MATHIAS. That is all I have, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. de la Garza?

Mr. DE LA GARZA. Mr. Chairman, I just want to be very brief and ask a couple of questions but before that, I would like to comment on Mr. Braiterman's statement, original statement.

I have been bringing this out throughout these hearings and you seem to be bringing it out again, that you put too much emphasis on the politics, that we ought to take advantage of the politics, that this is the right political atmosphere. I have been complaining about this because there are too many people, mostly in the other body, who go with the television camera and with 90 reporters and because they want to create a national image of some sort, are riding the sufferings of the poor for political purposes and because of their desire for higher political office. I think, and I think your basic statement, all three of you, is that this is a moral issue and we should feed the hungry because they are hungry, not for any political advantage that any Senator or any Congressman might derive from it in the long run in creating a national image.

Now, also on your statement, I think we ought to emphasize more—your statement seems pessimistic. Something is being done. It may not be done correctly, may not be done to the fullest, but we are trying and the Government is trying, private agencies are trying, and I think we should emphasize this more rather than bring out the negative.

Mr. Ackerman, you started off with this Hunger, USA. Congressman Gonzalez went to San Antonio and documented the fact that part of that Hunger, USA, from San Antonio was misleading, was erroneous, was false and was deceitful, and he documented this.

Congressman Whitten documented stories of the people who were interviewed in this Hunger, U.S.A., and some of them were proven to

be incorrect on the record. This is on the hearings that Congressman Whitten had.

So, I think you bring out the negative too much. Not that you can deny that there is a problem and that we must proceed with corrective measures.

Now, in this respect I would like to bring out—I know your organizations do a lot of work in this respect and I think that—I know you will not have figures with you, but I would like for you, if possible, to include in the record later what the Hebrew congregation is doing, what the Catholic congregation is doing, what the Protestant congregations are doing in the South. Let us take the largest Baptist congregation in Atlanta, Ga. What are they doing? What is the percentage of their income and what percentage of that income is devoted to helping the poor or feeding the poor, because I know this is being done and this is not being brought out, that people are working, because I hate to think of it that you come here and you say people are dying of hunger. We must start today.

We started a long time ago. The idea is that we could do better and this is what the chairman is saying. We need to amend this legislation to make it better, to cover more people, and to cover the deficiencies, if there are any.

So, I was wondering if you would be so kind as to present us some positive programs that your institutions are doing so that we might include in the record that people are doing something and that we are doing something but that we need to do more.

Monsignor CORCORAN. I can give a little documentation right now, if you wish.

Mr. DE LA GARZA. Surely.

Monsignor CORCORAN. We took just a partial survey of some of our Catholic charities operations about 6 months or so ago. It is more than that. I would say a year. But in 1 year just these who partially—partially the portion that responded, we were expending over \$7 million in feeding people. Therefore, I would imagine that it would go to at least two or three times that many. And I think that this would not include many other things that you could never learn. In other words, every parish house in the country practically has someone that they are feeding, and so forth, and it is pretty hard to get them to report and give statistics. So, you could at least take this as a fairly good base—it is a hard figure for a certain portion of our operation—and you can multiply it from there.

I cannot help but say I would want to, inasmuch as it is exposed to the record, speak to the matter of those San Antonio hearings, you know. You mentioned Representative Gonzalez for whom I have a great deal of respect. Likewise, Congressman Whitten. Our people, on the other hand, say just the opposite. They were there at those hearings. I was there at those hearings. I would have to respectfully disagree that they were inaccurate.

Mr. DE LA GARZA. I mentioned Hunger, U.S.A. now. These were no hearings.

Monsignor CORCORAN. OK. They were referred to as hearings. The Hunger, U.S.A. investigations in that area.

Mr. ACKERMAN. May I comment on that?

Mr. DE LA GARZA. There have been two or three different hearings in San Antonio now. I wanted to be sure that we are speaking of the same one. You speak of the one which was headed by George Meany, and his committee.

Monsignor CORCORAN. No. I speak of the ones that were under the chairmanship of the Board of Inquiry on Hunger that produced Hunger, U.S.A., chaired by Benjamin Mays and Lesley Dunbar, and they interviewed people. The location was Father Ruiz's center there in San Antonio and people came from different areas and there was a very careful conversation with them.

Mr. ACKERMAN. May I comment on your statement also?

Mr. DE LA GARZA. Certainly.

Mr. ACKERMAN. I can understand how you got the impression that our statement was pessimistic because we did attempt to focus on the needs of 25 million still who are poorly nourished. We could have talked instead about the 175 million who are fairly adequately nourished because this is a very commendable situation. Yet that is not where the action is needed. The action is needed for these 25 million who have yet to experience an adequate diet.

We are not pessimistic. We think there are some very positive things that can be done to help that group as well. So, I hope that pessimism is not a lasting impression.

Mr. BRAITERMAN. I would like to comment, Mr. de la Garza. The issue is not really pessimism or not pessimism. I take it that the purpose of this committee's hard work in this area is to look at the problem realistically and neither to paint a hysterical picture or to paint a rosy picture that will cover up facts. And under those circumstances I would regard the testimony that we have brought to you and that you have gotten from other sources as neither pessimistic nor optimistic but as simply realistic.

The fact is that many of those realistic facts do not do our country honor, but that does not mean that they are unrealistic. On the other hand, as Mr. Ackerman says, there are plenty of people in the United States, and I suppose that includes everybody in this room, who have an adequate diet. Some people in this room, like me, probably have an over-adequate diet. I wish I did not eat so much. But we are not taking up my problem and we are not taking up the business of what is the general state of the Nation with reference to nourishment.

This is an inquiry as I understand it, into the needs of those who are malnourished and I hope that you will keep these facts before you in your deliberations after these hearings are closed.

What are we going to do about those who are malnourished? It is a fact that only 5.4 million out of about 29 million poor participate in Government food programs of the two major varieties and the majority of those participating are not the poorest of the poor because it requires a certain amount of money to get into the food stamp program. And it is further true that in spite of the fact that malnourishment has not diminished among the poverty sector of the country, participation in Government food programs has dropped 1.4 million in the last 6 years, so that the statement that malnutrition among the poor has risen sharply over the last decade, if it is applied to the poor, is probably true. And again, I put it in terms of realism.

When the Senate passed a bill that is awaiting action for a House-Senate conference now authorizing \$750 million for the food stamp program for fiscal 1970, we have urged this committee to report that bill for full prompt House action so that the full \$750 million can be provided in the Department of Agriculture regular appropriation bill. But we have said—and I think this is realistic—that that increase really falls far short of the total need.

The Senate Select Committee on Nutrition and Human Needs has reported that the minimum need is \$3.3 billion and a more realistic figure is \$5.2 billion.

Now, that is a small percentage of our resources and we can be optimistic about that. That is a small percentage of the amount spent on food among those who are not poor and who are not hungry. We can be optimistic about that.

But for those who are involved in that cycle of hunger, they have no reason to feel optimistic as long as the funding of these Federal programs on which they rely for their sustenance is not adequate.

Now, we would like to see the House move to the Senate authorization now. We would like to see the Congress together move at least to the minimum need and eventually to the more realistic figure that is suggested in the Senate select committee's report.

I would be the last one to say that we are not doing anything or that we have not started yet. Many of our complaints about the way we have handled this moral issue are simply based on the fact that we have had these food programs for a long time and we are trying to suggest to you the answer to your question. How can these food programs be improved? How can they realistically be improved in a way that will really do hungry people some good and will not involve anybody patting himself on the back at the expense of somebody else who is so darn hungry he cannot even reach his arm around to reach his back.

I think we have got to admit we have a problem and do something about it.

MR. DE LA GARZA. This has been the problem. We have sat here 2 hours and 15 minutes because of our interest in this, but people come and say there are people hungry and we must feed them and they come not across with how except that it will cost more money and more money and this is not the answer entirely. But the interest is there and we are trying to help.

MR. BRAITERMAN. And we appreciate that, Congressman.

MR. DE LA GARZA. Many people come before us—I am not saying you gentlemen—who will not answer a direct question. The chairman can attest to that. They cite figures and they read from their little figures and they will not deviate from that. You want to get to the facts. They will not get to the facts. They become shifty as they answer questions. You have been very forthright today, and I commend you for that.

Now, we are way past the time, time to adjourn. I would like to mention just one good thing to you, Mr. Braiterman. I was in Israel shortly after the June war, 6-day war, and we went to a kibbutz which is right outside Jerusalem and they explained to us how it operated and how it worked and everyone was doing something and we asked—he was the chairman of the board of directors of the kib-

butz and I asked what do you do if someone does not do his work? He said we kick him out. That is exactly what he said. Then he informed us how they vote and if he does not do his work within that institution, they push him out.

Mr. BRAITERMAN. But our problem here in the United States is that we have people who have not gotten in yet. When we have some people who have gotten in and then do not do their job, we might have to push them out, but we have people in the area of hunger and malnutrition who have never had participation in anything. I am speaking here, for example, of children. I am speaking here, for example, of people who have not been tested about their willingness to work.

Mr. DE LA GARZA. Nobody is going to let a child go hungry any place in the United States. The next door neighbors, the city council, the county board, the State, welfare, the Red Cross, Salvation Army. They use children too freely, people who come before us. We know that there are children who for some reason or another need more nutrition but no one is going to willingly let a child go hungry.

Mr. BRAITERMAN. No. But I think we have to face the fact that we may have unwillingly let children be hungry. And——

Mr. DE LA GARZA. If there is a child back in the valley, in the hills, that no one knows about, but I would say to you that any child who is known to be hungry in these United States, someone will provide as soon as they know he is hungry. If nothing else than by people getting together and putting money in a hat. It does not have to be the Government. It does not have to be the Government. It is a moral responsibility and a moral responsibility is a cloak that covers everyone, you and I and the neighbors who live next door. It does not have to be the Government. So, if you say the Government is bad and the Government is wrong because there is a hungry child, this is an unjust accusation.

Mr. BRAITERMAN. You said that the Government is bad and the Government is wrong. I have not said it. I am simply saying that we have to recognize that in this country we may have unwillingly, unknowingly, let people have a standard of life that involved malnutrition.

Now, if that is the case, if it is a moral obligation that covers the entire society, then there is no practical agency to deal with it on a regular programmatic long-term basis except the Government. A soup kitchen, a meal by passing the hat, et cetera, may serve as a temporary expedient but that is not a program.

Mr. DE LA GARZA. What I want to bring out, if there is a hungry child, unwillingly or willingly, the responsibility falls on every aspect of Government and it falls on the Union of American Hebrew Congregations, on the National Conference of Catholic Charities, on the National Council of Churches, and on every individual who lives in this country.

Mr. BRAITERMAN. Right. I agree.

Mr. DE LA GARZA. All right.

The CHAIRMAN. Mr. Mizell?

Mr. MIZELL. Mr. Chairman, just briefly I would like to first say that I am in agreement with you. I do not think that we can just leave this an open ended program with no limitations or no restrictions whatsoever. I say that because of some firm convictions that while we

may not care to comment too much on what the President's complete proposal was as far as his work incentives, as far as income for the families, whether you want to call it a guaranteed income or not, we do have guaranteed incomes now with the welfare programs that we have set up. But the thing I can agree with is our present welfare programs have proven to be a failure when we see them increase in something like 4 years from 450 some thousand people to a million and a half. I believe these figures will be close to being correct. So, there must be something wrong with the program that, instead of helping and encouraging people, has killed their incentive to really get out and take advantage of the opportunities that this Nation of ours offers. We must not sponsor a program like the food stamp program or any other program that we consider tends to kill a person's incentive, rather we should offer him something to encourage him if we are going to really help him.

I have one good example of what some of our programs are doing now. Just recently I was back in the District and there was a construction job—I will not mention the name of the company—but they needed 15 men for the job at that time and they were paying \$2.30 an hour. They could not find men to hire.

Now, we know that there are a lot of fellows not working, but for some reason they would not take the job at \$2.30 an hour. Any overtime runs into double time, so the salary is tremendous. But yet, they would rather sit in the shade of a tree and live off the meager handouts than to go out and really earn for themselves. If they did, they would have some dignity and certainly increase their income tremendously.

So, I think we should be careful that we do not have just another welfare program here with our food stamps, and we must have restrictions and must determine just how much we can do in this area. I, for one, am in favor of doing everything we can for the helpless, the blind, the lame—those that are unable to help themselves, but I believe in offering an opportunity to those who are able bodied and encourage them to work because this is the only way that we are really going to help them.

Thank you, Mr. Chairman.

Mr. PURCELL (now presiding). Anybody else want to make a brief statement or ask a question?

Gentlemen, I think really we are all more in agreement than you may draw the conclusion that we are. I think you and we are seeking the same thing and hopefully in these hearings will come out with methods by which those who are truly malnourished can be better fed, and some way we must derive a method of getting the details of how we handle the fringe, because it is easy to talk about easy examples. It is difficult on the borderline cases.

I think that concludes the testimony we will hear today.

The committee will be in recess until 10 o'clock tomorrow when we will continue with these hearings.

(Whereupon, at 12:25 p.m., the hearing was recessed, to reconvene at 10 a.m., Thursday, September 4, 1969.)

GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

THURSDAY, SEPTEMBER 4, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m. in room 1301, Longworth House Office Building, the Honorable W. R. Poage (chairman) presiding.

Present: Representatives Poage, McMillan, Abbitt, Purcell, O'Neal, de la Garza, Vigorito, Jones of North Carolina, Montgomery, Sisk, Alexander, Burlison, Rarick, Jones of Tennessee, Belcher, Teague, May, Miller, Mathias, Mayne, Zwach, Kleppe, Price of Texas, Sebelius, McNeally, and Mizell.

Also present: Christine S. Gallagher, chief clerk; William C. Black, general counsel; Hyde H. Murray, associate counsel; and John A. Knebel, assistant counsel.

The CHAIRMAN. The committee will be in order.

We will continue the discussion of the food stamp program and we have as our first witness Mr. Julius F. Rothman, associate director, Department of Urban Affairs, AFL-CIO. He is accompanied by Mr. Dick Warden, legislative representative of that organization.

We will be glad to hear from you.

STATEMENT OF JULIUS F. ROTHMAN, ASSOCIATE DIRECTOR, DEPARTMENT OF URBAN AFFAIRS, AFL-CIO; ACCOMPANIED BY DICK WARDEN, LEGISLATIVE REPRESENTATIVE

Mr. ROTHMAN. Mr. Chairman, my name is Julius F. Rothman. I am associate director of the Department of Urban Affairs for the American Federal of Labor and Congress of Industrial Organizations. On behalf of the AFL-CIO, I am pleased to outline the position of our organization with respect to legislation to amend the Food Stamp Act of 1964. We appreciate very much the opportunity to testify on this important subject.

In this most affluent of nations, Mr. Chairman, hunger and malnutrition remain a stark reality for millions of Americans. Hunger and malnutrition take their toll in many forms—infant deaths, organic brain damage, retarded growth, and learning ability; in increased vulnerability to disease; in withdrawal, apathy, frustration, and in violence.

Studies indicate that between 10 and 12 million Americans are hungry or grossly undernourished. A U.S. Public Health Service survey estimates malnutrition exists among 15 percent of the population in the areas covered by the survey.

Why do we have hunger in this, the richest Nation on earth? The answer to that question is simply that we have not committed sufficient resources—financial or intellectual—to the effort to eliminate it. There need not be hunger in America. Surely a nation with the capacity to land a man on the moon and return him safely to earth can find a way to eliminate hunger among its citizens.

If we have the will as a nation, the way can be found. And the American people have the will. A recent Gallup poll suggested the people of this Nation attach a high priority to achieving the goal of eradicating hunger. The Gallup poll reported last spring that 68 percent of the American people favor free food stamps for families living in extreme poverty. Sixty percent support giving food stamps at reduced rates to the lowest income families.

We have the technological, intellectual, and financial capacity to overcome the problem of hunger in our midst. The American people will support efforts to reach this goal. Now the time has come for Congress to respond by adopting reforms in the food stamp program which will move our Nation along the road leading to that goal.

We submit, Mr. Chairman, that if these general recommendations were imaginatively implemented, the problem of hunger could be greatly diminished:

- (1) If the Federal Government would make sufficient funds available for substantial expansion of food programs and would revise the food-stamp program to permit more stamps to be purchased at substantially lower costs and free stamps to be made available to the lowest income families and individuals, and

- (2) If the administration by Federal, State, and local levels of government of the various food programs was substantially reformed.

We are pleased that the present administration has recognized the serious nature of the problem of hunger and malnutrition and that the President has committed himself to revising the food stamp program so that it will respond more effectively to the needs of hungry Americans. Unfortunately, the administration's program, as outlined in the President's message to Congress dated May 6, 1969, falls far short of providing what is needed. We do not believe that hungry people, whose needs are not now being met, should have to wait more than a year before full implementation of a more effective food stamp program. This, in effect, is what the administration has proposed.

In addition, we in the AFL-CIO are apprehensive about the effect which the administration's recently announced welfare reform proposals, if adopted, would have on the food stamp program. As AFL-CIO President George Meany pointed out in commenting on the President's welfare reform message:

Living standards of many (welfare) recipients would actually be lowered since the proposal appears to bar these recipients from food stamps they now receive.

But regardless of the effect of the welfare reform program on the food stamp program, one thing is absolutely clear: the welfare pro-

posals are just that—proposals and no more. They are a long way from being enacted into law.

The existing food stamp program, on the other hand, is a solid foundation upon which to build, and we should take action now—based on experience in the food stamp and surplus food distribution programs—to correct deficiencies and develop a comprehensive program with which to fashion an end to hunger in this country.

There are before this committee several bills with varying provisions designed to deal in one way or another with this challenge. We have reviewed these bills, and we find much that is commendable in them. Therefore, it is not our intent today to testify in support of any specific bill to the exclusion of others. We believe the committee should take the best provisions of each and combine them into the strongest and most effective possible food stamp bill for consideration by the full House.

But we would like to suggest criteria for consideration by the committee as you review the various food stamp proposals:

1. Eligibility standards for participation in the food stamp program should be lowered to permit more of the families and individuals not now covered to participate so that a broader spectrum of the poor will be eligible for food stamps. Federal eligibility standards should be established.

2. For the lowest income groups, food stamps should be made available at no cost.

3. The Secretary of Agriculture should be authorized—in cases where he determines that a local program is necessary and a local agency is unwilling to cooperate—to administer the program in the locality or to designate an appropriate public or nonprofit agency to do so.

4. When the Secretary of Agriculture finds that local funds are not available to meet the costs of local administration, he should be authorized to pay the States up to the full amount of the administrative costs for such local programs.

5. We suggest that the committee include among amendments to the present act provisions for prompter and simpler certification and that the method of issuing food stamps be planned so that they will be more readily available to those for whom they are intended.

6. We suggest that the purchase of food stamps be permitted on installment or partial purchase basis to facilitate purchasing by families whose paydays do not coincide with stamp issuance periods.

7. We believe that the list of items for which food stamps may now be used should be broadened to include such necessities as soap, and other items, necessary for personal and household cleanliness.

8. During a county's transition from the commodity distribution program to the food stamp program or when the food stamp program is failing to meet the need, simultaneous operation of the commodity distribution and food stamp programs should be permitted.

Among other bills now before your committee relating to the food stamp program, we have reviewed H.R. 13423, sponsored, by Congressmen Foley and Green along with 23 of their colleagues. We mention this particular bill because it appears to propose a method of financing a food stamp program which would make possible a compre-

hensive and effective approach toward overcoming the problem of hunger in America. We refer to the provisions which would expand the borrowing authority of the Commodity Credit Corporation to finance food stamps.

We believe this proposal deserves the most careful study and consideration by your committee, Mr. Chairman. If enacted, it would assure that the food stamp program—our Nation's principal instrument for eliminating hunger among its less fortunate citizens—would have sufficient financing each and every year to carry out its most important task.

We believe the proposal of the administration to increase the funds available in the current fiscal year for the food stamp program to \$610 million is a step in the right direction. But when measured against the need, this sum would be inadequate. The \$750 million recommended in the Senate version of the fiscal 1970 agriculture appropriations bill—while still inadequate—is obviously more realistic than the administration recommendation. A billion dollars could easily be invested in expansion of the food stamp program and still there would be a very substantial number of our fellow citizens without enough to eat. Proportionate increases will be needed in future years. This cost will not be great when measured against the illness, the wasted and dependent lives which result from hunger and malnutrition.

Achievement of our goal—the eradication of hunger in America—should not be viewed as a partisan commitment. As I pointed out earlier, a recent public opinion survey indicated that nearly seven Americans in every 10 favor the idea of giving free food stamps to those with the lowest incomes. Sixty percent favor selling food stamps at greatly reduced costs to those families whose earnings are from \$20 to \$60 per week. The conscience of the Nation has been stirred by the recognition of hunger in our land.

The food stamp program reforms proposed in the various bills before your committee are basic to the alleviation of hunger and malnutrition among the poor, and we urge that the committee combine the best of them into a strong food stamp bill.

There is another important aspect to the problem of providing nutritious diets for families and individuals in the food stamp program. It is essential that the poor be informed about what constitutes an adequate diet.

It has been argued that the solution to providing adequate diets for the poor is not so much the provision of more food stamps, but rather a matter of educating the poor to consume foods that are nutritious. Some of those who believe this have recommended that professional nutritionists might take a hand in solving this problem. We in the AFL-CIO claim no expertise in this field, yet we are aware of the many barriers which must be overcome if the poor are to be reached with the proper kind of information. Food consumption is related to habit, tradition, lifestyle and other factors. Professional nutritionists and home economists have been notably unsuccessful in reaching the poor. We would, therefore, recommend that the U.S. Department of Agriculture turn to the poor themselves to find persons who can communicate effectively with others who are poor and help them to use their food stamps to the greatest nutritional advantage. An "out-

reach" program of this kind could have a significant impact on poor families and especially on the health of the children.

As President Nixon said in his food stamp message to Congress, " * * * the moment is at hand to put an end to hunger in America * * * for all time." We in the AFL-CIO agree with this sentiment. We urge this committee and the Congress to act in the spirit of compassion and revise existing legislation so that we as a nation can take a major step forward and "end hunger in America for all time."

The CHAIRMAN. We thank you very much for that interesting statement, Mr. Rothman. I think that you have given us some good suggestions and I appreciate your appearance.

Yesterday the Chair took altogether too much time in trying to get opinions from some of the witnesses. Therefore, I would like to ask a question just as a matter of information as to why you did not make any reference to the bill pending before this committee that the chairman did introduce. It takes off all limits as to expenditures. You discussed limits of \$600 million, \$750 million, but you paid no attention, apparently did not even know there was a bill before this committee which the chairman introduced long ago. It makes the food stamp program permanent and does take off all limits.

Are you aware of that?

Mr. ROTHMAN. Frankly, I was not, but I do want to say that we certainly are in favor of exactly that, sir.

The CHAIRMAN. Well, I thought you were but apparently there are lots of people in this country how have made up their minds they are interested in food stamps only as presented by certain individuals. This committee is not a part of that group, although this is the committee that originated food stamps. This is the committee that developed the idea and passed the first legislation, and this is the committee that is responsible for the food stamp program.

Mr. ROTHMAN. Well, sir, let me say that I do not think that we have any preferences in terms of the origin of any legislation.

The CHAIRMAN. Well, there seem to be a good many people who are interested in discrediting the sincerity on the part of this committee in providing a food stamp program for the country.

Mr. ROTHMAN. Please do not include us among them, sir.

The CHAIRMAN. I am glad not to include you. I am glad to have you disclaim it.

Now, I wanted you to comment on one subject and I do not want to go into asking a number of questions. If you will just comment and give us your views. I think you have some good suggestions and I want again to repeat that I think they are helpful, but you did not discuss at all what to many of us seems to be a rather fundamental question; that is, whether there should be any limit at all on the issuance of food stamps, whether there should be any requirement that those who are able and could work but will not work should be required to work to get their food stamps. Please do not tell me that everybody ought to be interested in behalf of starving children. Everybody is, that I know of. We will take judicial knowledge of that fact. And nobody that I have heard has suggested they want to ask an 87-year-old grandmother to get up out of a sick bed and go to work in order to get food stamps. I have not heard anybody suggesting that those who are confined in various institutions, unable to work, should

be required to do so. But I am talking about able bodied men, and there are some, who will not work if they can have the Government care for their needs.

Now, would you feel that there should be some limitations, some requirements that those who can work should work in order to get this Government help? I wish you would give me the views of your organization on that particular phase of this subject because we think it is important.

Mr. ROTHMAN. Well, essentially, sir, if the figures that I referred to are right, there are on the relief rolls today only about 100,000 able bodied men all over the country. The rest of the people who are poor and on relief, having no other income, are either—or those who do not meet the minimum poverty level requirements, are either working full time and not making enough to support their families or they are blind, disabled, or aged, and, therefore, out of the labor market, and with the addition, of course, of those families which are headed by women many of whom are required in the home to take care of their children.

Now, it is our feeling that work, of course, is important and we have not challenged the idea of training for those who ought to be able to work so that they can enter the labor market. We have no feeling against that. Many of the people who are not in the labor market or who are unemployed are unemployed because they have no skills to sell in our kind of technological society. It is not because they do not want to work, it seems to me, and our plumbing of this situation suggests that time and again this whole question of unwillingness to work is not really the basic criterion on which to evaluate these individuals. That they have no skills to offer in the job market today is primarily the problem.

This is what we are doing and this is what the administration proposes to a large degree, that what we do is try to give training to those who do not have skills so that they can enter the job market and can raise themselves out of poverty.

Now, let me also say, sir, that in addition most jobs, of course, today are created in the private sector, but we also—we in AFL-CIO have called for a job creating mechanism in the public sector; that is, that there be jobs created in the areas of health and education and libraries, recreation, and so on, so that those who do not have the competency to enter the competitive job market will be able to work in this necessary and socially useful areas and give service to the community in this way with the Government as the employer of last resort.

So that in sum, I would say that I feel that the basic question is that we look at this program quite objectively and in terms of the human needs of the individuals on the one hand; that is, that we provide the food for these individuals and especially I would not wish to visit the sins of the fathers on the children, and for the rest of it, that we recognize that there are collateral and parallel programs for helping these individuals to become useful and productive members of our society through job training and related efforts.

The CHAIRMAN. Thank you very much, Mr. Rothman. I am afraid that I am still as much at a loss as when I listened to the witnesses yesterday.

Mr. Teague?

Mr. TEAGUE. I would like to say this, Mr. Chairman. I commend the chairman for the statement he made at the outset here. I am one of those who in the past has not always supported the food stamp program. I expect to this year. I believe that there are many problems, however, which must be solved and I think it is entirely unfair to charge this committee as a whole in any sense as being antifood stamp in its outlook.

The CHAIRMAN. Thank You.

Mr. ROTHMAN. I would like to say we have not done this. I do not know who has, but we have come to this committee certainly, sir, without any feeling about the attitude of the committee one way or another because—we simply have made some suggestions to the committee, not feeling that the committee was in any way indisposed to listen.

Mr. TEAGUE. I am delighted to learn that. Perhaps the chairman and I have gotten our impression from some of the stories we read in the press.

Mrs. MAY. Mr. Rothman, first of all, one statement you just made in answer to the chairman's question concerned the ability of able bodied people to work, and job creation. You have suggested that in addition to the jobs that might come from private industry, that there would be—if we upgrade with job training techniques for better skills, there would be people that would be able to work if they had those skills.

But if I understood you right, then you put into another category the kind of jobs that men would be able to hold men or women that would not require any skills. You implied that these jobs could be created by Government and you referred to work in health and libraries and social welfare jobs.

My question is, were you implying that they do not need skills when they work for the Government or do not need some job training?

Mr. ROTHMAN. Heavens, no.

Mrs. MAY. I could not understand what you meant.

Mr. ROTHMAN. Well, if I gave that impression, let me withdraw it immediately because I did not intend to suggest that. What I intended to suggest was that the growth of the economy could not possibly absorb all the people who need jobs and, therefore, if we are going to create a full-employment economy which is what we really want, all have said we are committed to, and we have said this ever since the Employment Act of 1946, then we ought to find for those who for one reason or another cannot fit into the competitive job market a place in Government.

Now, this does not mean necessarily that they are not adequate. Quite to the contrary. It also means that while they may need—they probably in all due respect to them will require some training for these kinds of jobs, but we also feel that there is a pay off or a trade off, as the phrase goes, in that these people ultimately once they get into the job market, private or public, it does not make any difference, but in this case we are talking about the public sector, it is altogether possible that they will be able to transfer their skills into the private sector when the private sector needs them.

So we think that there is a positive aspect to this, too, which is in a sense related to the idea of training and getting confidence in your

ability to work and to hold a job and to do something that is socially necessary and useful.

Mrs. MAY. I am glad we got that corrected for the record. I am glad you did not mean to leave that impression because I happen to think the private sector is a better job trainer than the Government in many cases. The economic growth of this country and its ability to create jobs is really no bigger in the Government sector than it is in the private sector in that the Government sector is growth influenced by the economic growth of the country.

Mr. ROTHMAN. That is true, but as you know, of course, the growing edge for increased employment has been in the public sector, in Government at all levels.

Mrs. MAY. Yes. But that has been highly controversial, and with ever-increasing strength we hear complaints from the American public. We in Congress hear a lot about that.

I want to go to some specific questions, Mr. Rothman. You have made some good suggestions here. On your point 1, you have proposed and I quote:

Eligibility standards for participation in the food stamp program should be lowered to permit more of the families and individuals not now covered to participate.

Thus including, as you indicate, a broader spectrum of the poor to be eligible for food stamps.

Now, we have made some eligibility changes in the food stamp program, administratively as well as changes in the wording of the law. Could you give us some examples, because this will be a very important question before this committee as we write this legislation over the next weeks. Could you give us some specific examples of where you think food stamps are being kept from eligible people because of the eligibility criteria?

Mr. ROTHMAN. Well, I do not have any specific illustrations with me, Congresswoman May, but I certainly feel that from the feedback which we get from our people in the field, there are those who, because of the amount of income which—current income which they have, are being kept from getting food stamps to cover their family needs, and we feel that if we could lower these standards, this would encompass a much larger number of individuals and thereby help the nutritional standards of the people as a whole.

Do you have anything?

I was asking Mr. Warden, who is with me, if he had any specific examples. He does not, either.

Mrs. MAY. The wording of the present law is very flexible as I think you know. Admittedly, the States can administer it in different ways. But I assume you are not recommending complete removal of eligibility standards.

Mr. ROTHMAN. No. We have not recommended that. We have not.

Mrs. MAY. Well, then, to another question, and that is on your point 4, on the criteria, you say:

When the Secretary of Agriculture finds that local funds are not available to meet the cost of local administration, he should be authorized to pay the states up to the full amount of the administrative costs for such local programs.

Now, this is a question, too, that we have wrestled with very seriously and do you have any suggestions on how we determine or how the Secretary determines that local funds are not available?

Mr. ROTHMAN. Well, I think to some degree we have to take the work of the local governmental unit which is administering the program. I think we have other objective criteria.

I think you know, for instance, we can look at the number of the employed, the amount of taxable income in the area, the median income. These are other criteria which we get rather readily.

We always hear about the affluent counties, what their incomes and housing costs, and so on, are. I think there are a number of economic indicators that you can use, but I would say also that—and I think we ought not to be beguiled by the fact that it is only the economics of the county. I think it is sometimes the willingness of the governmental units' leadership to participate in the program.

Mrs. MAY. But you have said in this criteria that local funds are not available and I think you see the problem we might come into where some counties put different priorities on the expenditures of their funds.

Mr. ROTHMAN. Precisely.

Mrs. MAY. And so there is a great temptation for counties to say we just do not have the funds available and we would rather have the Federal Government pay the whole thing while maybe the next town is paying its share.

Mr. ROTHMAN. I recognize this, yet on the other hand, I recognize and we as an organization feel that the individuals in that particular governmental unit, whether it is a county or whatever, ought not to be penalized because of the fact that the community, whatever that community might be, does not recognize this as a high enough priority.

Now, I read some of the testimony from some of the counties that have been interview by some of the committees that visited them and they indicated that they were not at all interested, that they—you know, some of them said we have no hungry people in our county whereas it was perfectly well known to anybody who really wanted to find out that there were hungry people in that county.

We feel—I think the very fact of governmental intervention would have some quality of making the county reassess its own priorities so that they can get in line with the country as a whole rather than being stiff necked about it and not being willing to take on this program which is available through the Government and at such little cost.

Mrs. MAY. One final question, Mr. Chairman.

On the point you make on page 5, and I think it is a very sound approach, Mr. Rothman, that you have said that when—a very important part of adequate diet is not just the availability of the food but equally important is the factor of how to buy it and use it to provide adequate nutrition for a family. I quite agree. We have very competent and willing home economists and professional nutritionists who would be willing to give their time in this field, but often the problems of communication, language barrier, other things, have kept them from helping people. And I commend you for making this proposal and I would like to ask you if you are aware that presently

there are discussions, meetings and plans being made, in joint action between USDA and the Department of HEW, in working out a plan in this field. I would like to point out that I have sat in on some of the meetings in which they discussed this point. It is felt we still need our professional nutritionists and home economists to find people within the inner city, as you might say, that are trainable to get the proper nutrition facts that they in turn then will carry back to the people among whom they live.

Mr. ROTHMAN. Yes.

Mrs. MAY. So, I think that the American home economists and professional nutritionists should always be made welcome because they have a great body of experience and guidance to give us in helping to find those among the poor who can be trained and supply expertise to them. I have commended these organizations on several occasions for their willingness to cooperate with their Government and the Department of HEW and USDA in helping us work out this very important part of attempting to solve malnutrition in America.

Mr. ROTHMAN. Well, I want to say, Madam Congressman, that I am certainly not one to downgrade the professional expertise of these particular groups. I quite agree with you that they are going to have to be the trainers of these people. They are going to have to share their wisdom and knowledge with them. But I do think that when they have tried directly to become involved, they have kind of missed the mark.

Mrs. MAY. And they realize this, yes.

Mr. ROTHMAN. And I am aware of the fact that the Department of Agriculture is trying to do something about it. I did not know that they were working with HEW but I am delighted to know it.

Mrs. MAY. Mrs. Hitt, at HEW, Pat Hitt, one of the Assistant Secretaries, has been put in charge of this and has been working with the American Home Economics Association, and others.

Mr. ROTHMAN. Very good.

Mrs. MAY. Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. Purcell?

Mr. PURCELL. Thank you, Mr. Chairman.

Mr. Rothman, I want to discuss really very briefly what Mr. Poage first asked you and say first, I think we are all in agreement in nearly every area. You understand the process we have to go through. We have got the responsibility of putting the final dotted "i" and crossed "t" in this.

Now, I have grown to have to accept the fact that at least in the area that I come from, there are people who will not work. We just discovered it and realized it more, I think, with this present high employment rate than we have had, and I finally have gone out with employers who were seeking employees because they thought we could do something about it. But I am convinced now that there are people who just will not work and we need advice and guidance if we can find anybody that will help us, and so would you—do you have any comment or what is your thinking as to a point at which this should be cut off?

I am assuming that it is established that here is an able bodied man, does not have children at home he has to take care of, does not have

anything else, that he just will not work. He will work one day and not even make enough money to get off relief or something.

Now, your organization probably deals with as many people as any other organization outside the Government. Could you help us here?

Mr. ROTHMAN. Well, of course, there is the method that the welfare department uses which is to appoint a trustee, in effect, who will administer, let us say in this case, food to the family and deduct that which the male who is supposed to be working should receive.

Now, in other words, this does not give support to the concept of not working and still getting something for nothing.

Now, I——

Mr. PURCELL. Then the old boy comes home and eats up the kids food, I presume.

Mr. ROTHMAN. You see, obviously it does not work. Yes. Obviously, it does not work any more than the welfare concept, the same thing, does because all you are doing is making whatever it is that they are getting, that dish of spaghetti, making it that much smaller and adding one more mouth to the eating of it, and so you have not accomplished a darn thing except to punish the family.

How you do it, it seems to me, is by—there is another way, by doing what we always have done in America, and that is create incentives to work. You create incentives to work by offering good jobs at decent pay.

Now, I suppose there are some men, and I have not run across any myself, who are so demoralized and so defeated that they have given up on the ethic of work as being a way to provide for your family. I do not happen to have run into this kind of an individual, but where——

Mr. PURCELL. I felt just exactly the way you do and I have spent years working with younger people who needed some kind of incentive they had not yet got. So I am not a novice in this, but I have become convinced, and I will take you where I was taken—not even to the ghettos or some place where people should be demoralized, and I have become personally convinced that there are some who honestly will not work.

Now, if you do not have a solution, just say so, because I don't have one now either, but we truly need some help in this particular area. And as I said, I am asking the question assuming there are those who will not work, and I can assure you there are those, and I will take you if you want to go with me.

Mr. ROTHMAN. Sir, I will tell you right now I do not have a solution for that kind of an individual because I do not know him, because I do deal with manpower problems all the time and I have dealt with those who were demoralized and frustrated and unmotivated and by giving them training and the promise of a good job and, as a matter of fact, this is the whole concept now of our manpower training program. We have been able to take these men and women and to put them into competitive jobs where they are earning their keep today.

Mr. PURCELL. I realize that, and I am for it, but there is a crack that these people are falling through somewhere, somehow, and I do not want to penalize the child or the wife of these people, but I just believe that if we let this situation be so flexible that there are those

who could work and could get out of the poverty program, that if we leave it too easy, that this is just going to get bigger and bigger because you and I know human nature well enough to know that the easiest way is just to sit there. So if you do not have a solution you are no worse off than I am. If you run across one let me know, and if you do not believe there are these folks, come with me and I will take you and maybe you could meet a few that you could have some influence on. OK?

Mr. ROTHMAN. Thank you.

The CHAIRMAN. Mr. Mayne?

Mr. MAYNE. Mr. Rothman, I was interested in your comment in response to one of the questions of the Chairman in which you said that there were only 100,000 able-bodied men in some category, and I am not sure just what—

Mr. ROTHMAN. Receiving public welfare, sir, who are receiving public welfare.

Mr. MAYNE. Does this in this context mean approximately 100,000 able-bodied men who are not fully employed?

Mr. ROTHMAN. They are not employed at all. And through no fault of their own. And, therefore, under one of the programs; that is, aid to families with dependent children, with unemployed parents, this particular program which a number of the States have adopted, it is possible for an unemployed father to come on relief and they, of course, determine that this is not willful unemployment, that it is unemployment due to the economic situation, and, therefore, they will help support him and his family.

Now, as you know, AFDC has by and large not supported—has supported only the mother and the children.

Mr. MAYNE. You just stated that this category is able-bodied men who are not employed at all.

Mr. ROTHMAN. True.

Mr. MAYNE. Is that what you meant to say?

Mr. ROTHMAN. Yes, sir.

Mr. MAYNE. As distinguished from a much larger group that would not be fully employed?

Mr. ROTHMAN. There is actually—there is a very large category of what we call the working poor. These are men and women, heads of households, who are fully employed and do not earn enough to get them out of the poverty category. That is currently something around 3,550.

Mr. MAYNE. Well, I think you first said that this 100,000 were welfare recipients?

Mr. ROTHMAN. Right, sir.

Mr. MAYNE. Some of these that you have just referred to as being employed but in jobs that you do not consider adequate, would they be in this 100,000 or not?

Mr. ROTHMAN. No. They are not eligible for assistance. They are working.

Mr. MAYNE. So, you are talking about ones that are not employed at all.

Mr. ROTHMAN. In the 100,000, yes.

Mr. MAYNE. Now, what is the source of that statistic?

Mr. ROTHMAN. I think it is in the current issue of the social welfare bulletin put out by the U.S. Department of Labor—the Department of Health, Education, and Welfare. I am sorry, sir. I do not know what bureau. I think it is the Social Rehabilitation Service that puts it out.

Mr. MAYNE. At any rate, it is a U.S. Government figure.

Mr. ROTHMAN. Yes, sir.

Mr. MAYNE. As distinguished from one prepared by the AFL-CIO.

Mr. ROTHMAN. Oh, yes, sir. We ourselves use governmental figures very extensively, sir, and especially in the health and welfare field we use the resources of the—we use the publications of the U.S. Government to a very large degree.

Mr. MAYNE. Could you tell me what percentage or what number of this 100,000 who are not employed at all belong to minority groups?

Mr. ROTHMAN. I could not, sir.

Mr. MAYNE. You have no information on that in the AFL-CIO that you are familiar with?

Mr. ROTHMAN. No. As I say, we get our information from, in this case, HEW and they have—according to the statistics that I see, there is no way of breaking it down by ethnic, color, race or anything else.

Mr. MAYNE. Well, certainly your organization would be deeply concerned with what percentage of them are from minority groups, would it not?

Mr. ROTHMAN. Perhaps we would, yes. There is concern on our part but we would not have any particular concern about the composition of this particular 100,000 that I mentioned. This is not of any real importance to us.

Mr. MAYNE. Well, I think you have indicated that you share the view that it is important to try to get jobs for these people.

Mr. ROTHMAN. Right. That is true, sir.

Mr. MAYNE. You have to identify them and know where they are in order to get the jobs, do you not?

Mr. ROTHMAN. They can be identified by State. In the statistics they are identified on a State basis; that is, where they live, geographically. So, we know where they are and presumably within the State they could be identified. If you go through the State welfare department, you can identify them.

Mr. MAYNE. Well, could you locate this 100,000 for us with reference to geography?

Mr. ROTHMAN. I would not be able to do it offhand. I could send it to you.

Mr. MAYNE. Do you have any idea how many of them are in the urban ghettos and how many are rural poor?

Mr. ROTHMAN. I would not. I could take a guess, sir. I would say that probably about 60 percent are in the urban ghettos and probably the rest are in the rural areas. Maybe it would be a little smaller. Maybe 35 and 65. That is just a rough guess, sir.

Mr. MAYNE. If there are only 100,000 able-bodied men who are not fully employed, approximately what percent of the working force in the country would they constitute?

Mr. ROTHMAN. What part of the working force?

Mr. MAYNE. Yes. Roughly what percentage.

Mr. ROTHMAN. We have something over 70 million, so you can see that it is a very, very small figure of able-bodied men. Of course, your 70-odd million, now, of course, includes both men and women, total working force.

Mr. MAYNE. Well, would it be a fair estimate of the situation, then, to say that with 100,000 who are not fully employed, that we are——

Mr. ROTHMAN. Who are on relief, sir. Who are not employed at all. Who are unemployed.

Mr. MAYNE. Yes. Who are fully unemployed.

Mr. ROTHMAN. And on relief.

Mr. MAYNE. Would that in your judgment, mean that we are very close to full employment in this country?

Mr. ROTHMAN. Well, the last figures on unemployment suggested that we had an unemployment rate something in the neighborhood of 3.6, 3.7, and while this certainly is not an unfavorable unemployment rate; that is, 3.7 percent of the labor force, we have felt that full employment, if we were to have it, would mean something like 2 to 2½ percent of the labor force unemployed.

Now, the reason for that is that obviously people are changing jobs, and so on, new people coming into the labor market looking for jobs, all that sort of thing. So that 2 percent, 2½ percent, would give you just about full employment.

Mr. MAYNE. Well, the 3.6 percent does not refer just to people who are completely unemployed, does it? Or does it?

Mr. ROTHMAN. This refers to people who are no longer in the—only those who are still in the labor market. Now, actually, the rate of unemployment may be somewhat higher because there are some who have dropped out of the labor market, that is, in the sense that they may no longer be eligible for unemployment insurance, and, therefore, they are dropped from the records. So that you actually may have a somewhat larger rate of unemployment than your U.S. Department of Labor figures show.

Mr. MAYNE. I have just one further question, Mr. Rothman. Does the AFL-CIO favor continuing the administration of the food stamp program within the Department of Agriculture?

Mr. ROTHMAN. We have no feeling about it being in the Department of Agriculture as against any other place. We feel that if this is where it can be administered effectively, fine. That is as far as we are concerned. We are not going to get caught up in the question of where the program is domiciled. We are going to stay right with the question of what kind of program is being prosecuted.

Mr. MAYNE. Then, you are taking no position on where the——

Mr. ROTHMAN. That is right, sir.

Mr. MAYNE (continuing). The locus of the administration should be?

Mr. ROTHMAN. No, sir; we are not.

Mr. MAYNE. Thank you.

The CHAIRMAN. Mr. O'Neal?

Mr. O'NEAL. No questions.

The CHAIRMAN. Mr. Sisk?

Mr. Alexander?

Mr. ALEXANDER?. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Kleppe?

Mr. KLEPPE. Mr. Chairman, I have a number of questions I would like to ask but I know the time is getting late, so I would just like to ask Mr. Rothman one, if I may.

In my district we have a large refinery. One day the workers went out on strike. It lasted for 10 days to 2 weeks.

During that period of time some of the employees who were receiving an income of between \$8,000 and \$9,000 a year applied for and received food stamps.

Do you believe this is the proper application of public funds for that kind of a purpose? Under the food stamp program?

Mr. ROTHMAN. If they are eligible, then——

Mr. KLEPPE. They were not eligible before the strike.

Mr. ROTHMAN. True, but they went on strike and, therefore, the basis of the need is not the question. The actual need is the question.

Now, if these people used their funds when they earned them, regardless of what they earned, up to a point of where they had no savings and no income——

Mr. KLEPPE. Even though they earned \$8,000 or \$9,000 a year?

Mr. ROTHMAN. That is right, sir. We have never—there are many instances in the whole welfare program where individuals who at one point or another had very substantial incomes but for one reason or another had them no longer and, therefore, were applying for relief and, of course, if they met the requirements, the objective criteria which are set out by the State, by the Federal Government, by the local government or local political unit, if they meet them, then it seems to us they ought to be able to receive this assistance the same as anybody else.

Mr. KLEPPE. I certainly appreciate your views and your opinions. I disagree with them, of course, but that is all my questions.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Kleppe.

Mr. Burlison?

Mr. BURLISON. Mr. Rothman, does your organization have any position on inclusion of fiber products in the food stamp program?

Mr. ROTHMAN. Well, Mr. Warden does not seem to know that we have and I have not, sir, come across any position we have taken on fiber products.

Mr. BURLISON. Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. McNeally.

Mr. Jones?

Mr. JONES of Tennessee. No questions, Mr. Chairman.

The CHAIRMAN. Now, is there anyone who was not here at the time of the testimony?

Mr. McMillan.

Mr. McMILLAN. Mr. Chairman, I want to associate my remarks with the remarks of Judge Purcell of Texas, who stated that he knew of people who are able bodied that did not want to work. I want to corroborate that statement.

I spent the last 3 weeks in my State attending the sales on the 15 tobacco markets. I found that the tobacco companies, tobacco ware-

houses, and the farmers are in great trouble because they cannot get the necessary labor to handle the tobacco promptly and properly in the warehouse sales or processing of tobacco, while in my home town of Florence every morning we have from 10 to 20 able-bodied men sitting around the unemployment offices, and they stay there about an hour and disappear.

The unemployment offices have offered these people jobs and they will not take the jobs because they claim they are not qualified for that kind of work. Nobody is exactly qualified to get in a tobacco field and crop tobacco or process tobacco because it is real hard work.

I certainly believe that we do have a lot of people in South Carolina able to work who do not want to work.

The CHAIRMAN. Thank you, Mr. McMillan.

Anybody else?

Mr. Miller?

Mr. MILLER. I would like to pursue just a little further the question that Mr. Kleppe brought out. I understand that strikers are allowed food stamps. Do you have any information as to how many dollars have been spent from the previous program, last year or to date, on food stamps that strikers received?

Mr. ROTHMAN. No, sir; I do not.

Mr. MILLER. No estimation whatsoever as to—

Mr. ROTHMAN. No; none at all, because we have no way possibly of gathering any such information because very frequently we at national headquarters—as you know, we are simply a federation of 125 different international and national unions.

Now, that information may be collected by a given national union or international union, but it never necessarily reaches our headquarters, and we have made no attempt in any given strike. We frequently do not know about all the—we never know about even the small percentage of the strikes which are being held, especially those of brief duration, a week or 2. We have no way of collecting such information. We have to do it on a local—go from community to community all over the country. This would require an enormous staff, enormous amount of money. We have no way of doing it.

Mr. MILLER. Would you even care to make a guess whether it is any large percentage of the amount of money that was spent for the food stamp program?

Mr. ROTHMAN. I would say it was a very insignificant amount.

Mr. MILLER. Thank you.

The CHAIRMAN. Thank you, Mr. Miller.

Mr. Jones?

Mr. JONES of North Carolina. Mr. Chairman, thank you.

Mr. Rothman, I am sure you are aware of some criticism whether justified or unjustified, about the assistance programs as they relate to the so-called able-bodied man that refuses to work. Whether it be true of many, I do not know. Of course, we all agree it is justified criticism.

What would be the position of your organization should the Government, Federal Government, attempt to provide guaranteed employment for the purpose of public—

Mr. ROTHMAN. Guaranteed employment for purposes of—

Mr. JONES of North Carolina. Conservation, et cetera.

Mr. ROTHMAN. We would—we are very much in favor of that, sir. We think that the Government as the employer of last resort is a concept which makes a good deal of sense, sir. We feel that in this way we can do a number of the things that many communities have always wanted to do.

For instance, conservation is one, recreation is another, better schools, better libraries, better hospitals, health facilities, and this kind of thing. We are very much in favor of it.

We feel that the quality of life in America generally by constructive use of such manpower could be effectively raised.

Mr. JONES of North Carolina. One further question, Mr. Rothman. In a situation where there might be a conflict between nonunion and union labor, what would be the position of your organization?

Mr. ROTHMAN. In what relationship?

Mr. JONES of North Carolina. Well, you might have a situation possibly where the Government operation would infringe on union labor.

Mr. ROTHMAN. I see. On jobs which are being currently done by union men? Is that it?

Mr. JONES of North Carolina. Yes.

Mr. ROTHMAN. Well, of course, we feel that in all such things there ought to be the displacement of ongoing jobs. This is not the concept behind this program.

Mr. JONES of North Carolina. These should be new projects?

Mr. ROTHMAN. That is right.

Mr. JONES of North Carolina. Thank you.

Mr. ROTHMAN. We have been doing this, you know. For instance, the Job Corps program does this. We have done a great deal of conservation as you probably—it must run into millions in the Job Corps. The Neighborhood Youth Corps has done projects of this kind. School gardeners, for instance, where a school had no—a school district had no money to keep its lawns and shrubbery and landscaping in order, they got these kids to go out and police the area and to help keep them, maintain them, and so on. They have done this in parks, and so on. So that this is not a new concept at all.

Mr. JONES of North Carolina. Thank you, sir.

The CHAIRMAN. Thank you, Mr. Jones.

Mr. Montgomery?

Mr. MONTGOMERY. Mr. Chairman, thank you, sir.

I assume, Mr. Rothman, that your organization has made a thorough study of the bills that have been introduced pertaining to food stamps, is that correct?

Mr. ROTHMAN. I would say most of them, but the chairman caught me up on one, the one the chairman introduced.

Mr. MONTGOMERY. Well, I am not trying to catch you up on another one, but I have introduced a bill and I see you have recommended H.R. 13423, which was introduced by Congressman Foley and Mrs. Green.

My question is, can you give me some specific things wrong with my bill, since you made a study of these bills?

Mr. ROTHMAN. What we have tried to do here, sir, was not to evaluate the bills and what was wrong with them but what we tried to do is to go through and as we indicated, set some criteria for what we consider a good bill, and we think there are many good bills and

we have not—we have only pointed out the one bill that Congressman Foley and Congresswoman Green have introduced only for one reason and that is because it presents a novel method of financing through the Commodities Credit Corporation.

We have not attempted to in any way disparage any of the other bills but we have simply indicated—I think there are eight criteria which we have listed. We have not tried to pick and choose from amongst the many bills which have been introduced, most of which have been quite good, we think.

Mr. MONTGOMERY. Well, that is my point. I certainly hope that you took a look at all of the bills or most of the bills that were introduced and then came up with your thoughts. Could you tell me any good things about the bill I introduced? It is listed here as a bill introduced and certainly you would have to consider it, I would think.

Mr. ROTHMAN. Well, Mr. Warden, who has done most of the work, I must say, on this, on reviewing the bills, indicates again that we have—that our review was not from the point of view of critical evaluation of each bill but simply for the purpose of setting these various criteria so that they would be available to the committee when they finally chose to mark up whatever bills they had.

I could not evaluate any particular bill at this point, sir, and would not want to. The only, as I say, reason we mentioned—maybe this made us culpable to critics, but we will have to take it—the Green-Foley bill was because we thought that they introduced an imaginative approach to financing and that was the only reason we mentioned that one.

Mr. MONTGOMERY. Well, I thought mine had some imagination and some reality and some strong conservative thoughts. It has the States participating in financing the food stamps. I was just wondering if your organization did consider this approach.

Mr. ROTHMAN. No. I cannot say that we actually did, sir.

Mr. MONTGOMERY. Well, my point is, I certainly would recommend that you take a good look at as many of these bills as you can and maybe you can come up with better recommendations to the committee.

Mr. ROTHMAN. All right, sir. Thank you.

Mr. MONTGOMERY. That is all.

The CHAIRMAN. Is there anyone else who wants to question this witness? If not, we are very much obliged to you. We appreciate the statement you brought in, you and Mr. Warden.

Now, we have taken an hour and 10 minutes on this first witness. We have three more. The Chair is going to hear the witnesses first before we question anybody. We will hear the witnesses and then we will devote what time we have remaining to questions.

Mr. Mayers, committee member, the Health and Welfare Council of the National Capital Area. Daniel Mayers. We will be glad to hear from you.

**STATEMENT OF DANIEL MAYERS, COMMITTEE MEMBER OF THE
HEALTH AND WELFARE COUNCIL OF THE NATIONAL CAPITAL
AREA, ACCOMPANIED BY MRS. MARY BORDEN**

Mr. MAYERS. Thank you, Mr. Chairman. My name is Daniel Mayers. With me this morning is Mrs. Mary Borden, a valuable staff member

of our council. I am appearing in behalf of the Health and Welfare Council of the National Capital Area. I serve as chairman of the Working Group on Hunger of the Health and Welfare Council's Committee on Federal Legislation.

Our council is the central agency for developing and coordinating the support of the private sector for health, welfare, and related community services in the greater metropolitan area of Washington. It is a nonprofit organization financed chiefly by the United Givers Fund and is responsible for the allocation of all UGF funds to eligible private voluntary agencies. The council is a citizen-led organization representative of all segments of the metropolitan area.

We appear before this committee because we are increasingly convinced that the effectiveness of the voluntary agencies in making their full contribution to the solution of the welfare problems facing this country today depends directly and fundamentally on the existence of adequate public programs. We believe that the experience and knowledge of thousands of concerned citizens, primarily volunteers, whom we and similar health and welfare councils in other communities throughout the Nation represent, are important resources in helping to formulate the Federal legislation and policies which affect our communities.

We have found that here in Washington private agencies frequently have to provide cash assistance to the needy so that they can participate in the Federal food-stamp program. It surely is ironic that private dollars must be used as "seed money" for those otherwise too poor to take advantage of Federal aid. This simply is not an appropriate burden for private, voluntary agencies to carry in this day and age.

We, therefore, are forced to conclude that, as of today, the Federal Government is not carrying its share of the national commitment to ensure a basic decent living standard for all who lack an income adequate to support this standard. We are encouraged by the philosophy embodied in the presidential message to Congress on welfare reform, which recognizes and accepts this responsibility. However, until this philosophy can be implemented by a minimum national income standard sufficiently realistic to permit a family to purchase an adequate diet, the Federal food-stamp program remains a practical technique for providing this vital part of needed basic assistance. It is an effective means for eliminating the most elemental consequences of poverty, hunger, and malnutrition.

In testimony before the Senate Select Committee on Nutrition and Human Needs, at its field hearings in the District of Columbia, our committee analyzed the extent of the need for an expanded food-stamp program. We also explored some of the present program's inadequacies on the basis of information collected from our member agencies regarding their direct day-to-day experience with the operation of the program. Our findings demonstrate that the current food-stamp program falls sadly short of meeting the real needs.

We believe that our findings are typical of many communities throughout the United States. Our findings indicate that:

The food stamp program in the District of Columbia was reaching only approximately 11 percent of those people needing some financial assistance to maintain minimum nutritional levels.

A significant percentage of families eligible for food stamps did not have the income to permit them to purchase stamps.

The unrealistic current bonus value schedule presents an additional deterrent to program participation.

The total value of most families' food stamp allotments falls well below even the U.S. Department of Agriculture's "economy" food plan, which itself is approximately 20 percent below the "low cost" plan. Moreover, under the sliding scale still in effect, the poorer the family the lower its food allotment.

The requirement that the total monthly supply of food stamps be purchased at one or two times a month is a formidable obstacle to participation.

Funds and staff for administration and certification are simply inadequate.

Certification and distribution regulations and procedures are unnecessarily complicated and rigid, and make participation a difficult, time-consuming and sometimes humiliating process.

We urge that the President's welfare reform programs be carefully scrutinized and discussed in Congress and by the public. In the meantime, people are hungry.

Childhood malnutrition is taking its grim toll.

The health of our future citizens is being undermined. We urge the immediate enactment of a new food stamp bill. While we agree with the President that there should be an "orderly substitution of food stamps by the new direct monetary payments," we believe that such orderly substitution cannot be effected until family assistance throughout the country can be raised to a level commensurate with an adequate standard of living.

Each of the bills before this committee contains useful proposals to improve the food stamp program. And as the previous witness said, Mr. Chairman, I mean that most sincerely. We think there is a passel of good bills for this committee's consideration. We believe that in order to meet existing needs, the bill reported by your committee should contain at least the following provisions:

1. Eligibility. Minimum national standards should be established to cover all households whose disposable incomes fall below three times the cost of USDA low cost food plan.

2. Food stamp value. Every eligible family, without regard to income or food stamp payments should receive stamps equal in amount to the cost of the USDA low cost food plan.

3. Purchase price. No eligible family should be required to pay more than 25 percent of its income for food stamps. This would mean that no family whether or not eligible, would be required to spend more than approximately 33 percent of its income on food to obtain a minimum nutritional diet. Since the average American family's expenditure on food is 17 percent of disposable income, this would hardly seem to be an unreasonable standard. A purchase schedule should be established to authorize free food stamps for those with no income or very low incomes, with a sliding scale up to 25 percent of disposable income for other eligible families. There should also be a flexible system of payment permitting partial purchase of the total monthly allotment.

4. Commodity coverage. Food stamps should cover the purchase of the items necessary for personal cleanliness, hygiene, and home sanita-

tion. These essential items are generally accepted as a normal part of the food budget. We have found that noneligibility of these items under the present program is a significant deterrent to the program participation.

5. Simplified certification. The self-declaration or affidavit system should be approved.

6. Distribution. A flexible system of distribution should be established as appropriate in circumstances—through post offices, directly or by mail, through participating retail food stores or through other channels.

7. Consumer education and publicity. Specific programs and funds should be authorized to insure that adequate publicity and effective nutrition counseling are available in every community. Counselors and neighborhood workers should be chosen from the poor themselves wherever possible.

8. Federal responsibility and authority. To guarantee that every needy family can avail itself of this national program, the Federal Government must have the responsibility and authority, in the absence of appropriate State or local action, to initiate and administer programs directly or through other public or nonprofit agencies.

In conclusion, I want only to emphasize that the problem of hunger in our Nation is not one about which only the needy or certain public officials or Congress are concerned. The private agencies represented by our Council are also vitally concerned. And perhaps more importantly, the very many people—ordinary middle-class people—who work with and support these agencies care about the problem.

We hope that by expressing our deep concern we have contributed toward a chain of events that will eventually, with your help, result in a Nation where none need exist without a basic, nutritional diet.

Thank you, Mr. Chairman.

SOCIAL WELFARE PLANNING COUNCIL,
New Orleans, La., July 9, 1969.

HON. W. R. POAGE,
Chairman, Committee on Agriculture, House of Representatives,
Washington, D.C.

DEAR SIR: We wish to endorse the statement on Food Stamp Programs developed by the Health & Welfare Council of the National Capital Area. We have analyzed this statement fully and believe it offers the most feasible interim plan for dealing with malnutrition and hunger in our Area.

We ask that our endorsement of the enclosed statement be made a part of the record of the Agriculture Committee's hearings on food stamp legislation. We also urge your Committee's support of \$750 million for this program, as authorized by the Senate.

Very truly yours,

CLARK H. CORLISS,
Executive Director.

HOMEMAKER SERVICE OF THE NATIONAL CAPITAL AREA, INC.,
Washington, D.C., July 13, 1969.

HON. W. R. POAGE,
Chairman, Committee on Agriculture, House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN POAGE: I am writing to affirm this Agency's full support of the 8 point Statement on Food Stamp Programs prepared by the Health and Welfare Council of the National Capital Area, Inc., of which we are financially participating members.

Our staff, both Homemaker Health Aides and professional staff, are in daily contact with many families receiving food stamps as well as those eligible but unable to afford them. While it has been our practice to help them stretch their food dollar by wise purchases and proper preparation and storage, we have been keenly aware of the inadequacies of the program. With incomes so far below minimum standards, it is often next to impossible to set aside the required amount to buy the stamps, pay rent and utilities, properly clothe children, buy simple household cleaning and personal hygiene items basic to even a modicum of health and sanitation, etc. The hardship on elderly people is as bad if not worse.

In addition to our endorsement of the attached Statement, we urge the Committee to support the full \$750 million appropriation authorized by the Senate for fiscal 1970.

Sincerely yours,

(Miss) PATRICIA A. GILROY, ACSW,
Executive Director.

CATHOLIC CHARITIES,
Washington, D.C., July 7, 1969.

Hon. W. R. POAGE,
*Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: As a member agency of Health and Welfare Council of the National Capital Area we support the eight point statement on food stamp programs that was submitted by the Health and Welfare Council Committee on Federal Legislation.

We ask that our communication be included in the record of the Agriculture Committee's hearing on food stamp legislation and also that the Committee consider the fiscal 1970 authorization at once and that it support the full \$750 million authorized by the Senate.

We feel that this \$750 million still is not enough to be able to meet the needs of the people who need this Country's help.

Praying that you will do all within your power to help the less fortunate, I remain

Sincerely yours in Christ,

Rev. JAMES F. MONTGOMERY,
Catholic Charities.

SOCIETY OF ST. VINCENT DE PAUL CENTRAL COUNCIL,
Washington, D.C., July 3, 1969.

Hon. W. R. POAGE,
*Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.*

DEAR SIR: The Society wishes to strongly support the stand of the HWC as regards Food Stamp Legislation. Their 8 point statement is a significant step forward in this type of program. We hope that you will support passage of legislation substantially as recommended by the HWC.

Very truly yours,

JOHN F. SMYTH,
President, Central Council.

The CHAIRMAN. We are very much obliged to you. Now, I am going to ask you, if you will, to remain and we will hear the other witnesses who are here. Then we hope there will be time for some questions addressed to all of you. I do not know how we are going to hear everybody unless we do it that way.

Mr. MAYERS. I understand the problem. Thank you.

The CHAIRMAN. Thank you, sir.

Now, our next witness is Mrs. Frances Fischer, assistant professor of nutrition, Case Western Reserve University.

STATEMENT OF MRS. FRANCES FISCHER, ASSISTANT PROFESSOR OF NUTRITION, CASE WESTERN RESERVE UNIVERSITY; ACCOMPANIED BY MRS. LOIS B. EARL, CHIEF OF THE DIVISION OF NUTRITION OF THE DISTRICT OF COLUMBIA DEPARTMENT OF PUBLIC HEALTH

The CHAIRMAN. Mrs. Fischer, we are glad to have you.

Mrs. FISCHER. Mr. Chairman, I am Frances Fischer, president-elect of the American Dietetic Association and assistant professor of nutrition of Case Western Reserve University. I am accompanied by Mrs. Lois B. Earl, the Chief of the Division of Nutrition of the District of Columbia Department of Public Health. I am pleased to present this testimony on behalf of the American Dietetic Association, the professional organization of 20,000 dietitians and nutritionists who are responsible for the application of the scientific principles of nutrition, a discipline of health.

As recently as 1967 the Surgeon General of the United States Public Health Service stated: "We do not know the extent of malnutrition anywhere in the United States * * * " Since that time the Congress has approved funds for a National Nutrition survey and preliminary findings have been published.

The survey of low-income persons discovered growth retardation in 3.5 percent of the children, anemia in 33 percent of the children under 6 years of age, enlarged thyroid in 5 percent of the total population, vitamin A deficiency in 33 percent of the children under 6 years of age, vitamin C deficiency in 12 to 16 percent of all age groups, and vitamin D deficiency in 4 percent of the children under 6 years of age. Some cases of severe malnutrition were discovered. Dr. Arnold Shaefer, the Chief of the National Nutrition survey, stated:

Our studies to date clearly indicate that there is malnutrition, and in our opinion, it occurs in an unexpectedly large proportions of our sample population.

What are the consequences of malnutrition? As a result of our failure to support an adequate nutrition research program, the consequences of malnutrition are not precisely known. But we do know that malnutrition exacts a heavy toll. It is clearly associated with the abnormal physical and mental development of our children, and with a high rate of infant mortality. The United States ranks 14th among the nations of the world with respect to infant mortality rates.

A recent report of the President's Committee on Mental Retardation states that: "Mounting evidence is pointing to an intimate relationship between diet and mental and nervous disorders." This report also states that three-fourths of our Nation's mentally retarded are to be found in isolated and impoverished areas. This is where hunger and malnutrition are most prevalent.

Our country cannot afford these consequences. And it is ironic, indeed, to discover that hunger prevails in the United States at the same time that obesity is creating a major new opportunity for the production and distribution of low-calories foods and beverages. This is the situation that confronts us, however, and so it is essential that recognition be given to all the facets of the complex problem of malnutrition.

Among the findings of the National Nutrition Survey is the fact that only 8 percent of the families surveyed in some locations participated in either the food stamp or food donational program. A survey of Los Angeles County showed that only 35 percent of the aid-for-dependent-children families were participating in the food stamp program, and only 15 percent of the adult public assistance recipients were participating. Less than one-fourth of the eligible public assistance recipients in Baltimore were participating in the food stamp program in 1968.

Since the food stamp program is not reaching the number of people it should, our association fully supports legislation that would improve its coverage. We strongly support the enactment of legislation that would make nutritionally adequate food available to all individuals and families.

Ideally, each individual and family should have the financial resources to afford a nutritionally adequate diet. To achieve this end will require a revision in existing welfare and food assistance programs. Revisions have been proposed by President Nixon. One disadvantage of the food stamp plan at present is the inherent stigma for the participants. The House of Representatives recently approved legislation to prohibit the identification of schoolchildren participating in the free lunch program. This association fully supports such a prohibition and recommends the adoption of such a principle in all food assistance programs.

A food assistance program will be necessary until families and individuals have the resources to provide a nutritionally adequate diet. Such a program must be more efficient and effective than the food stamp program has been in the past. This association urges the committee to give careful consideration to improving administrative aspects of the food stamp program through uniform national standards for eligibility, certification, distribution of stamps, and income levels. Present deficiencies in the administrative aspects are largely responsible for the fact that the program reaches less than one of every five eligible persons in counties where the program is in operation.

A major concern of this association is that the legislation to amend the Food Stamp Act will not give adequate attention to nutrition education. This association urges the committee to give consideration to earmarking funds for providing for a certain percentage of food stamp funds to be used for financing nutrition education programs for participants and personnel. Such training and education should include long-term and short-term courses of instruction in such areas of applied nutrition as food purchasing and budgeting, meal planning and preparation, food storage preservation and sanitation, with consideration also to socioeconomic factors. Training and education in these areas must be provided by qualified personnel. Unfortunately, we are faced with a manpower shortage that will only be overcome through an expansion in our training capacity of dietitians, nutritionists, and other qualified educational personnel.

We are convinced that the problem of malnutrition in the United States will not be solved by a massive increase in food stamps or welfare payments in the absence of nutrition education.

This association also strongly supports the establishment of a commission that would be advisory to the President to develop and promul-

gate national nutrition policies—a National Nutrition Advisory Commission. The membership of this Commission should include representation of nutrition and dietetics, health, education, welfare, consumers, agriculture, and the food industry. This Commission would have available to it the expertise in nutrition of all Federal agencies. Both the Department of Defense and the Veterans' Administration finance outstanding research programs in the field of nutrition. To fully utilize and apply the results of this research an organizational entity should be established at a level commensurate with the responsibilities involved. The proposed Commission would also have available the advice and recommendations of the Food and Nutrition Board of the National Academy of Sciences—National Research Council. Such a Commission would be very effective in the adoption of nutrition policies that would greatly improve the health status of our country.

In concluding, this association takes this opportunity to express its appreciation to the chairman and members of the committee for their favorable consideration of the legislation to expand and improve the Food Stamp Act. We will be glad to answer any questions you might have.

The CHAIRMAN. Mrs. Fischer, we are very much obliged to you for your interesting statement. Now, I hope that it will be possible for you to stay with us and let us get some questions. But first, we have to hear the next witness, who will be introduced by our colleague, Mr. Mayne.

Mr. MAYNE. Mr. Chairman, it is a real privilege to introduce Monsignor O'Rourke, who is a very prominent and widely respected citizen of Iowa. Through his work in the Catholic Rural Life Conference he has made a very outstanding contribution to rural America and is recognized as a true authority on the problems confronting family farmers, particularly those in the lower income groups. Monsignor O'Rourke.

The CHAIRMAN. Thank you, Mr. Mayne.

Monsignor, glad to have you.

STATEMENT OF RT. REV. MSGR. EDWARD W. O'ROURKE, EXECUTIVE DIRECTOR, NATIONAL CATHOLIC RURAL LIFE CONFERENCE

Monsignor O'ROURKE. Thank you, Mr. Chairman, and thank you, Congressman Mayne, for those kind words, and members of the committee. I am Edward W. O'Rourke and as Congressman Mayne has suggested I direct the National Catholic Rural Life Conference which also constitutes the Division of Rural Life of the larger United States Catholic Conference. Our organization has offices in Des Moines, Iowa, and also here in Washington.

Mr. Chairman, I need your counsel at this point. When these hearings were first announced, it was determined that the group of distinguished churchmen you heard yesterday—Mr. Ackerman, Monsignor Corcoran, and Mr. Braiterman—would go into some detail regarding church views regarding food stamps and that I by reason of special experience and interest in the general farm legislation would offer some views on the general farm legislation which, as you know, Mr. Chairman, is a major part of your bill 12430, with just very brief

references to a policy statement adopted by the Catholic Rural Life Conference last June on food stamps. Is this order of presentation acceptable?

The CHAIRMAN. I think it would be in order. Proceed.

Monsignor O'ROURKE. Very good. Thank you.

I welcome this opportunity to express views regarding the Food and Agriculture Act of 1969. It is obvious that both the general farm legislation and the food stamp program vitally affect the rights and dignity of farmers and low income people; hence, the concern of the church and church related organizations such as the NCRLC in this legislation.

I. PERMANENT EXTENSION OF THE FOOD AND AGRICULTURE ACT OF 1965

The National Catholic Rural Life Conference has repeatedly supported the main objectives of the Food and Agriculture Act of 1965. We are convinced that the Federal Government quite properly should assist in control of production of basic farm products in an effort to stabilize prices and thus to help preserve the family farm system.

We also concur in those provisions of H.R. 12430 which would make this legislation permanent. So important a matter as this should not be subject to reenactment every year or two. Permanent legislation would provide a much more rational basis for the long range planning which farmers must make.

A. *Payment limitations.*—We strongly urge that H.R. 12430 be amended to limit the amount of subsidy payments which may be made to any individual or corporation. We suggest also that the "snapback" provision of the law be repealed.

We are aware of the arguments against payment limitations, chief among which is the assertion that such limitations would prompt big producers to drop out of the program and, hence, defeat the purpose of the program. The validity of this argument is not evident.

According to the present law, cotton producers who might drop out of the program would still be subject to a 25 cent per pound penalty for overplanting. This would certainly make it unprofitable for cotton producers to significantly increase their production.

In the case of wheat, the value of certificates for wheat domestically consumed might be raised to a level which would make increased production by noncooperating farm operators unprofitable.

Some special problems arise in regard to feed grains, since many farmers feed these grains on their farms. However, the Congress might consider either penalties for overplanting or increased payments to farmers who participate in the program as means to guard against the problem under discussion.

The moral and social reasons for payment limitations are numerous and urgent. It is not proper for our Government to pay huge subsidies to already wealthy and powerful individuals while we limit the assistance we offer to those who are destitute.

B. *Evaluation of the "Agricultural Adjustment Act of 1969."*—(H.R. 11698; S. 2524.) It is apparent from the foregoing remarks, that we are in sharp disagreement with the proposal of H.R. 11698 to phase out existing supply control programs on wheat, feed grains, and

cotton over a 5-year period. We maintain that Federal supply control programs are urgently needed in order to prevent massive surpluses which would wreck farm markets.

The Center for Agricultural and Economic Development at Iowa State University, in its "Farm Programs for the 1970's" (CAED Report No. 32), indicates that replacing the present Federal supply control program with a 50-million-acre land retirement program would cause a sharp drop in crop prices. Comparing 1967 prices with projected 1970 prices, the CAED report predicts the following:

	1967	1970 50,000,000- acre program
Wheat.....	1.39	1.29
Corn.....	1.05	1.03
Oats.....	.66	.56
Barley.....	1.00	.84
Grain sorghum.....	1.00	.84
Soybeans.....	2.49	2.05
Cotton lint.....	25.6	23.5

We also object to the second major proposal of H.R. 11698, namely, whole-farm land retirement. Such a program would remove much land from the control of small family-type farmers and concentrate it in the hands of large operators and corporations. Secondly, retirement of several farms in a community would greatly reduce the sale of farm supplies such as fertilizers, fuel, etc., thus seriously injuring the business and other activities of rural communities. Finally, we recommend that land retirement should be made with a view to future needs, resting and building up those lands which are low in fertility. Whole-farm retirement would greatly impair the pursuit of this objective.

For these reasons, we urge the continuation of the land retirement programs now authorized and a rejection of the whole-farm retirement plan proposed in the Agricultural Adjustment Act of 1969.

II. EXTENSION OF THE FOOD STAMP ACT OF 1964

In our estimation, President Nixon's recently announced program to extensively modify welfare programs contains many excellent features. However, for the immediate future an urgent need for a food stamp program will remain. Even if the administration's welfare programs were adopted, many welfare recipients would continue to subsist on less than adequate incomes. It would be wise, therefore, to continue a food stamp program to assure adequate diets for families on welfare. Obviously, good nutrition is among the most urgent needs of every family.

We support the basic purposes of the Food Stamp Act and urge its improvement and expansion.

We must eliminate hunger and malnutrition in the United States because (1) this affluent land with great food surpluses clearly has the resources to do so; and (2) to fail to do so would be contrary to a most basic human right, denying to our poorest citizens the opportunity to live fully human lives.

The following are a series of specific proposals made by the Executive committee of the National Catholic Rural Life Conference on June 25, 1969 in a policy statement entitled, "Direct Distribution and Food Stamp Programs:"

That the federal programs be adequately funded to permit food assistance to a greater number of hungry people.

That the Direct Distribution program be replaced as rapidly as possible by the Food Stamp program. This is more human, recognizing the freedom of choice for the individual as well as using the regular food distribution system, thereby helping expand local retail trade.

That the administration of the programs be so structured as to remove them from partisan politics; that they be established in every county of the U.S. without destroying the autonomy of the local governments; that the same criteria apply everywhere.

That the programs be considered primarily as programs for the aid of poor people, recognizing, however, that such programs will continue to provide expanded markets for most farm products.

That consumer education on food be given high priority in the administration of the program in order to insure adequate diets at relatively low costs.

That both programs (Direct Distribution and Food Stamp) be permitted to operate simultaneously in the same area, as long as the Direct Distribution program continues.

That persons with no income and families with very low income receive free stamps equal to the cost of the minimum adequate diet.

That there be more co-operation and coordination of all programs, both on the public and private level, designed to assist poor people.

III. WORLD TRADE AND INCOME OF AMERICAN FARMERS

Since it is the purpose of this committee to examine the broad implications of Federal farm programs, I wish to make a few observations concerning the bearing of U.S. international trade policies on the income of American farmers.

From the earliest days of our Nation, our international trade policies have been formulated for the advantage of industrialists and the disadvantage of farmers. At the First Continental Congress, Alexander Hamilton won a victory over Thomas Jefferson and pushed through a revenue measure which established excise taxes on foreign manufactured products at twice the level imposed on domestic manufactured products. Thus began our policy of protecting industrial products without supplying a corresponding protection for farm products. From that day to this, the result has been relatively high prices for the things a farmer buys and low prices for the products he sells.

Prior to World War I, the injustice and regressive effects of this policy did not become clearly apparent. During that period, export markets for U.S. agricultural products were growing more rapidly than production in the rest of the world. World War I distorted agricultural production and marketing patterns and led to a collapse of wheat, cotton and pork prices when normal peacetime patterns returned. This caused a tragic lowering of farm income during the 1920's, continuing through the Great Depression of the 1930's.

In spite of serious efforts by governmental and private agencies to improve farm income during the past 30 years, today the income of farmers from all sources is only approximately 60 percent of that of nonfarmers.

Generally speaking, international trade is in a state of confusion. During the presidency of John F. Kennedy, the United States led the nations of the world in a brief movement toward more orderly and freer trade, with the removal of arbitrary and hurtful trade barriers. Among the results were the Trade Expansion Act of 1962, the Kennedy Round Negotiations and the International Grains Agreement.

This leadership by the United States lost its momentum during the last 2 years of the Johnson administration. When the Trade Expansion Act of 1962 expired, it was not extended (because the House Ways and Means Committee failed to act on it). Although the Johnson administration, and now the Nixon administration, have not repudiated the trade policies of the Kennedy administration, they have not presented a clear, definite program for improving international trade. Trade policies are always controversial. Apparently, neither the Johnson nor the Nixon administrations have been willing to enter vigorously into this arena.

In the meanwhile, the nations of the European Economic Community made the same mistake which the United States had made a decade previously; namely, they attempted to support agricultural prices at relatively high levels with little or no restriction on production. As storage facilities became overtaxed, some of these nations resorted to disastrous dumping policies, often selling commodities at shipping costs.

It is clear, therefore, that there is urgent need for revising international trade agreements. The International Coffee Agreements of 1962, 1967, and 1968; the International Wheat Agreements of 1953, 1956, 1959, 1962, and 1967; the International Grains Arrangement of 1967; and the International Sugar Agreement of 1968, are examples of the direction in which we should be moving. These agreements establish marketing quotas among exporting nations and take steps toward preventing accumulations of domestic stock in excess of reasonable requirements.

Most developed nations are turning toward a dual pricing system for agricultural products—a relatively high price for domestic consumption and a relatively lower price for products entering into international trade. The U.S. wheat certificate plan is an illustration of this policy.

Presently, most agricultural products on the world market are priced much too low—in some cases at prices below the cost of production. This situation acts as a ceiling to any aspirations the American farmer may have to improve his income. It is becoming increasingly apparent that American farmers will not get a fair return for their products until the international agricultural market mess is put in order.

I respectfully recommend, therefore, that this committee prod the appropriate members of congressional committees and administrative agencies to take vigorous action on this urgent problem.

CONCLUSIONS

May I say in conclusion that the nutritional needs of the poor of our Nation and the income of family farmers are issues of great import to these groups and to the Nation as a whole. I urge that these

issues be given a very high priority by the Congress and the administration.

The CHAIRMAN. We thank you very much, Monsignor, for your cooperation. And if you will stay where you are, and the others who have testified, Mrs. Fischer and Mr. Mayer, come back up to the front, let us question the group en bloc, as it were. Would you care to come back?

In order that we may try to arrange a little more equitable distribution of questions, I am going to start with Mr. Jones, Mr. Ed Jones. Do you have any questions?

Mr. JONES of Tennessee. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Mizell, do you have any questions?

Mr. Rarick?

Mr. RARICK. Yes, Mr. Chairman. Thank you.

I would like to direct a question to Reverend O'Rourke. I notice on page 5 of your statement that your organization believes in freedom of choice of the individual. That is, you feel we should abolish the direct distribution program and permit individuals to have freedom of choice in choosing regular food distribution systems. I certainly hope that your statement of principles includes freedom of choice to the parents and children in selecting their own school system.

It would appear that what human values there are in freedom of choice in nutrition also includes human individual values in selecting an educational system in a neighborhood chosen by the individual.

May I ask this. Is your organization composed of people who are living in rural areas, farm people, or retired people? It is called the Catholic Rural Life Conference.

Monsignor O'ROURKE. Mr. Chairman, most of the people who are members of our organization are residents of town and country places, yes, Mr. Rarick.

Mr. RARICK. Small towns.

Monsignor O'ROURKE. Small towns. Most of them under 5,000.

Mr. RARICK. Are you encouraging any educational programs such as gardening to supplement diets?

Monsignor O'ROURKE. Yes, Mr. Rarick. We do encourage the diversification of all farm operations and gardening is not the major issue at stake but it is a useful occupation, particularly for the younger members of the family, a way to supplement the total income of the family and improve their diets.

Mr. RARICK. Are you observing any success as far as supplementing diets by the use of fresh vegetables?

Monsignor O'ROURKE. Not as much as we would like. Any tour of a rural community will show you many areas where formerly there was a garden and now there are weeds, and so we have to admit less than spectacular success in this aspect of our proposal.

Mr. RARICK. I have seen several reports suggesting that malnutrition, and hungry people are to be found in my district. I contacted all of our welfare offices, and they assured me that the Federal Government did not invent welfare and nutritional problems, that they had been working in the field and could not find these hunger and malnutrition victims. They were very happy for me to assist any way I could.

So I used news releases and delivered speeches to encourage gardening. I have rural areas in my district and I offered free vegetable seeds and the supplying of various gardening books that are available through the Agriculture Department. I was disappointed in that I have never had the first request for any help on how to plant a garden or for any of the free seeds.

Monsignor O'ROURKE. Congressman, as you doubtless know, one of the problems of low income people is in the spirit as well as in the body. Some of them are not quick to respond to general recommendations and announcements. So in all efforts of this sort we have to maintain more outreach to them, as you well know. Many of our rural pastors are doing that at this time.

I was visiting a rural pastor in Mississippi just this past week, 2 weeks ago now, in which the parish had made an announcement about the food stamp program and offered assistance to members to make these stamps available and to help them in the costs thereof. I know of some activity of extension service which instead of the usual county-based extension agents who contact those who respond most quickly, special agents have been engaged to go out and seek out those who have the greatest needs. I think this is necessary.

Mr. RARICK. Well, I find it most unusual because the minute there is talk about free food stamps, supposedly hungry people do respond and show up.

I think a perfect example of this occurred recently in Mississippi and Louisiana as a result of the hurricane. My district was very severely damaged by the hurricane. Many sincere people, wanting to help these victims, have sent trailer after trailer filled with food, clothing, and other helpful items into the gulf coast area. Yet unfortunately, we are finding people driving 200 and 300 miles, loading pickup trucks with this food and clothing that belongs to the hurricane victims. The victims themselves are busy working on their homes, recovering their belongings, and taking care of their sick. Many of the needy—the refugees—are not sharing in this charity. This experience follows in other welfare programs.

I have already taken up too much time, I guess. I thank you for your comments.

The CHAIRMAN. Mr. Kleppe?

Mr. KLEPPE. Thank you, Mr. Chairman. I yield back my time.

The CHAIRMAN. Mr. Burlison?

Mr. BURLISON. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Zwach?

Mr. ZWACH. Mr. Chairman, just to say that I have long been aware of the length and breadth and depth and height of the knowledge that Monsignor O'Rourke has of countryside America. I think he has again showed that today and I want to compliment him. I want to say that I am very interested in his answers to some of the problems.

Monsignor O'ROURKE. Thank you.

The CHAIRMAN. Mr. Montgomery?

Mr. MONTGOMERY. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Mayne?

Mr. MAYNE. No questions.

The CHAIRMAN. Mr. Jones?

Mr. JONES of North Carolina. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Mathias?

Mr. MATHIAS. No questions.

The CHAIRMAN. Mr. Vigorito?

Mr. VIGORITO. No questions.

The CHAIRMAN. Mr. Miller?

Mr. MILLER. Yes; Mr. Chairman. I do have a question.

Mr. Mayers, I read on page 2, your statement as follows: "We have found here in Washington private agencies frequently have to provide cash assistance to the needy so that they can participate in the Federal food stamp program. It surely is ironic that private dollars must be used as "seed money."

And in the monsignor's statement, he says that there should be more cooperation and coordination of all programs both on the public and private level. I thought perhaps between the two of you that you could straighten out just what we are talking about here. They seem to be in conflict.

Mr. MAYERS. Well, I would suspect we are not at all in disagreement. Let me attempt to make the distinction.

The situation I am talking about here in the District was this. We found that several of our agencies reported back to us that they had to give their constituents money in order that those people would in effect, be eligible for the food stamp program. That is, a private agency using voluntary funds and had to supply funds in order that a U.S. citizen would be in effect, eligible to participate in a Government program.

I do not think, and I do not think really any of us think, that that is the proper relationship between private and public help.

Now, on the other side let me say that we are vitally interested, all of our agencies, and the health and welfare councils all over the country, in continuing our work of all types in helping the poor and the hungry, but it seems to us the private agencies as they usually do in this country, supplement and do not initiate Federal efforts. I do not know if that is—

Monsignor O'ROURKE. Congressman Miller, may I respond? As indicated in a conversation a moment ago with Congressman Rarick, one of the great needs among low-income people is for more effective contact and we feel that church people as one of the private agencies have or should have that. And, therefore, in the case of the food stamp program, to make information known to them, really known, effectively known, against to help them to know where they must go in order to comply, and in the instance where they do not here now have enough money to buy the stamps that they need, to supplement that, although I agree that hopefully they will come and this will not be a problem, but when it is a problem we do help them frequently with some cash contributions.

Also it has been emphasized in testimony here the nutritional side of it, to know how best to use foods. This is the kind of thing which private agencies do as well as agencies of Government.

Mr. MILLER. We have heard inquiries from the chairman yesterday, that I thought was good, asking how to separate those who should have stamps from those who should not have stamps, those that will work from those that will not work. It seems that if the private sector

is working, they would be investigating to make sure that the seed money is going in the right direction to those who would work.

Could this be a good solution to the problem we have heard the chairman express here over the last couple days?

Monsignor O'ROURKE. Sir, I would hesitate to use hunger as a club to make anyone do anything, including work. Again, I am not among those who have found a person who will not work if he is properly approached. Maybe they exist. I have not found them. I say if properly motivated. Certainly, one of the roles of the church and other type agencies, if there are people who will not work is to help them to arrive at that station where they will because it is, I think, subhuman to not want to be self-sufficient. If I understand human nature, the desire to be self-sufficient and self-supportive is very, very basic to the human personality. But certainly, as you intimate, the private agencies have an important role here. I would not like to have the pastor, though, stand up and say you and your family must go hungry because you are lazy. I shall never say that to a person. I shall, however, counsel with an individual who is delinquent in his duties and hope to help him to correct those delinquencies.

Mr. MILLER. Thank you.

Mr. Chairman, if we may go on to another question to Mr. Mayers. I see, too, on page 5 where we are talking about, "Food stamps should cover the purchase of the items necessary for personal cleanliness, hygiene and home sanitation," but you also have in that same paragraph, "We have found that noneligibility of these items under the present program is a significant deterrent to participation."

This is hard for me to believe if people are hungry, that they would not participate in the program because they could not get a bar of soap.

Mr. MAYERS. Let me give you specific examples. I understand on its face it does seem incredible but when you think about the facts, it it really is not, Mr. Congressman.

Let us say an individual under the current program, and this is true at times, must once a month take \$60, walk in, wait, and get food stamps worth \$80. That means he is getting \$20 of additional value.

Now, he may well say to himself, although it does not seem realistic, I would rather spend my \$60 during the course of the month without having to save it up all at once and spend it on what I know I need in the way of "food," which to him as to most of us includes soap and matters of personal hygiene, than somehow hoard up that money, bring it down all at once, get \$20 and then be restricted in what I can spend it for.

Really, when you get to that level which exists many places in the District as we found, it is one of the reasons the people have said to the agencies we do not use the food stamp program.

Mr. MILLER. If I may ask just one more question of the Monsignor, on page 5 of your testimony you have some recommendations. One is that the administration of the programs be structured so as to remove them from partisan politics. Partisan politics is not supposed to be in the program now.

Do you have evidence that partisan politics is in?

Monsignor O'ROURKE. At the moment, Congressman, I cannot refer to a specific case. I have heard reports of it. I have not substantiated

it and I apologize for not having that information now at my disposal.

Mr. MILLER. Very good. Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. O'Neal?

Mr. O'NEAL. No questions.

The CHAIRMAN. Mrs. May?

Mrs. MAY. I have a question for Mrs. Fischer, please.

Mrs. Fischer, you among other witnesses before this committee, have referred to the fact that since the inception of the food program, there are still many communities where a great percentage of those truly in need of food help are not yet taking advantage of it. For one reason or another they have not had the advantage of the food stamp program.

My question is: In these years since the inception of the food stamp program do you know of any survey that has been taken by your organization or another organization of nutritionists, to acquire facts in these areas and make a finding of whether there has been a difference in the nutrition among the families that have taken advantage of the food stamp program, as compared to those who are not on the food stamp program?

Mrs. FISCHER. We do not know of any, no.

Mrs. MAY. It has occurred to me this could be a very significant finding to help us with the nutrition needs that we are talking about. I mean, nutrition education needs we are talking about. And at a time when we are still trying to get the program to cover more people and more adequately, it would seem the nutritionists themselves would be in a position to evaluate this situation to give us helpful information.

I think, we have had enough experience with the food stamp program that we might be able to do this. I wonder if you agree, it would be a good contribution to providing knowledge that we need in making decisions on the future of the program.

Mrs. FISCHER. I do, indeed.

Mrs. MAY. Another question along this line. In my dialog with Mr. Rothman, I said that there is presently work going on in the U.S. Department of Agriculture agency and HEW, on how best to get good nutritional education to the people who will be using the food stamp program. We all know that just making the food stamps available is not really the full answer to giving proper nutrition to a family.

I have talked with the president of the American Home Economics Association and she told me that there were some 100,000, I believe, trained home economists in the United States today, who are not now working professionally at their jobs. They have married, are housewives, mothers, etc. She felt that this might provide a tremendously strong potential for community involvement to have them volunteer a few hours per week, to help us teach family nutrition. This is a problem of great magnitude, where obviously, the Federal Government cannot do all of it. It has got to have the help of voluntary groups and agencies.

Have you in your organization ever made any kind of a survey to find out how many women in this country, or men, trained in nutrition, might not now be working at it professionally? We might identify

and call upon them to see if they would help us with this problem. Have you ever made a survey of nutritionists?

Mrs. FISCHER. I think we have not made a total survey. We know that there is a sizable number among the membership of our association who are not working, as you say, because the women are home with their families. We are urging them—we have been for a number of years—to come back into the profession on a part-time, whatever kind of part-time basis they can, because of the manpower shortage.

We recognize also that there are those who are not members of our profession, again a large number, who are qualified and we are embarking, we have already over a number of years been on a drive to get these people back into the field, members of the association or not. We have continuing education programs, all kinds of things, because we feel a commitment to the profession, not just to the association. So we do not have the figures.

We know there is a sizable pool and we are trying to get these people interested, up to date in the profession and back into the work program.

Mrs. MAY. That would seem to me an invaluable contribution plus if it is possible some further identification of where they are.

One final question. What was your reaction to the statement, again by Mr. Rothman, and I believe you were in the room, that professional nutritionists and home economists have over the years failed to get through to the poor themselves. He felt we should involve more of the poor in sharing with their fellow poor in low-income areas facts, needed facts, on proper buying of food and proper preparation of it and everything that goes with good nutrition. I told him this administration is now discussing the possibility of using more professional nutritionists and home economists, I think is very important because they are the ones that have the body of knowledge, to train inner city residents as teachers and they in turn could then teach low-income families.

Do you agree with that basic assumption? Do you have any further ideas to offer on this subject? Do you think it is a good approach?

Mrs. FISCHER. I think as in all endeavors, no one is 100-percent, no group is 100-percent efficient in what they try to do. Undoubtedly, some professional nutritionists have not been able to reach the poor.

I think we know that there is a communication barrier. It is part of our body of knowledge of educational skills to try to develop this feeling and understanding for all kinds of people. I think some dietitians and nutritionists have been exceptionally successful. I think as in all the health professions with the manpower shortage we do need to use all kinds of other associated people that we can. The professionals can certainly do a lot in training neighborhood workers, whatever title they are called, but there can be a lot more proliferation of knowledge from the specialist to the neighborhood without it having to go on a person-to-person basis. We can use all kinds of other people.

Mrs. MAY. Thank you, Mrs. Fischer. I am glad you made that last statement in behalf of your profession because I think some of them have done an outstanding job but a lot more needs to be done and I frankly, am convinced the only way we will get anywhere is by involving a great deal more of these professionals.

Thank you, Mr. Chairman.

Mrs. FISCHER. I thank you for the opportunity.

The CHAIRMAN. Mr. Purcell?

Mr. PURCELL. Yes, sir.

Monsignor O'Rourke, I compliment you on your attitude on work and the food stamp part of your statement but I notice you leaped over the farm program. I want to ask you one question. I take it the church owns its office building out in Iowa, in Des Moines?

Monsignor O'Rourke. Yes; we do.

Mr. PURCELL. I happen to know the church owns the Roosevelt Hotel in New Orleans. Now, if a highway came through Iowa and had to have your office, I think you would expect the owner ought to be paid for giving up the use of his land?

Monsignor O'Rourke. True.

Mr. PURCELL. Well, if the convention center in New Orleans wanted the property the Roosevelt Hotel is on, I would expect you wanted to be paid for that?

Monsignor O'Rourke. Obviously.

Mr. PURCELL. But there would be a difference in the amount of pay you would get for your, I suppose rather modest office in Iowa and rather elaborate hotel in New Orleans. Would you agree on that?

Monsignor O'Rourke. I am sure——

Mr. PURCELL. You see, the contribution made by a big farmer is exactly the kind of contribution that would be made by the surrendering of the use of the Roosevelt Hotel. This is not a welfare program. The big farmer is required, if he is going to participate, to not have the use of the same proportion of his land as the smaller farmer, but it runs into more acres. And we think that basically it would be, first, unfair not to pay the big farmer to participate. He has got to pay taxes. He has got to keep up and comply with certain soil conserving practices if he is going to participate. And I am just very sorry to see a man of your knowledge and decorum be so on the other side of this issue and I would hope that you might reconsider.

I want to take you to Texas with me when I take Mr. Rothman to show you these folks that will not work and maybe on that trip we can visit about this farm problem.

Monsignor O'Rourke. May I respond, Congressman, to your observations? I think among the reasons for our different position is a difference of basic principle from which we depart in this discussion. You are thinking of this as exchange justice between the Government and the citizen. I think of this kind of a program as distributive justice. And distributive justice is different from exchange justice in a very important manner.

When individuals or an agency acting as legally an individual engages in some kind of a contract, mathematic equality is required or expected. But when society deals with its citizens, then the service given to the citizen is in proportion, according to my philosophy of government, to the needs of that citizen and also with a view to the impact that such an agreement will have upon the common good.

When I bring that principle to bear upon this issue, it becomes a little more complex than the buying of a piece of land. And I look at the record. I look at what has happened down through the years when we have had mathematical equality in dealing with the big fellow and the little fellow and I see that the result is not what the

program intends, at least as I have always understood it to intend. The program wants to protect the modest operator against the already great pressures that the powerful and wealthy can and are exercising on him, and, therefore, I feel that the present program without limitation is regressive and I have so stated here, not because I am unaware of the thoughts that you have expressed, but because as I said a moment ago, I consider on a little broader basis the implications and another principle.

Mr. PURCELL. Well, I have a little legal training but I am not sure I totally follow your distributive justice concept. But I still say to you on the one hand you are talking about a welfare program and I agree and I am in a position to help you if you do not foul me up on the farm side of it too much, but on the other side, we are talking about a legal contract. I do not know how you are going to deal with business people except with a legally binding contract and then on the social side, certainly, do what needs to be done. But the laying out of land is a legal obligation. You enter into a contract. If you are poor and hungry, you cannot help it and let us feed you. I guess we are just expressing each other's views. I do not think I convinced you and I blooming well assure you that you have not convinced me.

Monsignor O'ROURKE. I think I have an open mind on such matters and would be very happy to perhaps invite you to lunch if this is not illegal lobbying, and visit with you on this.

Believe me, I am concerned about justice to all parties. I am not just for one of the segments of society. But as I see it, without limitations our present farm program leads to a kind of very, very undesirable social consequence.

Mr. PURCELL. Well, I accept your invitation. It is lunch time. Let us go eat.

Monsignor O'ROURKE. Only with the permission of the general chairman.

The CHAIRMAN. Just one second. The Chair has gone around in an anticlockwise manner, but I am about to ask a question and put in what I think needs to be put in to perfect this record, or at least improve it maybe.

Certainly, I cannot agree with the philosophy that the payments for acquiring lands are gifts to anybody or that they are made to increase anybody's income. They are made for the purpose of stabilizing farm prices as a whole, not the individual who lays out the land. The individual who does lay out, who takes his land out of production, does forego economic benefits that he has a right to use. He owns the land and if we accept the American philosophy of private ownership, and, of course, some people do not—I feel sure you do.

Monsignor O'ROURKE. Oh, yes.

The CHAIRMAN. But there are a good many people who do not, and I understand that those who do not accept that philosophy obviously would feel that the Government should take the land without compensation. But our Constitution says that you should not take his property without compensation.

The use of it is taken for public purposes, not for private purposes. If it were for private purposes and this were a gift, and it were so obviously a great benefit to the individual, then surely every one of these large landowners would take advantage of it to the fullest. They are a

pretty intelligent group of people. They did not get to be large landowners by being dumb or not knowing their business. But the record shows that only 43 percent of them actually put in all the land they could; that is, of those who drew more than \$20,000. Only 43 percent of those put in all the land in this program they could.

If this thing was such a bonanza, why did they not all take advantage of it to the fullest? Obviously, it is a thing that may or may not be profitable to the large landowner. It is a thing on which one landowner will decide "Well, it will be all right for me," and another will decide "it is not profitable for me," and the decision is rather close. Else there would be a greater unanimity among the landowners.

If it was simply that they were adding to their own income by that amount—I think I know human nature well enough and I think you know human nature well enough to know, that those large landowners would be not 43 percent but they would be 93 percent or probably 103 percent accepting what they could get. They take advantage of everything they can. But they do not feel this is an advantage. More than half of them did not feel that it was to their advantage to go the whole route here.

So, it seems to me it is quite obvious that the thing is not the gift that so many people say it is. It does require that they give up certain legal rights over that land, at least for a period of time. Call it a rental, call it whatever you please. If the Government of the United States decided it wanted to use the Roosevelt Hotel in New Orleans or the Roosevelt Hotel in Waco—which is also owned by the Catholic Church, it wanted to use one of those hotels for Government offices for a period of time, obviously it would have to pay for it and should pay for it. The Government should pay for the rooms it takes at the Roosevelt Hotel in New Orleans, which is much larger than the Roosevelt Hotel in Waco, and certainly it should pay much more for taking the Roosevelt Hotel in New Orleans than it would pay for taking the Roosevelt Hotel in Waco; should it not?

Monsignor O'ROURKE. Yes, sir.

The CHAIRMAN. It should pay for the time it occupied those rooms, and it is no answer to say well, we are going to give you the rooms back next year. The Government should pay for the rights that it denied to the owner of the Roosevelt Hotel, which is the Catholic Church, and it should pay to the Catholic Church the full value of what it took, not simply up to \$20,000 or up to \$10,000 or up to \$50,000. It should pay for what it took.

Now, that is all we are suggesting that you do with these landowners—that you pay for what you take, whether it be 200 or \$2,000 or \$200,000.

And one further factor, and I will let you go to lunch.

Monsignor O'ROURKE. Mr. Chairman, may I respond to your proposal that you just—

The CHAIRMAN. Let me make one further point, sir. Let me make one further point here because I think it is important.

We do not like to see large amounts paid out to one individual—we hate to see the rich grow richer and the poor grow poorer. I am not in favor of accepting the philosophy which I think is prevalent in a good part of the world—I know it is in Eastern and over most of Asia—that

we just take away property from the owners and redistribute it. I am not in favor of redistribution of wealth. I am in favor of recognizing property rights, whether to use that property in perpetuity or whether to use it for one night. If the Government takes over property rights, it should pay for them.

I think your objection of unlimited payments is based upon the idea that somehow or another you are giving something to the owner of this land when you pay him for his rental. There are a lot of people whose objections to it are based on the philosophy of opposing anybody having a large amount. They really feel they want to redistribute the wealth of the world.

Now, if you redistribute the wealth of the world—we know the basic objections to that, it all just gets back to other hands again rather shortly. We have seen it happen to Russia—they distributed it before, and it got back into certain hands. But to deny these landlords an opportunity, these large landlords an opportunity to participate in this program at economic advantage to themselves, means that you have inflicted complete ruin upon a great many farmers, thousands of farmers, small farmers. Now as to the present program, you say we ought to keep it. I congratulate you on that. You say it is fine to keep a program.

Then you also went on and said it is good to keep the present land retirement program. And I agree with you. But take the man with 5,000 acres of cotton. If you do not take some of that land out of production, if you do not make it profitable for him to take it out, you have got to completely remove 1,000 small 5-acre farmers to have the same effect on the program.

Now, to me that is harsh and cruel and an unfair way, simply because we do not like the large farmer, of visiting his sins upon that 1,000 small farmers. I am not for it.

MONSIGNOR O'ROURKE. Mr. Chairman, may I say first of all, like on most issues of this sort there is a middle way between the unconditional absolute right of ownership which seems to be reflected in your remarks and the socialist side on the other extreme.

I do believe in property rights but I do not think they are absolute and particularly when a property owner engages in some kind of contract with his Government, I think it is quite proper that the principle of distributive justice I mentioned earlier in conversation with Congressman Purcell, be kept in mind.

I think there is a middle course. I do not think that we are treating the very large grower very cruelly if we modify—

THE CHAIRMAN. No. I said treating the small grower cruelly.

MONSIGNOR O'ROURKE. May I come to that—if we place some limitation on how much cash subsidy he can get from this Government, presuming that when he reaches that point in which participation in this program is no longer profitable, as you so well say, he is a good businessman and he will find other uses for his land and according to the economists again, I am only sort of a layman economist, although I am rather close to the issue, the weight of opinion seems to be as I read it, that the imposing of a limitation would not significantly undermine the effectiveness of this program and make necessary further inroads on the acreage of the little fellow.

This is not at all indicated by the economic research that I have at my disposal. I will admit when you get into those aspects of it

it is an economic matter surely open to debate and this, of course, is what we are doing, but let me put it this way. We have tried this way, without limitations, since 1935. Would it not be worth trying since the opinion is so very strong on both sides to have a limitation and if the catastrophic results that you suggest happen, it is not irreparable. It can be changed.

The present program unquestionably is resulting in an acceleration of the transfer of not only ownership but entrepreneurship out of the hands of the little fellow into the big. Not the only cause but certainly one of them. I say and I plead, let us give it a try the other way.

The CHAIRMAN. Your last point I want to take issue with, because you are assuming something about which you have no evidence. That is, that the programs have anything to do with the increased size of units. We have had exactly the same experience in those crops where there has been no limitation. There haven't been limitations on soybeans for a long time, as you know, on production. There haven't been any on cattle. There haven't been any, except in localities, in dairying.

Those agricultural pursuits have had exactly the same experience of consolidation and moving from small to large units that has occurred in all of our industrial societies. Little steel companies have merged with the big ones. The little grocery stores have disappeared and the chains have taken over.

That has been happening in agriculture too, not because of a farm program but because of the tremendous amount of capital that is required. It is true of agriculture the same as it is elsewhere.

I just think that it is unfair and unwarranted entirely to assume that the present program has resulted in the trend toward concentration. It has happened in every line of business in the United States where there were not any Government payments, and it has happened in agriculture where there were no Government payments, just as it has happened where there were. So, it seems to me, there is no warrant in the world for that assumption.

Monsignor O'Rourke. Mr. Chairman, obviously on some of these matters we disagree. Just for the record, I did not indicate that the Government program was the sole cause of such concentration. I simply point a finger to it as a very suspect contributing cause, and let us both do our homework on this and perhaps again at a later date, we can have lunch and in a friendly fashion have exchange of views.

I admit we are in a matter of reasonable debate but again, I plead let us give another alternative a try. Why must we so adamantly stick to one way of doing things particularly, and I come back again to a philosophy of government. To my constituents, and I am close to them, out in rural America, it looks like the mighty hand of government over and over again backs the already powerful and in some way inhibits and handicaps the little and the weak. Now, if this were to be the case, it would be a great travesty on the proper role of government.

Now, this image is there and I think that the unwillingness to even test another way is one of the reasons for that image having grown.

The CHAIRMAN. Thank you, sir.

The committee will stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 12:22 p.m., the hearing was recessed, to reconvene at 10 a.m., Friday, September 5, 1969.)

GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

FRIDAY, SEPTEMBER 5, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10:05 a.m., in room 1301, Longworth House Office Building, Hon. W. R. Poage (chairman) presiding.

Present: Representatives Poage, McMillan, de la Garza, Jones of North Carolina, Montgomery, Alexander, Jones of Tennessee, Melcher, Belcher, Teague, May, Miller, Mathias, Mayne, Zwach, Kleppe, Price of Texas, and McKneally.

Also present: Christine S. Gallagher, chief clerk; William C. Black, general counsel; Hyde H. Murray, associate counsel; and John A. Knebel, assistant counsel.

The CHAIRMAN. The committee will come to order. We are met for further consideration of the food stamp and farm legislation.

Our first witness is Mr. Edward T. Anderson, associate secretary for human rights, Friends Committee on National Legislation.

Mr. Anderson, we will be glad to hear from you.

STATEMENT OF EDWARD T. ANDERSON, ASSOCIATE SECRETARY FOR HUMAN RIGHTS, FRIENDS COMMITTEE ON NATIONAL LEGISLATION, ACCOMPANIED BY CHARLES H. HARKER

Mr. ANDERSON. Thank you, Mr. Chairman. I would like to introduce Charles H. Harker, executive secretary of the Friends Committee, who came with me this morning.

My name is Edward T. Anderson, associate secretary for human rights with the Friends Committee on National Legislation here in Washington, D.C. I speak today on behalf of the Friends Committee on National Legislation, an organization which seeks to represent the concerns of many Friends in the fields of peace and human rights, but which does not purport to speak for all Friends. The democratic organization of the Religious Society of Friends and Friends' own right to speak for themselves as individuals prevents any one Quaker organization from assuming that mantle.

We remember and commend this committee for its leadership in the food-for-peace legislation embodied in Public Law 480, which has fed hundreds of millions of people in foreign lands. The disclosure of hunger and malnutrition in our own country requires us to do all that

is within our means to assure an adequate diet for all America. Beyond that, a meaningful delivery system must be institutionalized that embodies the intent of this legislation.

I appreciate these few minutes to discuss the question of Federal food stamp policy before the full Agriculture Committee.

In my travels around the country, in and out of urban and rural areas, I find a great concern over the flagrant failure of governmental agencies to coordinate their activities and adequately deal with hunger in America. Of an estimated 25 million poor and 13 million near-poor people, only 6.4 million people are participating in food stamp or commodity distribution programs. Poor people that I listen to do not argue or belabor the value or philosophy behind food programs—they are thoroughly confused, disenchanted, and frustrated with the legalistic, bureaucratic administration of these programs at the local level, and the arbitrary power of many local officials in determining whether or not they will eat.

Moving to the problem we are considering today and the approach toward it, I do not need to reiterate or try to prove to anyone that hunger exists in the United States, for there have been enough television programs, private studies, tours by doctors, statistical reports, and public hearings to convince any reasonable man that the abundance of our society has not been extended to the least affluent in our society. The question is not how hungry are the hungry? Or how poor are the poor? But rather, how will we deliver the food to those without food?

The President, in his May 6 address to the Congress, said, and I quote:

That hunger and malnutrition should persist in a land such as ours is embarrassing and intolerable * * *. Millions of Americans are simply too poor to feed their families properly. The moment is at hand to put an end to hunger in America itself for all time.

Going on that assumption of the existence of widespread hunger and the description of goals to end that problem, let us move on to what the Friends Committee on National Legislation feels would be helpful suggestions.

One, the relationship between income and one's ability to buy food stamps should be drastically changed. The Social Security Administration tells us that 5 million Americans earn, from any source, less than \$1,200 a year. Nine million Americans earn, from any source, less than \$2,400 a year. Therefore, we feel that regardless of what, if any, welfare reform proposals are adopted, no family of four with an income of less than \$2,000 a year, from any source, should have to pay for food stamps. We feel that the U.S. Department of Agriculture standards of \$1,500 for a minimum diet for a family of four should be supplied in free food stamps to any family earning less than \$2,000. From the \$2,000 to \$6,000 family level, we propose a graduated scale, in which no family would be paying more than 25 percent of their income for food. In a speech to a Texas audience delivered by the chairman of this committee, he stated that the average U.S. consumer pays only 17.2 percent of his disposal income for food, as opposed to the Europeans, who spend 25 percent of their disposal income for food. I would personally suggest that the poor be required to pay no more than 17.2 percent of their income, for with the 25-percent level, the poor would still pay more.

Second, we would suggest that the process of distributing food stamps be totally revamped. This may be a legislative matter or an administrative one. The utilization of existing governmental offices to aid the sick, the elderly, or those in remote areas, has been suggested. Senator Talmadge has suggested that post offices could be used as distribution centers.

Third, we would strongly urge that the committee reconsider its definition of the use of the food stamp. We are concerned here about the senior citizens that live at home alone, boarding houses, nursing homes, hotels, that do not have cooking facilities at hand that would allow them to participate in the food stamp program. It seems only reasonable to us that the use of the food stamp could be extended to this group of the poor, by allowing them to use the food stamps to purchase prepared food. A large section of the community has become involved in preparing food for the lonely. In some cities, this is called "Meals on wheels," where senior citizens are being searched out and food delivered to them. However, the cost of these programs is becoming exorbitant and almost unbearable to such a fine, idealistic work on a volunteer effort. I would very, very strongly urge the committee reconsider that very, very valid point.

A second point on the use of the food stamp is the whole question of consumable foodstuff items. It seems that the use of the food stamp could be extended to include those items for personal cleanliness and other hygienic or household products.

Fourth and finally, a mechanism for establishing food programs in the 400 localities without them must be aggressively pursued by the Secretary of Agriculture. Delivery of goods to the hungry must take precedence over the whims of local officials.

These conclude our specific recommendations. We know that the committee, in its wisdom, is considering these and other ideas to improve and extend the food programs. I would like to conclude by going over a number of reasons why we think these changes would be beneficial for all Americans.

1. Adequate nutrition for all of America's citizens will increase the productivity of our farms and of the workers in the offices and the factories. People simply cannot work to their fullest capacity when they are undernourished, nor can children learn to their best ability if they are hungry. The Bureau of the Budget has established that for every dollar withheld for adequate nutrition, the cost to the Nation is \$3.30. Senator Hollings, speaking before the Senate Select Committee on Nutrition and Human Needs, stated, and I quote:

* * * a dollar spent on the hungry is \$10 saved in health, welfare, and special training courses. The people must learn that it is cheaper to feed the child than jail the man.

We feel that treating adequately the nutritional problems of our country will lower the tax burden caused in part by the need for such programs to treat the result, not the cause.

Take the case of small children, for instance. It has been the experience of teachers and parents with the school lunch and milk programs that children who are adequately fed learn at a normal rate. As school achievement improves, the chances go up for youths to get decent jobs, higher education, and become self-sufficient, productive individuals. Furthermore, medical studies have shown that the damage from

malnutrition to bodies and minds of small children is irreparable. The President also said on May 6:

Serious malnutrition during pregnancy and infancy can impair normal physical and mental development in children.

Until we act, this situation means, on the personal level, family anguish, and for the Nation wasting of human resources.

2. We feel that putting more money into food stamps for more millions of people will help solve the Agriculture Department's problem of keeping consumption up with production. Higher levels of food stamp funding will immediately push up food consumption, allowing the USDA to gradually spend less on price supports. We will be utilizing America's resources of land and people—not artificially restricting both by paying farmers not to grow food our people need. Of the fiscal 1968 payments to farmers by the Agriculture Department, some \$833 million went for wheat, sugar, and milk payments. This is about one-fourth of the \$3.462 billion in payments for all subsidies. Why not spend the \$800 million to stimulate consumption, still benefiting the farmers but including the hungry? A side benefit is that grocers and retail food distributors will find a greatly expanded market which might allow them continued profits without the need for such regular rises in food prices.

3. There is the humanitarian aspect, which we, as Friends, are very concerned about. It is our particular viewpoint that every American, every person on this earth, is entitled to a basic, decent standard of living, as a right, especially in our country with our fantastic productive capability. We take the Biblical adage, "to feed the hungry, and to clothe the naked," literally and realizable in such an advanced Nation as this. Our conviction also informs us as to the appropriate approach in ending hunger. We feel that people's human dignity must be respected and that the poor will not forfeit their right to choose goods for their family.

4. Finally, we would suggest that it has been our experience with constituents and citizens groups throughout the country, that the American people are very disturbed about the continuation of hunger and the delay of its termination. Frankly, a lot of their anger is being vented at what they feel are recalcitrant blocs to long overdue action. People know the Senate has taken a small step by expanding food stamp funds. This Committee has a rich opportunity to solve a basic social problem in the U.S. by acting promptly and sufficiently on the proposals to reform food stamps, including the essential element of free food stamps for families with incomes of under \$2,000. We hope to be able to report that positive action has been taken in Washington by the elected officials. The hungry need attention now, for this elemental need should be met morning, noon and night—not in "fiscal 71".

I have attempted, then, this morning, to explain the concern of many of our friends for the problem of hunger, offered several suggestions for reform of food stamps, and finally, given a number of sound reasons why positive action is to everyone's interest.

As I testified before both national party conventions last year:

The solutions cannot be based on what is politic, what is popular, or what is practical, but on what is right! We suggest you ask yourselves not what can be afforded in dollars, but what cannot be afforded in human lives.

This concludes my statement and I would be glad to discuss any questions or points you might have.

The CHAIRMAN. Thank you, sir. Any questions?

Mr. Belcher?

Mr. Teague?

Mr. TEAGUE. No questions.

The CHAIRMAN. Mrs. May?

Mrs. MAY. No questions.

The CHAIRMAN. Mr. Zwach?

Mr. ZWACH. No questions.

The CHAIRMAN. Mr. Kleppe?

Mr. KLEPPE. Yes, Mr. Chairman, I do have a question I would like to ask Mr. Anderson.

Mr. Anderson, I think you made an excellent statement here. I just want to ask you—you are aware, I believe, that the attitude of this committee at least as it appears to me, is very sympathetic to the question and the problem that we have before us. What we have been looking for in these hearings is some guidance and some help about the language that needs to go into this legislation.

The chairman has asked a number of questions along the lines of what limitations, if any, should we be putting in this language, because this is our responsibility. And I am not going to pursue that line but I did want to ask you one specific thing which is very general with most of the testimony we have received, and this has to do with free stamps for a certain category of people.

Personally, I feel that if anybody that is needy, or hungry, pays something for food, it has a way of upholding their pride to some degree, and when I say something, it can be very, very little, but I think that everybody ought to pay some little thing for the food they eat. So, maybe it is a dollar for \$100 worth of stamps, whatever it is. It may be some very little item but do you agree that a compromise or situation of that kind makes some sense so we just do not have a total free handout from the standpoint of food stamps?

Mr. ANDERSON. Yes, Mr. Kleppe. The reason I stress the point of \$2,000 was to get that kind of reaction. One specific case comes to my mind where a family of 10 worked as tenant farmers, sharecroppers, all of last year, a family of 10, and earned \$12.

Mr. KLEPPE. My only question is—

Mr. ANDERSON. Twelve dollars for a family of 10 that have, you know, social service needs, health, clothing, rent, transportation, all of those other needs.

Mr. KLEPPE. Did they get any money from welfare?

Mr. ANDERSON. No.

Mr. KLEPPE. No money at all?

Mr. ANDERSON. No. The only way they could buy food stamps was to raise a small cucumber garden of their own outside of the crop they had to tend to, and the proceeds from the cucumber garden had to go to food.

I visited this family last week and talked to them about their problems, why were they not getting more money. They told me that the farmer had told them that he could not get free food stamps. He could not get food stamps at all. So they did not need money for food stamps.

It is my strong feeling that to solve hunger and malnutrition we are going to have to solve that as itself and not to ask people to cut back on a meager budget already to do other things that must be done.

Mr. KLEPPE. My only point is that \$12, maybe a nickle of it, maybe 10 cents of it, would buy them \$100 or \$200 worth of stamps, so they would spend something for food. Something. That is my only point at all. The total aspect of free food stamps per se is eliminating any idea of independence and pride on the part of that individual because he is not spending anything that he has got for food. And it seems to me that the principle here is the thing that I am talking about.

I want to feed the hungry people and the malnourished as bad as anybody does and I want them to get it as reasonably, as cheaply as they can get it. Almost for nothing, but not quite. That is the point I am asking you.

Can you compromise your thinking in that regard at all?

Mr. ANDERSON. But nothing—I have heard this analogy used before and I am sure will recognize it—nothing from nothing leaves nothing, if you have no income. Another family, no income, no visible income during the winter because she works on the farm during—

Mr. KLEPPE. Not on welfare?

Mr. ANDERSON. Not on welfare. The reason she is not on welfare is because her morality will not—

Mr. KLEPPE. I think those people ought to get some income so they can buy some food stamps and buy them cheap.

Mr. ANDERSON. That may be so. We will not argue that point. Because she has no income she borrows a dollar and a half a month to buy the food stamps. To me the most humiliating thing would be for me to go to my boss and say would you give me a few dollars to feed my family. I would rather get the free food stamps.

Mr. KLEPPE. There are relatively very few examples where a family does not have anything to put into food. I want to make these food stamps awfully cheap for these people, I mean awfully cheap, but I would like to have them pay something for them. That is the only point I am trying to make here, to see if you are perfectly rigid in your own beliefs on this because your testimony is very consistent with most people that have testified here, that they think we ought to have free food stamps and I am only trying to arrive at a point here that considers the fact that every family should pay a little something for food because it is such a basic item and then help them with the rest.

Mr. HARKER. I certainly agree with what I think your purpose in this is, to try to provide an opportunity for a person to exercise some dignity in response to the program. I just have difficulty in saying I think that something that is so much of a token really accomplishes that.

Mr. KLEPPE. I would feel it would be better than nothing. That is the point.

Mr. HARKER. Perhaps so. It seems to me that it is sort of—really in reality people know that this really is just covering up and it seems to me that it really does not quite do what you are trying to do.

Mr. KLEPPE. Thank you very much. Thank you very much, Mr. Anderson.

The CHAIRMAN. Mr. Jones?

Mr. JONES of Tennessee. No questions, Mr. Chairman.

The CHAIRMAN. If there are no further questions, we are much obliged to you, Mr. Anderson. We appreciate your attendance.

Mr. ANDERSON. Thank you, sir.

The CHAIRMAN. The next witness will be Mr. John Heimbürger. Nice to have you back with us, John.

**STATEMENT OF JOHN HEIMBURGER, ATTORNEY AT LAW,
WASHINGTON, D.C.**

Mr. HEIMBURGER. Thank you, Mr. Chairman.

Mr. Chairman, I have always had trouble with this microphone and I notice the gentleman before me——

The CHAIRMAN. You always manage to make yourself heard. So go right ahead.

Mr. HEIMBURGER. Mr. Chairman, my name is John Heimbürger. I am an attorney here in Washington with offices at 1030 15th Street NW. However, I do not appear before the committee this morning in my capacity as an attorney but simply as one of those sometimes neglected witnesses before the committee, a volunteer who has some feelings on this matter, and I speak only for myself and with no special knowledge of the subject except for the years that I spent in contact with it as counsel to this committee.

Now, Mr. Chairman, I just have a few observations to make and I apologize for not having a prepared statement.

This committee has had this matter under consideration for very many years. The charges which have been made in various places that the committee has dragged its feet on this subject and refused to consider seriously a food-stamp program, of course, have no substance to them at all. I recall that back in 1956 this committee in searching for a workable food stamp program directed the Secretary of Agriculture to conduct a study of this subject and submit a report to the committee. When that report finally arrived it was rather discouraging.

Many bills have been before this committee over the past 10 years or so to set up a food-stamp program but practically all of those bills were unworkable. They were based on a theory of trying to tie food distribution through the retail store with specific surpluses of agricultural commodities. This was tried by the Department of Agriculture back in the late thirties and the early 1940's. We have reports on that, and it was administratively unworkable. You simply cannot work that kind of a program.

It was not until rather late in the history of food stamp legislation and then I think only after the Department of Agriculture took the lead in 1961 and started up a pilot food-stamp program that the procedures which are written into the act today of issuing food stamps which could be used for any food, any domestically produced food in the retail grocery, were developed and adopted and have proved quite workable.

The chairman will recall that back in 1963 when the bill which became the present Food Stamp Act was introduced, this committee gave it immediate consideration. The bill was introduced in April. Hearings were held on it in May, very thorough hearings, and at that time no really workable procedure for handling this problem was developed.

The committee did not give up and the then chairman, Congressman Cooley, the next year appointed a special subcommittee, and I see here one member of the committee, Mrs. May, who was a member of that special subcommittee, to carry on a further study of this subject and see if a workable bill could not be developed.

To make the story short, it was developed. It is the Food Stamp Act that is on the books today and I think it is very much to the credit of this committee, which conducted this study and to the Department of Agriculture, on whom a good deal of the responsibility had rested to develop procedures, that the law which the committee wrote back in 1964 is here up for amendment after the most intense kind of public scrutiny, and there are so very few substantive amendments being proposed to that law. It is a good law.

So, Mr. Chairman, my main plea to you is to continue and expand the law along the sound lines that it has been developed in the past, and I want to make a few specific comments on the bill, the primary bill before you, the administration bill, and the one which is in the Senate. And these will be very brief.

I find only two or three things to comment on in Mrs. May's bill. I am opposed to free food stamps. This program is set up as a joint Federal-State-local cooperative program. I believe it should be kept that way. I think it changes its character entirely when you merely put up a sign saying go down to the post office every 2 weeks and pick up your free food stamps.

I think we need local participation in this thing. I realize that there may be a few cases as the gentleman before me described where the people simply do not have 50 cents to put up for a \$100 worth of food stamps but I am not convinced that there is any community in the country where the Chamber of Commerce or the Salvation Army or some local agency cannot put up the 50 cents for such a family and I do believe that this matter of local participation is of extreme importance in this program. I hope it will be continued.

So, I would disagree with the provision in Mrs. May's bill which authorizes the free food stamps.

I think that the technique in Mrs. May's bill of authorizing appropriations through fiscal 1973 and then requiring that new authorization be obtained from the Congress is sound. I think this committee should review this program periodically from time to time.

Certainly some way should be found to try to get those counties which do not now have a food stamp program to adopt a food stamp program and to share that part of their responsibility which is assigned to the local community. I do not know that I have the answer to how to do this. I do feel rather strongly that the method proposed in your bill, Mrs. May, is not the method. This would deny food stamp participation to those counties in the State which already have it if the State does not, by a certain time bring all the counties in.

I cannot quite see the justice of denying the benefits of the program to those who have done everything they can to obtain them just because some of their fellows in the State do not assume the responsibility that they should.

The Senate has perhaps a little better provision than this but I think it could be improved.

Let me turn for a minute, Mr. Chairman, to the Senate bill. I have discussed the bill—the Senate bill is not before the committee at this time, I understand, but the Senate has given some very serious consideration to this matter and they have come out with a bill, S. 2547, which I would commend to your attention.

This seems to be a pretty well worked out bill and one which I think solves some of the problems which the House bill does not. The authorization in the Senate bill is not open ended but it is sufficient in the opinion of the people of the Department I have talked to, to carry out the program for the fiscal years it covers.

It changes the definition of the objective of the program from "To seek an adequate diet for all persons" to "To assure participants of a nutritionally adequate diet," and I think this change is important.

It requires to the extent that a Federal law can, the State to pay the charge for the food stamps if the individual cannot pay it. I do not know whether the State should have to do this or whether the local community should have to provide it, but this is a step in the right direction.

Now, its solution to what do we do about a county that does not choose to participate is to say in effect, well, if the county does not choose to do it and the State cannot make the county do it, the Governor can ask the Federal Government to come in and carry out the program for them.

This does not seem to me to be quite the right answer to this question either, of how you persuade a county to participate in the program. I am not sure this is much persuasion to say to a county, well, if you just drag your feet long enough, good old Uncle Sam will come in and take over and pick up the tab and you will not have any responsibility in this area.

Again, I want to stress what seems to me to be basic to this program, the area of local responsibility, and I think this is very important.

The Senate bill also, Mr. Chairman, has a provision for setting out procedures for the hearing of grievances by people who feel—individuals who feel they are aggrieved by the issuance or nonissuance of food stamps. You were the author of the provisions in the current act which set up very adequate procedures for the appeal of people, retailers, and others participating in the program, if they have a grievance against the administration of the act. I think this is a good thing, that individuals should be given some chance to come in and appeal a decision by the local issuing authority that they got no food stamps or that they have to pay what they consider to be a disproportionate amount for these stamps.

These are the main points of the Senate bill and again, Mr. Chairman, just out of my belief that this is one of the finest programs this committee has ever enacted into law, I hope that your—I know your action will be sympathetic. I hope it will be adequate to do an even better job with the program than has been done in the past and that you will continue to have the sympathetic interest in it which you always have had.

Thank you very much.

The CHAIRMAN. Thank you, Mr. Heimbürger. I think you raised a point that needs to be answered; whether we look upon this as some-

thing that the Federal Government should undertake to do and pay for. There is not any sense talking about the Federal Government paying only part of it unless you are putting the responsibility somewhere else, and if you assume that the Federal Government has the responsibility, then you have got to assume the Federal Government has got to pay the bill.

What do you think about States participation? You remember this was in the House bill.

Mr. HEIMBURGER. Well, this is good in theory, Mr. Chairman. I recall I think this was espoused especially by Mr. Quie, the effort to have the States pay for part of the free coupons. In theory this is good. In practice, I think there would not be very many coupons bought if the States had to pay even 20 percent of it. I think we probably would agree on this. So in this case I feel that the objective of trying to see that everyone in this country has freedom from starvation is more important than the principle of that kind of State participation.

Now, I for one, would not change the provisions in the act having to do with the State payment of the administrative costs, the cost of distributing the coupons, and so on. I think this should be retained just as it is, and again I say that I think that there should be no free coupons, that somebody in the local community should have to pay something for these coupons, just to get community involvement in this.

The CHAIRMAN. I think you get a whole lot better citizenship if the citizens pay something.

Mr. HEIMBURGER. I think the citizen should pay for the coupons if he has any money at all.

The CHAIRMAN. Of course, the philosophy of this bill was originally that everybody already is paying something for their groceries.

Mr. HEIMBURGER. That is correct.

The CHAIRMAN. Everybody is. I do not care where it is. For everybody who is eating, somebody is paying, whether he is in the penitentiary or whether he is in Iceland or wherever he is. Somebody is paying.

Mr. HEIMBURGER. That is certainly correct.

The CHAIRMAN. And the philosophy of this was that we were going to keep that amount going in while the Government was going to come in and supplement that diet. The individual would get a good diet, and would pay for food stamps what he had been paying for groceries. Instead of getting maybe \$15 worth of the groceries that he had been spending, he would get perhaps \$75 worth of groceries.

Mr. HEIMBURGER. That was the exact theory of it.

The CHAIRMAN. That was the philosophy. I think it is a good philosophy, but there has not been a witness before us this year that I can recall who indulged in that philosophy at all. They all seem to feel that now that the Federal Government has undertaken to be helpful, it should assume the entire burden of feeding any citizen who wants to be fed, regardless of whether he is interested in helping feed himself or not.

The witness just ahead of you said that he had a right to receive food, and he had a right to make his own choice of the food and charge it to somebody else. In other words, I have a right to go down

to the store here and buy a suit of clothes, the one I like, regardless of cost, and charge it to you. Is that not the philosophy that——

Mr. HEIMBURGER. Yes. I think that is the philosophy, Mr. Chairman.

The CHAIRMAN. I think that is an unsound philosophy.

Mr. HEIMBURGER. And let me say that nothing that I have said here this morning would change—would differ from your approach to the person, to the family that has some income, and can afford to pay something for its food stamps. I think they should pay a reasonable amount for the food stamps. In talking about the free stamps——

The CHAIRMAN. Everybody has had some income from some source. They did not necessarily earn it. Maybe they gambled for it. But they had some income from some source. Maybe it was pure charity but they have been putting something in to eat.

Mr. HEIMBURGER. That is right.

The CHAIRMAN. And we thought it wise that they continue to put in.

Mr. HEIMBURGER. I do not disagree with that at all, Mr. Chairman.

May I make one comment on the testimony of the gentleman before me, Mr. Anderson, I believe. Referring to food stamps also for people who are in institutions, now, I think it should be remembered that the law provides for continued direct distribution of commodities into charitable and eleemosynary institutions and I would hope the dietary needs of older people who are in some kind of an institution could be met in this manner, and I think they can be, rather than by a food stamp issuance which is completely impractical in their case.

And this brings me to one other point, Mr. Chairman, I had intended to touch on. I hope that this food stamp program will be kept to food and not include shoes and——

The CHAIRMAN. You do not have any idea that it will be, though; do you?

Mr. HEIMBURGER. I think this committee should make a valiant effort to do this. Certainly, people need shoes to go to school in and they need pencils to write their lessons after they get there, and they need lots of other things, but I do not think that we improve our chances of having a successful program by trying to cover all human needs in the issuance of food stamp coupons, and I sincerely hope that we will keep before us the objectives of an adequate nutritional diet for people in this country and not be sidetracked by all the other things that people certainly do need and would like to have.

The CHAIRMAN. Well, now, you have made one of the best statements that I have heard when you suggested that we ought to be practical about it. And the witness just before you said we should not be practical. That is exactly what he said, that we should not bother with the practicalities.

Mr. HEIMBURGER. Mr. Chairman, our backgrounds are different. He is dealing daily with human want and misery and I dealt for 20 years with legislation and what you can enact in Congress and what is administrable after you get it enacted. It is from this standpoint that I am talking and we have got to be practical about this.

The CHAIRMAN. Well, of course, we have to be practical, and I think that your statement is helpful because you did meet some of the practicalities, but the previous statement was to the effect that solutions cannot be based upon what is practical. You cannot get results unless

you base them on what is practical, and I think that you are so right in pointing out that we are likely to lose the good that we have—and I think we have got a good program. I supported it. I expect to support its enlargement and extension, but I know that we can kill any program by loading it down. One of the——

Mr. HEIMBURGER. We certainly can.

The CHAIRMAN. One of the most effective ways of killing legislation in this Congress is to load it down.

Mr. HEIMBURGER. That is correct.

The CHAIRMAN. And I know that we can kill the food stamp program effectively by loading it down with soap and perfume, with leggings and shoes, and with hats and belts and everything else. We can load it down where it cannot walk, cannot be passed.

Mr. HEIMBURGER. This is what I intended to say, Mr. Chairman. You have got a workable program now. Let us keep it workable.

The CHAIRMAN. I would like to keep it working and I think we can keep it working, but I do not think that we can take on all of the ills of the world. There are many ills in the world and they need solving, but I do not think we can put them all on the food stamp program and have an acceptable food stamp program.

Mr. HEIMBURGER. I agree with that completely.

The CHAIRMAN. Mrs. May?

Mrs. MAY. Mr. Heimburger, I certainly appreciate your contribution this morning because we have had a series of excellent witnesses over the past 2 days on the need for expansion and change in this program. But you are a welcome oasis in that you have given us constructive criticism, which is what we seek.

It has never been a matter of whether this committee is going to expand and change the food stamp program. This, we have all assumed we want to do and must do. It is what is the wisest way to do it, to strengthen the program and not, as the chairman and others have said, lead to its eventual demise.

I might comment on that editorially, that there has been overwhelming testimony about the people of this country wanting to feed the hungry and I agree with that. But I think we would be very unwise not to recognize that throughout every State in this Union, those who have watched the food stamp program and are paying for it as taxpayers have also sent us hundreds of thousands of complaints where in certain areas they do not feel it is working fairly, that the help is going to the wrong people, and we in Congress get more of those complaints I think, too, so our great practical responsibility comes to make this program more workable and more responsive to the needs as we expand it. But as the chairman put it, and as you have put it, not to give further cause for criticism which in itself will start the seeds of self-destruction of a good program.

I would in that connection, Mr. Heimburger, like to tell you that in my own bill, the two areas that you have criticized are those that have given me the greatest cause for concern.

Mr. HEIMBURGER. I thought they might have, Mrs. May. I have not talked to you about it.

Mrs. MAY. I have been reading, talking, listening to the debate, and may I say that although I introduced this bill, I am not committed

to every portion of it. It is only one vehicle. We have the chairman's bill, Mr. Foley's bill, and others before us. Eventually there will be a committee bill. It may reflect many suggestions from the Senate bill which you have talked about, my bill, and the chairman's and others. I have no questions, John. Just thank you very much for what I think is very sound and reliable criticism.

Thank you.

Mr. HEIMBURGER. Thank you, Mrs. May.

The CHAIRMAN. Mr. Jones?

Mr. JONES of Tennessee. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Miller?

Mr. MILLER. Yes, Mr. Chairman.

Mr. Heimburger, yesterday we had testimony that indicated that private agencies would furnish seed money for people to pay or to make the downpayment so they could purchase food stamps.

This point was brought up and I would like to read from part of the testimony:

It surely is ironic that private dollars must be used as seed money for those otherwise too poor to take advantage of Federal aid.

The intent was that the Federal Government should supply all of the dollars as the chairman stated this morning.

Do you feel that this may be a method by private organizations furnishing money so that people can make payment for food stamps? Do you think this would be a good thing because the local people would know whether it is possible for these people to work, or whether they have turned down jobs that were offered? Would this be one way of screening people who would receive food stamps?

Mr. HEIMBURGER. Without going into those specifics, Mr. Miller, I would agree completely, yes; that what I hope we will continue to have is local participation in this thing, and certainly if there are people in a community absolutely without funds to make the downpayment or their payment on food stamps, there are organizations and individuals in that community who know it, and conversely, as you point out, if these people are able to make the downpayment but for some reason would rather not, they are likely to know this also.

I do feel that it is necessary to have some kind of a downpayment on the stamps, some kind of local participation, either by the individual or by local organizations.

Mr. MILLER. Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Miller.

Mr. Montgomery?

Mr. MONTGOMERY. Mr. Chairman, somebody answered for Mr. Jones. He might have a question. I think Mr. Alexander got the names crossed up.

The CHAIRMAN. I asked Mr. Jones.

Well, Walter Jones.

Mrs. MAY. Mr. Jones, would you yield for just a moment?

Mr. JONES of North Carolina. I will be delighted.

Mrs. MAY. I would like to correct the record, that in my one-sided colloquy with Mr. Heimburger I neglected to include in my reference to very fine bills before this committee that of Mr. Montgomery's bill. I am sorry. That was an inadvertent oversight.

Mr. JONES of North Carolina. Mrs. May, you have, so to speak, stolen my thunder here.

Have you read Mr. Montgomery's bill?

Mr. HEIMBURGER. I am sorry to say I have not, sir.

Mr. JONES. I would recommend it to you.

Mr. HEIMBURGER. I will take a copy of it away with me.

Mr. JONES. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Jones.

Mr. Mathias?

Mr. MATHIAS. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Montgomery?

Mr. MONTGOMERY. Mr. Chairman, I would like to thank Mrs. May for clearing up the record.

Mr. Heimburger, the reason we were laughing is the problem I have experienced getting people to read my bill and I have had to take some time and explain it. Certainly, I know you, as a learned and certainly highly respected attorney, are very busy, and I can understand how you have not had the chance to read by bill, but I think it is a very practical one and I think it does the job.

Mr. HEIMBURGER. You have recruited a reader right now, Mr. Montgomery, and I will take a copy with me and if I may, I will give you a ring the first of the week and we will discuss it on the phone.

Mr. MONTGOMERY. Briefly, my bill is the least costly of the bills that has been introduced, but I think it authorizes sufficient funding levels. For fiscal 1971 it would be \$450 million compared to the fiscal 1970 authorization of \$340 million.

My bill also requires the States to participate in the program. You said in theory that this is good, but in practicality it probably would not work.

Well, of course, that is a matter of opinion. The bill I have introduced requires the States to participate 2½ percent the first year until they reach the maximum of 10 percent which would actually be over a 4-year period.

My bill makes it easier for participants to get food stamps. However, there is a small cost of buying the food stamps and that is basically the bill I introduced.

I have come around to support the food stamp program. I voted against it the 2 years it has been presented, but if we can come up with a workable, practical bill, I will support the food stamp program this time.

Mr. HEIMBURGER. Well, may I reiterate, Mr. Montgomery, that I do not disagree in principle at all with the idea that the States should bear a rather substantial part of this cost. However, at a time in our history when we find the States in difficulty, particularly many of the cities in the States in great difficulty, and in large part it is on the cities that the States have to depend for their tax revenue and into which a great deal of their public funds go, at a time when we are talking very favorably apparently about some kind of a bloc grant from the Federal Government, remission of taxes back to the States, while I do agree with this in theory, I just feel that it is not practical to expect this program to expand and to do the things we all want it to do if we should say to the States, well, out of your

already hard-pressed treasuries, and you are going to have to take some additional money to put into the food stamp program, particularly if we turn right around and say, "well, since you are doing this we will give you an extra x millions of dollars a year out of the Federal taxes.

Mr. MONTGOMERY. Thank you. I yield to the gentlemen.

Mr. JONES of North Carolina. Mr. Heimbürger, are you aware of the proposed revenue-sharing plan with the various States?

Mr. HEIMBURGER. Only what I have read in the newspaper, sir.

Mr. JONES. In the event that becomes an actuality is it not reasonable to assume that the States then should share more of this type program than they have in the past and reduce the load on the Federal Government?

Mr. HEIMBURGER. This is sort of a merry-go-round deal here and the fact that it can be fixed so the State gets an additional \$30 million a year, let us say, with the understanding that it puts this back in the food stamp program, that evens out. But does not this take the State one step further away from some local responsibility on the thing?

Now, they have to pay a good share of the administrative cost of this program now. They have to pay the cost of stamp distribution and that sort of thing and the investigation of the people or the certification of the people who take part in the program. I am thoroughly in favor of retaining this.

As I say, I do not disagree in principle with what you are talking about at all. I just do not think it is practical from the standpoint of getting the utmost good out of a pretty good food stamp program.

Mr. MONTGOMERY. Thank you. Only one other comment, Mr. Chairman. Actually some of these States are in better financial shape than the Federal Government, I think. This should be pointed out, that some of them fiscally operate on a more sound basis than we do in the Federal Government. When I first came to Congress, I believe this program was around 35 to \$40 million. Within 4 years the program would have reached 1 billion dollars or more.

Mr. HEIMBURGER. It seems to me, if I may comment on that, Mr. Montgomery, it seems to me, that the amount of money which is authorized for this program, and that is what this committee does, has to be gauged on the need, a need as measured as practically and as hardheadedly as it can be measured, but nevertheless it has to be based on the need, and I do not pretend to have the knowledge to say what that figure ought to be, Mr. Montgomery.

Mr. MONTGOMERY. I have no other questions.

The CHAIRMAN. Thank you.

Mr. Mayne?

Mr. MAYNE. No questions.

The CHAIRMAN. Mr. Alexander?

Mr. ALEXANDER. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Zwach?

Mr. ZWACH. As a coauthor of the administration bill on food stamps, and as having some personal concerns about it, I just want to say that I appreciate your criticisms and constructive suggestions.

Mr. HEIMBURGER. Thank you, sir. I hope they were constructive.

Mr. ZWACH. That is all.

The CHAIRMAN. Thank you, Mr. Zwach.

Mr. Ed Jones?

Mr. JONES of Tennessee. No questions.

The CHAIRMAN. Mr. Kleppe?

Mr. KLEPPE. No questions.

The CHAIRMAN. Mr. Melcher?

Mr. MELCHER. No questions.

The CHAIRMAN. Mr. Price?

Well, I believe nobody else wants to ask you questions. We are delighted to have had you with us here.

Mr. HEIMBURGER. Thank you, Mr. Chairman. It is a great privilege to be back.

The CHAIRMAN. Our next witness will be Mrs. Thelma Rutherford, Chairman, Food Stamp Advisory Committee, Department of Public Welfare, District of Columbia.

Mrs. Rutherford, we will be glad to hear from you.

STATEMENT OF MRS. THELMA V. RUTHERFORD, CHAIRMAN, FOOD STAMP ADVISORY COMMITTEE, DEPARTMENT OF PUBLIC WELFARE OF THE DISTRICT OF COLUMBIA; ACCOMPANIED BY MRS. ANNA M. CHAPMAN, CORRESPONDING SECRETARY, SENIOR CITIZENS CLEARING HOUSE COMMITTEE, INC., DISTRICT OF COLUMBIA

Mrs. RUTHERFORD. Thank you, Mr. Chairman, I have with me Mrs. Anna Chapman and at the time that she is going to add to my testimony, she will further introduce herself.

The CHAIRMAN. You mean you want to have two witnesses?

Mrs. RUTHERFORD. I suppose, and then she is here to answer any specific questions.

The CHAIRMAN. We are glad to have Mrs. Chapman and I am sure we will have time for her.

Mrs. RUTHERFORD. Thank you.

Mr. Chairman and members of the committee, my name is Thelma Rutherford. I appear on behalf of the Food Stamp Advisory Committee to the Department of Public Welfare of the District of Columbia. I am grateful for the opportunity to appear before you.

As Chairman of the Food Stamp Advisory Committee, I represent 18 groups specifically interested in the food stamp program. Consumers are represented on the committee by a number of social agencies and neighborhood centers. Producers and administrators are also represented, and you will have a list attached to your report of these agencies represented.

(The list referred to follows:)

FOOD STAMP ADVISORY COMMITTEE TO THE D.C. DEPARTMENT OF PUBLIC WELFARE

United Planning Organization; Change, Inc.; Senior Citizens Clearing House; Urban League; Friendship House; Health and Welfare Council; Neighborhood Center No. 2; Southwest House; Southeast House; Martin Luther King Center; Welfare Rights Alliance; Safeway Stores; Dairy Council; Department of Public Health; Department of Public Welfare; United States Department of Agriculture; Family and Child Services; Migrant Research Project; Neighborhood Legal Services; Giant Stores; and Metropolitan Citizens Advisory Council.

Mrs. RUTHERFORD. This committee of lay and professional persons has the following functions: to coordinate educational activities, to evaluate the effectiveness of these programs, and to devise new ways and means of publicizing the food stamp program in the community. Also to encourage food stamp participants to make the most of their food money and their bonus food coupons by buying and using the foods most needed in their diets, in an effort to raise their nutritional status according to the standards of the recommended daily dietary allowances of the National Research Council.

The Welfare Department has stated that the advice and recommendations of the Food Stamp Advisory Committee were vital factors in the expansion of the food stamp program. This committee made significant input in the hearings by the Senate Select Committee on Nutrition and Human Needs for the District of Columbia April 13, 1969. As you may know from reading the newspaper, the food stamp program in the District of Columbia is not meeting the serious needs of the people. It is also a fact that many persons knowingly entitled to receive the food stamps are not doing so for many reasons, such as lack of information, and poor administrative practices in some of the rural areas. In an effort to cut out all-day waits for food stamp customers, and to prevent turning away many other persons who by law are entitled to food stamps, the Department of Agriculture and the Department of Public Welfare have attempted to speed up and simplify procedures.

Nevertheless, the food stamp program has only begun to reach the population which is eligible for the program. After 4 years in operation, close to 40,000 persons are participating in the program. A conservative estimate tells us that 160,000 persons should be participating. We are confident that with added staff and more rapid service as well as more liberal policies, more persons will apply.

We must reach out into the community and enroll more of our senior citizens. These folk are often not strong enough to travel long distances to reach certification offices and then sit in an overcrowded waiting room for hours. Many of the senior citizens live on the most meager incomes, so have an acute need for the additional food purchasing power provided by food stamps. Many of these citizens are too proud to go to a welfare office, so they are being left out. The District of Columbia food stamp manager plans to send certification officers to residences of the elderly and to neighborhoods where they live in private apartment buildings to inform them of their rights.

This does not mean that there are not substantial numbers of senior citizens who participate regularly, or that the number is not increasing. We know, however, that there are literally thousands of elderly people here in the District of Columbia who must subsist on a limited retirement check or similar income that is meager. These are the most "invisible of the invisible poor" and their number includes a host who are confined to their homes or who have little contact with the outside world. We are concerned about these people. It is a truism to say that older folk need to eat well; it is even safe to say that they need better diets than young people. In times of seasonal illness or in case of accident or injury, their ability to survive may depend on body reserves that only good diet can maintain. And it is for these wonderful older people that the Food Stamp Advisory Committee is pleading, as well

as for all the other eligible persons. It is true that senior citizens centers "can do a great deal to help feed the aged and needy," according to the U.S. Department of Agriculture. We have several of these centers in the District of Columbia providing this service today, but what provisions are being made for those persons physically unable to reach these centers? Are we shutting them out of all such programs because of rigid administrative rules or due to lack of facilities for cooking as the present food stamp law requires?

At this time Mrs. Chapman will give you some case histories that substantiate my statements.

Mrs. CHAPMAN. Mr. Chairman, my name is Anna May Chapman representing the Senior Citizens Clearing House Committee of the District of Columbia.

We feel that the food stamp program should be extended. Many of our elderly citizens do not know about the food stamps or that they are eligible for the program. In most cases the senior citizens, especially those who are not living in public housing, are paying so much for rent and living on limited incomes they cannot afford to purchase food stamps.

One excellent example would be of this elderly lady. This lady is 75 years of age and is receiving \$85.90 per month from social security. Her rent is \$95, utilities included. The remaining \$9.10 needed for her rent is paid by her sister.

This lady cannot afford food stamps on her present income. Possibly if she lived in public housing some of her problems could be solved. If the elderly people who are living in public housing as well as those who are on the outside make sacrifices to purchase the stamps, they still do not get enough stamps to last throughout the month.

One elderly lady, age 77, buys food stamps. However, she is on a special diet because of her physical condition. She does not have enough food stamps to last throughout the month because she gets a limited amount of stamps for the meager amount of money she is able to pay each month.

She pays \$8 for food stamps and receives \$18.

This lady is 79 years of age. She lives in public housing. Her total monthly income is \$97.70. Her rent is \$47 per month. She pays \$16 for food stamps and receives \$22 worth of food coupons. This is only a bonus of \$6 in food stamps. This is not enough stamps to last her for the month because she is ailing with diabetes and a bad heart.

Many are making sacrifices to purchase the stamps. She as well as others, do not have enough stamps to last throughout the month, especially with today's high cost of food.

We, the members of the Senior Citizens Clearing House Committee, feel that stamps should be issued upon need, not income, and should be given more than once a month to these people. This is only a few of the cases which we have. We are asking that this committee will give some consideration to them immediately, that they may be able to receive more stamps for the food which they need.

Thank you.

The CHAIRMAN. Thank you very much.

Mrs. RUTHERFORD. To continue, in addition to our plea for senior citizens, we are asking for aid to families with teenage members in

the family composition. We are all aware that most teenagers are considered "heartly eaters" and that it requires more money to feed a family of four, with two in that family teenagers, than it does for a family with two 6- or 8-year-olds. The case examples that I have attached here are Mrs. E., a former welfare mother with eight children, earns \$211 every 2 weeks but is ineligible for food stamps because her income is too high. Mrs. E. is caught in the squeeze between rising prices and increasing teenage appetites. Her children range in age from 15 to 5.

"I really have to stretch it," she says, "to get two chickens to last for one meal. We always have two vegetables and extras. Before long my meat eaters will make us a three chicken family," says Mrs. E. Her hearty teenagers who are still relatively young can polish off five hotdogs apiece at a meal. She buys hamburger at the bargain rate of \$1.89 for 3 pounds for a single meal. In this household 100 pounds of potatoes is gone in 2 weeks. A gallon of milk at \$1.09 disappears at one meal.

Case No. 2, Mrs. T.'s husband works in a parking lot and brings home \$66.67 a week. They have three small children and live in public housing. They are also considered "over income" for food stamps. "I can make it now but what will I do when the kids are bigger and eat more," says Mrs. T., whose children are now 2, 3 and 5 years old.

Mrs. J. uses food stamps. She pays \$60 for \$110 worth of food stamps. She feeds 10 persons—herself, five teenage children and four grandchildren whose mother was killed in a traffic accident. Of teenage appetites Mrs. J. says, "My 17-year-old son eats three times as much as my 7-year-old granddaughter." Lately, the cost squeeze has meant that the family often has a simple meal of beans as the food stamps begin to run out at the end of the month. Mrs. J. would also benefit from nutrition education.

We had hoped to bring to this testimony substantial evidence to plead for food stamps for other categories, but time will not permit, however, I will mention the great need of persons with dietary problems and the lack of adequate legislation to take care of these persons.

To increase the effectiveness of the food stamp program, nutrition and education should be a built-in component in any piece of legislation. The Welfare Department, at present, has one home economist assigned to the food stamp service in the community for 40,000 people. We appreciate this position—it is a beginning—but it is not sufficient to give the food stamp participants maximum value from the program. We have requested in the fiscal year 1970 budget an additional number of positions for 12 food stamp certification officers and 12 additional home economists who would give the following kinds of services to food stamp customers through the nutrition and education service:

1. Provide an "orientation" for every new food stamp customer in the consumer education.
2. Plan and participate in consumer and nutrition education programs with other related agencies.
3. Plan and participate in television programs, with community assistance on how to get the best from the food stamp program.
4. Train neighborhood workers to serve as shopper's guides in grocery stores and as consumer-aides in the Welfare Department (Home Economics Service).

5. Teach money management and give individual counsel in financial matters for those having difficulties in participating in the food stamp program.

6. Present mammoth food demonstrations with community cosponsorship—emphasizing consumer education.

7. Operate a “foodmobile”—a station wagon equipped with visual aids to give programs on location.

8. Prepare visual aids and materials for instructional purposes.

Some of these suggestions, if not already inserted in the proposed bills, could be added incentives in the administration of the food stamp program.

Hunger and related topics have been researched, documented and written up in the last 3 years by many people. Yet, we know that children, youth, adults, and old people who are too handicapped to provide fully for themselves, and unless the Appropriations Committees make available the funds to implement these basic tools, malnutrition will not be eliminated, and persons suffering and/or dying from hunger will continue to add to the vital statistics. Therefore, it is important that legislation for financing the food stamp program be included in the bills. Both political parties have presented programs to Congress which would liberalize the Food Stamp Act and this new thrust will increase the number of customers to be served.

The Food Stamp Advisory Committee held its second annual luncheon workshop on May 13 to study and discuss the various food stamp reform proposals now before Congress. They were addressed by the general counsel for the McGovern committee, William C. Smith, who compared the McGovern bill and the proposal of May 6, 1969, by President Nixon on hunger. From the study and discussion, the group presented 30 or more recommendations to be considered for the food stamp program. Following the workshop a task force was organized to bring together all recommendations regarding current legislation. Much that was suggested in the April testimony has been incorporated in the pending legislation, but committee members felt certain specific safeguards must be spelled out more clearly in the law. Few groups representing low-income persons have ever before had an opportunity to work as closely on legislation directly affecting their interests. The following recommendations, which we would like to have this Agriculture Committee review and consider are as follows:

1. Food stamps should be given on the basis of need or the price lowered and the amount of bonus increased.

2. Food stamps should be used to purchase items of household sanitation and personal hygiene such as brooms, mops, paper towels, detergent, toilet tissue, soap, insecticides, roach bombs, and rat poison.

3. More community workers should be hired by the food stamp program—as certification officers and outreach workers to seek out the elderly and others needing food stamps.

4. All food stamp applicants must be treated with dignity.

5. Stores participating in the food stamp program must be required to provide certain specific standards of quality.

6. Every State agency should provide in-service training for public assistance caseworkers in the food stamp program.

7. Food stamps should be distributed at certification offices after hours when they are not available at banks.

8. Guidelines should be set up to cover persons needing food stamps who have no fixed income.

9. Provision should be made for additional food stamps for persons on medically prescribed diets. They should be given identification cards which would make them eligible immediately and prevent further verification.

Someone has said that—

The food stamp program increases the food-buying power of low-income people with Federal help. It is spending money normally used to buy food on coupons worth more in buying power.

It is this "buying power" that we are seeking for the low-income and no-income people in order to help them secure adequate and nutritious diets.

A breakthrough on hunger came on February 19 when Secretary of Agriculture Hardin approved a pilot project to provide free food stamps to the poor in two counties in South Carolina. The authority to give free food stamps came from a provision added to last year's Agriculture Department appropriation bill adding funds to help the poor. The District of Columbia Department of Public Welfare issued its first press release May 13, 1969, making free food stamps available to District families who have no income, and I have a copy of that press release attached to the testimony.

(The press release referred to follows:)

NEWS FROM DISTRICT OF COLUMBIA DEPARTMENT OF PUBLIC WELFARE OFFICE OF
PUBLIC INFORMATION

"Free food stamps are now available to District families who have no income. This means that the District of Columbia has become the first state to make the bonus coupons available to needy families without a cash payment."

Clyde H. Reid, Special Assistant to the Director of Public Welfare, announced the new program at a Food Stamp Workshop Tuesday, May 13, adding that "The only free food stamps given previously were in pilot projects set up by the Department of Agriculture in Beaufort and Jasper Counties of South Carolina."

According to Mr. Reid, food stamp applicants must meet the existing rules and regulations established by the U.S. Department of Agriculture and have no income if they are to receive the free stamps. None of the individuals and families getting free food stamps will be certified for longer than three months without review.

Under the present system, persons who have no income fall into the Department of Agriculture's "minimum purchase requirement" category; that is, their income ranges from zero to \$19.99 per month. As many as 1,000 persons a month have fallen into this category in the District of Columbia, and Welfare officials believe that most of these people have no income.

In the past, a single person with no income paid \$0.50 for \$18 worth of food stamps. A family of five with no income paid \$2.50 for \$60 worth of food stamps.

Under the new system, a person with no income receives a certificate marked "No Cash Payment Required," which he takes to the bank or credit union (40 banks and 5 credit unions now participate) and receives his food stamp coupons.

Banks are later reimbursed by the Department of Agriculture which in turn will be paid by the Department of Public Welfare for the customers' portion of the payment (the \$0.50 to \$3 previously paid by persons in the minimum purchase category).

Mrs. RUTHERFORD. I would also like to read, and this I did not have, a statement from the Department of Welfare which states:

The free food stamps for persons with no income were introduced on May 12th. By the end of May, 593 households had obtained food stamps without cash payment. During this period, \$24,932 worth of food stamps for which no cash had been paid were used. Of that amount, \$883.75 in minimum purchase requirements

will be paid by the Department of Public Welfare. The balance is paid by the Department of Agriculture under regular procedures. Before May 12th persons with no income were required to pay the minimum purchase requirement of 50 cents to \$3. The source of these funds varied. Relatives, private agencies, and the Department of Welfare all provided money for food stamps. Finding the money usually required an extra trip for the client before he made the necessary stops at the certification office, bank or credit union, and the grocery store.

Incidentally, both the McGovern and Nixon plans for food stamp reforms before Congress this year contain provisions for free food stamps for persons with no income. The District program is leading the way because we are the first "state" in the Nation to try such a plan.

I would like to also add that during last year, the Family and Child Service Agency, a private voluntary agency, contributed something like \$25,000 to purchase food stamps for people who had no income or source of income at the time of their need. And this is just one agency. As a social worker in the District, I know there are many other agencies who are doing, as our speaker ahead said, contributing and have community participation in helping to meet the needs of people without income or those who have for the period of time lost their income. We have had many robberies and I am not for saying that a person has to go out and steal to get 50 cents to buy food stamps. I think there ought to be provisions in our local welfare for that.

To close, I would say, I would conclude this testimony by pleading, yes imploring of you Mr. Chairman, and your committee to do all within your power at this time to increase the "food buying power" of low-income and no-income people by providing enough stamps to purchase nutritionally complete diets with Federal help. You have that power.

Thank you very much.

The CHAIRMAN. Thank you very much, Mrs. Rutherford. I was told that you lived and worked in Texas at one time.

Mrs. RUTHERFORD. That was my birthplace.

The CHAIRMAN. Fine. Mine, too.

Mrs. RUTHERFORD. Thank you. We have mutual acquaintances there, I am sure, because I lived just a block from Baylor University at that time. Of course, now they have taken over our old home place.

The CHAIRMAN. For the campus.

Mrs. RUTHERFORD. Right.

The CHAIRMAN. We are glad to have you with us.

Mrs. RUTHERFORD. Thank you.

The CHAIRMAN. We appreciate your statement.

Mrs. RUTHERFORD. If there are any questions about the senior citizens program, Mrs. Chapman is well versed. She is now working with the National Capital Housing in locating some of these senior citizens for public housing, but in her travels she is not only finding the need for public housing, she is finding the need for food stamps.

Many of them know nothing about the food stamp program. She is finding the low-income people who do not even know they may qualify for welfare. There are many proud people and I want to say to the Congressman who mentioned the cost that somebody—they have to pay something, you know, when a person expends his pride, this is something, to purchase food stamps. When you have nothing and you have to go with a feeling of begging, and I have seen this happen, this to me, is much more costly than the 50 cents or the \$3 that the Federal Government would put in for free food stamps.

The CHAIRMAN. Mr. McMillan?

Mr. McMILLAN. Mr. Chairman, I heartily agree with the witness, that we should do everything possible for the senior citizens and children. I am willing to pay more taxes myself to see that these people are properly fed and assisted in every way possible with their problems.

I do not have much sympathy with these middle-aged people who are able to work. We have a number right here in the District of Columbia on public welfare that should be working, and I hope that your group will help expose these people who are able to get out and work as I believe that every person in the District of Columbia who wants to work can get a job. Do you not think so?

Mrs. RUTHERFORD. Well, I have to differ with you. Being in the field, I know people want to work but I know there are many who are not qualified for anything that is available.

Now, we have to create jobs and this is one of the problems of our District. We do not have sufficient jobs of certain types to suit the exact wishes of every applicant or employee. The people who are in low-income or underemployed may need some kind of help in the food area. I do not know just what the answer would be on the food stamp program.

Mr. McMILLAN. I know there are not jobs enough to fill everybody's wishes, or I should say the high salaried, soft jobs they may want.

Mrs. RUTHERFORD. Or that they are qualified for.

Mr. McMILLAN. Well, they can qualify for some kind of job. I cannot get anybody to work on my yard, cannot get anybody to do other things. Right here outside of the District of Columbia. If people are able bodied, they should be willing to do something, even though it is a job that they are not qualified for. It might be a man wants to be a bookkeeper. He might have a course in bookkeeping. But before I would sit around and draw public welfare, I would go out and mow the grass, I would dig ditches or anything else if I could get a job. They will not do that around here.

I agree with you that we ought to do more for the children and the senior citizens.

Now, how many people in the District of Columbia are taking advantage of these breakfasts at schools? Very many children?

Mrs. RUTHERFORD. We have had reports that there are many children that are getting into the program, the breakfast, school lunch, school breakfasts, but it does not meet the need in some areas as it should.

Mr. McMILLAN. I know the District of Columbia is one of the few places where they do serve breakfasts in schools. I was wondering how many take advantage of that.

Mrs. RUTHERFORD. I was talking with one of my sorority sisters not long ago and this is a project that they are considering, providing breakfasts for children who live in the area around U Street, 14th, 12th, in that area, who go to school without breakfast because there is no money in their area. Nor at this time is there any service of that kind. So this is one of the projects they are thinking about. And I think there is a lot of community involvement that we just do not know about to help the programs that are going on now.

Mr. McMILLAN. Thank you.

The CHAIRMAN. Thank you, Mr. McMillan.

Mr. Miller?

Mr. MILLER. Yes, Mrs. Rutherford, Mrs. Chapman, I believe you presented very good, down to earth statements and I agree with most of them. At the end you stated that you were pleading and imploring this committee to increase the food buying power of low-income and no-income people. You stated "you have that power."

This is true, but along with that power is responsibility. I am not sure what you mean when you mentioned the Congressman who felt that people should pay something for food stamps. I had questioned the previous witness and wanted to draw a line, but not on the basis that I felt people should pay something for food stamps. Where do we stop the free-loading so that we will have the ample food for those that truly need it as you described? This does seem to be a problem. The purpose of the questioning at that time was to inquire if it be good for private individuals or private agencies to determine the people that truly need and those people who would attempt to freeload?

That was the purpose at the time of asking the question because there seems to be some way—or we should find some way to draw a line so that those people that are hungry will be fed.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Miller.

Mr. Walter Jones?

Mr. JONES of North Carolina. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Mayne?

Mr. MAYNE. Mrs. Chapman, it is your area of responsibility to work with the senior citizens here in the District of Columbia.

Mrs. CHAPMAN. Yes.

Mr. MAYNE. I wonder is there very much movement of population in this age group? Are the senior citizens that we have here largely people who have lived in the District of Columbia for many years?

Mrs. CHAPMAN. Yes.

Mr. MAYNE. There are not many elderly people who are moving into the District?

Mrs. CHAPMAN. No. Many of them are lifelong residents of the District of Columbia. And many have been here over a long period of years. 20, 25 years or more.

Mr. MAYNE. And very, very few are——

Mrs. CHAPMAN. Coming in recently.

Mr. MAYNE. Thank you.

The CHAIRMAN. Thank you, Mr. Mayne.

Mr. Montgomery?

Mr. MONTGOMERY. Mr. Chairman, I have no questions.

The CHAIRMAN. Mr. Zwach?

Mr. ZWACH. Mr. Chairman, I would like to ask you, since you are welfare workers: To what extent do the people buy nutritious foods? To what extent do they not use good judgment in the purchase of food with the food stamps? To what extent need we go into this area?

Mrs. RUTHERFORD. Well, I really could not say to what extent because I am not in the homes of these families to see or at the time shopping with them. I think this is something that perhaps the consumer education worker could enlighten us on and perhaps if you would like, we could get a person in for that, to give you that information.

Mrs. CHAPMAN. May I say something there?

Mr. ZWACH. Yes.

Mrs. CHAPMAN. As far as the Senior Citizens Clearing House Committee is concerned, we do visit quite a few of these senior citizens who purchase food stamps. Now, we do find, as I have mentioned in some of these cases, that they are paying whatever they are able to pay for the stamps and they get such a small bonus amount in the stamps which does not last them throughout the month.

Now, we find, as I said here before, that many are on special diets and we know that this diet food is very costly. So that takes up quite a bit of their stamps at one time.

Now, they cannot go—if they run out of food within that month, they cannot go back to the food stamp office and ask for more stamps. They have to wait until the next month before they can purchase any more stamps.

Mr. ZWACH. Do your institutions for the elderly also participate in the commodities programs?

Mrs. CHAPMAN. No. We do not.

Mr. ZWACH. You do not have any commodities programs in the District?

Mrs. CHAPMAN. No. This is a nonprofit organization.

Mr. ZWACH. And those people that cannot—that are not ambulatory, those that cannot move around, how do they get their food stamps? Does somebody come and deliver them?

Mrs. CHAPMAN. Yes. We try to serve them that type of service if they are not able to go to the store.

Mr. ZWACH. Do you know, is pop considered food? Can you buy pop with food stamps?

Mrs. CHAPMAN. No.

Mr. ZWACH. Orange drinks?

Mrs. CHAPMAN. Yes. Yes. But now for the elderly, they very seldom drink soda.

Mr. ZWACH. You know, the interesting thing, I spend about every Saturday afternoon an hour or two in the big stores and I always watch and the amazing thing to me has been how little milk goes out and how much of these great big bottles of soda and pop are purchased. Just an amazing amount of that goes out. I was wondering to what extent really nutritious food was being considered when they make these purchases.

Mrs. CHAPMAN. Well, I think as far as the elderly are concerned, I do not know—

Mr. ZWACH. These are not elderly. These are ordinary people.

Mrs. CHAPMAN. I do not know too much about the family unit. I do know quite a bit about the elderly.

Mrs. RUTHERFORD. There is one comment, though, on the purchase of pop and drinks. There is sugar in it. Sugar has a way of satisfying the appetite so that when you are hungry, if you get enough sweets, that kills the hunger, and I just have an idea that that is why a lot of it goes. Plus the soda pop does not cost as much as the gallon of milk.

Mr. ZWACH. Almost as much.

Mrs. RUTHERFORD. Almost but not quite. And those extra pennies add up. So that may be it. I have no way of knowing this.

Mr. ZWACH. Generally, I see they buy meat cuts, rather low-priced meat cuts, and so on.

Mrs. RUTHERFORD. They have got to stretch their budget.

Mr. ZWACH. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Zwach.

Mr. Alexander?

Mr. ALEXANDER. Mrs. Rutherford, I have no questions, but I would like to thank you for your testimony today and I think that the reason that I do not have questions is because of the hour and a half that you spent in my office some weeks ago.

I appreciate your coming by and the grassroots, as we refer to it, experience that you have had in this field, I feel that you have given me a great deal of information that will help me and better prepare me in order to vote and discuss this legislation.

Mrs. RUTHERFORD. Thank you.

The CHAIRMAN. Mr. Price?

Mr. PRICE. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Ed Jones?

Mr. JONES. of Tennessee. No questions, Mr. Chairman.

The CHAIRMAN. Mrs. Melcher?

Mr. MELCHER. Mrs. Rutherford, do I understand correctly that you are with the Department of Public Welfare?

Mrs. RUTHERFORD. No. Just as a—well, community relations person. I work for the Health and Welfare Council, National Capital Area, as Director of Information and Referral Service. That is my paid job. I serve in the capacity as the Chairman—as the person in the community. This is one of the functions that our agency allows.

Once a month this Food Stamp Advisory Committee comes together, the members, and we work on these programs and what is going into it. We have helped Miss Thompson, Mr. Saunders, the food stamp manager, to know some of the things that are happening in the community and we feel that this has been one of the most important committees in the District.

My agency is very gracious in allowing me the time to come and be a part of this.

Mr. MELCHER. Well, perhaps my question is not entirely appropriate, then, but I will ask for your opinion. To the extent that people on public welfare are receiving stamps, could we anticipate a reduction or a saving in welfare funds? In other words, the food stamp appropriation would offset some public welfare funds, would it not?

Mrs. RUTHERFORD. I think it would.

Mr. MELCHER. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much. If there are no further questions, we are very much obliged to you, Mrs. Rutherford. Glad to have you both present.

I believe that is the last witness for the day.

Mrs. RUTHERFORD. Thank you.

(The following letter was received by the committee concerning food stamps to be used for seeds:)

STATE OF TENNESSEE,
DEPARTMENT OF PUBLIC WELFARE,
Nashville, July 25, 1969.

Hon. W. R. POAGE,
Chairman, House Agriculture Committee,
House Office Building, Washington, D.C.

DEAR CONGRESSMAN POAGE: Considering the recent publicity and Congressional activity concerning the Food Stamp Program, I am taking this opportunity

to call your attention to the U.S. Department of Agriculture's matching funds policy in relation to the administrative cost of this program.

According to USDA's interpretation of the Food Stamp Act of 1964, matching funds are provided only for the Certification Workers (Welfare Workers) who certify clients for participation in the Food Stamp Program. There are, however, three other areas essential to the Program the cost of which is presently provided by either the county or the State government. These three areas for which no matching funds are provided by USDA are as follows:

- (1) Clerical Personnel,
- (2) State Office Personnel, and
- (3) Office Space and Utilities.

(1) Presently the cost of clerical personnel is shared between the county government (60%) and the State government (40%). Since clerical personnel is absolutely necessary to the operation of this program, we strongly feel that we should be allowed to claim matching funds for these positions, thereby reducing the counties' cost of the Program. (2) The cost of State Office personnel to administer the Program is paid one hundred per cent (100%) from State funds. (I am attaching a copy of a letter which we submitted to the Regional USDA office in Atlanta on May 9, 1969, concerning this segment of matching funds and a copy of their reply dated May 15, 1969.) (3) Office space and utilities for each of the eighty-one (81) counties participating in the Food Stamp Program is paid one hundred per cent (100%) from county funds.

With the tremendous strain on county court budgets, the cost of the Food Stamp Program is about to become prohibitive to a number of our counties. This is especially true of the smaller and more poverty-stricken counties where the source of revenue is very limited. Unfortunately, these are usually the counties whose need for the Program is greatest since a large per cent of their population can qualify for participation in the Food Stamp Program. It would be a great service to both county and State governments if any or all of these three segments of possible matching fund claims could be extended by USDA to include the local level of government.

We would greatly appreciate any assistance you can give us in (1) obtaining a broader interpretation of the Food Stamp Act of 1964 to cover these areas, or (2) providing in the upcoming revisions of the Food Stamp Bill a coverage of these segments of matching funds.

Your consideration is most appreciated and we shall look forward to hearing from you regarding this matter.

Sincerely yours,

HERMAN L. YEATMAN,
Commissioner.

Enclosure.

UNITED STATES DEPARTMENT OF AGRICULTURE,
CONSUMER AND MARKETING SERVICE,
Atlanta, Ga., May 15, 1969.

HON. HERMAN YEATMAN,
*Commissioner,
Department of Public Welfare,
State Office Building,
Nashville, Tenn.*

DEAR MR. YEATMAN: Please refer to your letter of May 9, 1969, regarding the United States Department of Agriculture's Matching Funds policy in relation to Food Stamp Administrative time at the State level.

As always, we appreciate your comments and suggestions pertaining to policies of the Food Stamp Program.

We realize that State Administrative Costs of the Food Stamp Program is ever increasing as the Program grows in size.

Therefore, we are forwarding your letter to our Washington, D.C., Office along with our comments for consideration.

We will keep you advised of any developments pertaining to this segment of matching claims.

Thank you for your continuing cooperation.

Sincerely yours,

RUSSELL H. JAMES,
Director, Southeast District.

MAY 9, 1969.

Mr. RUSSELL H. JAMES,
Director, Southeast District
Consumer and Marketing Service
U.S. Department of Agriculture,
Atlanta, Ga.

DEAR MR. JAMES: This is in reference to the procedure that is presently used in calculating the matching funds paid by the U.S. Department of Agriculture to the Tennessee Department of Public Welfare. At the present time, the Food Stamp Program is the only program administered by the Tennessee Department of Public Welfare which receives absolutely no federal matching funds to cover salaries of the Program staff on the State Office level. Practically all State Office positions in other programs, both professional and clerical, are matched by HEW at fifty (50) to eighty-five (85) percent.

Consequently, since it is absolutely necessary to maintain State Office staff to administer the Food Stamp Program in the participating counties, we feel very strongly that the State should be allowed to claim matching funds for these positions.

We will be interested in having your consideration and hearing your opinions regarding this matter in the near future.

Yours truly,

HERMAN L. YEATMAN,
Commissioner.

FOOD AND NUTRITION SERVICE,
 BUFFALO, N.Y., June 27, 1969.

Hon. W. R. POAGE,
Chairman, Committee on Agriculture,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN POAGE: The Board of Directors of the Food and Nutrition Services, Inc., has authorized me to write to you in their behalf about improvements which we believe should be made in the Food Stamp Program.

We are pleased that the House Committee on Agriculture is considering amendments to bills introduced to the Food Stamp Act, because we believe attention should be paid to the problems of many of the elderly about meals. Their problems are distinguished by loneliness, lack of incentive, frailty, illness, or handicap.

Certain amendments to the Food Stamp Act could help materially in facilitating older persons' partaking of sociability and nourishing food together. Such promotion would be not only an attack on malnutrition, but should be preventive in relation to mental health, and avoid or delay other types of institutional care.

We speak from this background:

The Food and Nutrition Services in Buffalo is funded by the Administration on Aging nine-tenths, and the County of Erie one-tenth, for us to demonstrate and evaluate services to a special group among the elderly, and also the utilization of homes for the aged for group dining and social activities. Although our volunteers are delivering meals, prepared in homes for the aged, to the apparently homebound, our emphasis is on encouraging as many as feasible, and others as they gain in strength, to come out of their homes to dine at homes for the "well aged."

This group is one which falls between that of the homebound on one hand, and those persons on the other hand who have the motivation and energy to seek sociability at senior-citizen centers. At noon, we deliver a hot meal and a packaged cold supper in disposable dishes. We also encourage persons not homebound, but needing sociability, to join the group dining and social activities. So far, all of both groups have needed transportation by our volunteers.

We offer a sliding scale for the price of the meals. For their clients, the Erie County Department of Social Services pays a reasonable charge (figured in regard to overhead on a larger volume than we will attain in a project with a large evaluation component). However, there are factors which mitigate against people on low Social Security or other small income from parting with even a minimal fee. The food budget is the only flexible item poor people have, so it gets dipped into for emergencies and pressing needs. We view the action by Congress to allow for the purchase of meals from non-profit meals agencies as a substantial means of stretching their food dollars.

We are finding that too large and distressing a number have withdrawn their application for our meals service, electing to continue on "tea and toast" rather than pay their allotted part of the welfare payment or out of meager independent incomes. We are convinced also that food stamps so allowed would go far in solving the meals problem for those eligible, but who refuse, to "go on welfare." In our experience, for many of their generation the latter is unthinkable.

Our specific suggestions are as follows:

1. An Amendment to the Food Stamp Act

If those elderly persons who are unable to prepare meals themselves are to be given the advantage of being able to use food stamps to pay for prepared meals provided by non-profit meals agencies, an amendment to the Food Stamp Act is needed.

Your interest and influence in this regard would be deeply appreciated.

2. Surplus Commodities Used by a Source of Meals for a Non-profit Meals Program Should Not Prevent an Individual From Using Stamps for Those Meals.

We are aware that non-profit agencies may take advantage of the free distribution of agricultural surplus commodities. However, it seems that purchase of meals is less expensive than for an agency to prepare them.¹ It so happens that the "pilot" home for the aged from which we are purchasing meals for delivery does not use surplus commodities; it uses a commercial food service, a growing trend, as you may know, among institutions. We undoubtedly will find, as we expand to other areas of Buffalo and Erie County, that other homes for the aged from whom we purchase meals do use the surplus commodities. However, with whatever economy may obtain, the cost of the meals to our agency would still be above the purses of those elderly people who live on small incomes.

This leads us to the point that it would be too bad to keep in the Food Stamp Act the provision that there cannot be a combined benefit to individuals from food stamps and surplus commodities. Such a benefit would be only indirect and minor in effect in our operation and in any non-profit meals program buying meals from a non-profit institution that receives surplus commodities. We urge that such meals programs be allowed to receive and redeem food stamps from their clients. These clients either receive meals in their own homes or are served meals in a group setting for sociability.

3. Need for Use of Food Stamps for Both Meals and Groceries

Most meals agencies serve two meals a day, five days a week. Most clients also need to use food stamps as well to purchase food for weekends and breakfasts. Therefore, clients of such programs should not be restricted in using the stamps for both purposes.

We are most grateful for your attention and help.

Sincerely yours,

ALICE D. HEFFRON
MRS. WILLIAM G. HEFFRON,
President, Board of Directors.

THE AMERICAN PUBLIC HEALTH ASSOCIATION, INC.,
New York, N.Y., September 18, 1969.

HON. W. R. POAGE,
*Chairman, House Committee on Agriculture,
Longworth Building, Washington, D.C.*

DEAR MR. CHAIRMAN: I am writing on behalf of the American Public Health Association, the oldest and largest public health organization in this country, to urge the enactment of legislation to expand and improve the Food Stamp Act. Since 20 bills to amend the Act have been referred to the Committee on Agriculture, including your bill, H.R. 12430, I will not attempt to express the recommendations of the Association on the provisions of each bill. As an alternative, I will set forth the principles recommended to be adopted by this Association in legislation to amend the Food Stamp Act.

The Department of Health, Education and Welfare, through its National Nutrition Survey, is documenting the extent and severity of malnutrition in this country. The Department of Agriculture in a nationwide household food consumption survey in 1965 also discovered that low income households had diets that were deficient in recommended dietary allowances. Studies of universities

¹ The Administration on Aging has data on this.

have confirmed the findings of the Departments of Health, Education and Welfare and Agriculture.

The food assistance programs of the Department of Agriculture are now reaching approximately 3 million low-income individuals through the direct distribution of commodities and another 3 million persons through the food stamp program. Thus, only 6 million poor persons are participating in the food assistance programs while the Office of Economic Opportunity reports that there are in excess of 25 million poor people in the United States. In addition, it is anticipated that the commodity distribution program will be phased out in favor of the food stamp program. As a result, the authorization for appropriations for future years should be at least four times larger than the \$340 million that is authorized for 1970. It might be preferable to provide for an open-end authorization for appropriations when the new welfare program recommended by the President is adopted.

The administrative aspects of the food stamp program are undoubtedly a factor in its failure to more effectively combat malnutrition. Any legislation to improve the program should provide for national standards with respect to eligibility, certification, and purchase requirements. Such criteria would increase the poor rates of participation in counties where the food stamp program is in operation.

Section 10 of the Food Stamp Act provides for enlisting the voluntary cooperation of existing Federal, State, local or private agencies to carry informational and educational programs for consumers. This provision of the Act is inadequately implemented. This Association recommends that a nutrition education program be financed through specifically earmarked appropriations. Legislation recently approved by the House of Representatives to amend the National School Lunch Act authorizes one percent of the appropriation to be used for the education and training of participants and personnel. Such a provision would greatly strengthen the food stamp program.

In recent years the Department of Health, Education, and Welfare has recommended setting aside a portion of the appropriations for grant-in-aid programs for program evaluation. Under section 314 (d) of the Public Health Service Act, for example, authorizes "such sums as the Secretary may determine, but not exceeding 1 per centum thereof, shall be available to the Secretary for evaluation (directly or by grants or contracts) of the programs . . ." Such evaluation on a continuing basis would provide the Congress with a mechanism for identifying problem areas in the food stamp program.

This Association also recommends that a Nutrition Advisory and Coordinating Council be established in the office of the President. This Council should have responsibility for recommending national food and nutrition policies and coordinating all federal food and nutrition programs.

The American Public Health Association appreciates this opportunity to make recommendations on legislation to expand and improve the food stamp program. May I respectfully request that this letter be made a part of the printed record of hearings.

Sincerely yours,

BERWYN F. MATTISON, M.D.
Executive Director.

AMERICAN SEED TRADE ASSOCIATION, INC.,
Washington, D.C., September 5, 1969.

Subject: Food stamp program.

Hon. W. R. POAGE,
*Chairman, Committee on Agriculture,
Longworth House Office Building, Washington, D.C.*

DEAR MR. POAGE: The American Seed Trade Association, a national organization representing the U.S. seed industry, requests that this letter be filed for the Committee record indicating support for the Food Stamp Plan.

This national effort to assist in providing children and low income families a nutritionally adequate diet is commendable and is a popular undertaking with American taxpayers.

The Association would like to make a strong request for expansion of the Food Stamp Program to permit the use of stamps for the purchase of vegetable seeds.

Stamps in the amount of \$5 to \$10 per family for the purchase of vegetable

seeds would go a long way towards supplementing and balancing their diets with fresh garden vegetables.

Many of the families eligible under the program are generally unemployed and therefore could devote time to producing a garden. Including vegetable seeds under the program would help people to help themselves and they could take pride in their efforts.

There would be no distribution problems under this proposal as almost every retail food outlet has vegetable seeds available for sale.

The addition of seeds to the list of eligible commodities can only tend to strengthen the overall national program.

Your favorable consideration of this recommendation would be greatly appreciated.

Very truly yours,

JOHN I. SUTHERLAND,
Executive Vice President.

The CHAIRMAN. The committee stands in recess until Monday morning at 10 o'clock.

(Whereupon, at 11:45 a.m., the committee was recessed, to reconvene at 10 a.m., Monday, September 8, 1969.)



GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

MONDAY, SEPTEMBER 8, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10:05 a.m., in room 1301, Longworth House Office Building, Hon. W. R. Poage (chairman) presiding.

Present: Representatives Poage, Purcell, O'Neal, de la Garza, Vigorito, Jones of North Carolina, Montgomery, Alexander, Burlison, Rarick, Jones of Tennessee, Melcher, Teague, Miller, Mathias, Mayne, Zwach, Kleppe, Price of Texas, Myers, and Mizell.

Also present: Christine S. Gallagher, chief clerk; William C. Black, general counsel; Hyde H. Murray, associate counsel; John A. Knebel, assistant counsel; and L. T. (Tex) Easley, staff consultant.

The CHAIRMAN. The committee will please come to order.

We have with us today our colleague, Mr. Skubitz, who would like to present Mr. House. Mr. House will be accompanied by Mr. McMillan. We will be glad to hear from Mr. Skubitz.

STATEMENT OF HON. JOE SKUBITZ, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KANSAS

Mr. SKUBITZ. Mr. Chairman, first I want to express my appreciation to you for giving me this opportunity to present the first witness. Ofttimes we who serve in the legislative arena are called upon to pass judgment on legislation that affects the various phases of our economic life. And ofttimes because of our limited knowledge in certain areas, we usually call on those whose experience, background, judgment, and advice we respect.

Now, Kansas not only raises the best wheat in the world, Mr. Chairman, but we also raise the best beef in the world. As evidence of that I would like to call attention to the fact that only 10 days ago I traveled half way around the world and while sitting in the Hong Kong Hilton Hotel restaurant we were given this menu. There is no Texas or Nebraska or any other State meat on the menu but right at the top of the list is Kansas porterhouse steak. [Laughter.]

The CHAIRMAN. Now, may I say off the record——

(Discussion off the record.)

Mr. SKUBITZ. Mr. Chairman, since cattle production and meat production dollarwise have both surpassed wheat production in the State

of Kansas, I often turn to our witness for advice and counsel on matters affecting the meat and cattle industry.

I do not know of anyone in the State of Kansas that is better qualified to speak on the economics of cattle and meat production than he, because of his background and his experience. He now serves as president of the National Cattlemen's Association, which speaks not only for all the State associations but for all of the various cattle associations on national matters.

He has also served as president of the American Hereford Association at one time, and as president of the Kansas Livestock Association.

Mr. Chairman, it is a privilege for me to present to this committee my friend, Bill House, of Cedar Vale, Kans., whose judgment and integrity I respect.

Mr. Chairman, Bill House of Cedar Vale, Kans.

The CHAIRMAN. Mr. House, we are delighted to have you with us and we are delighted to have Mr. McMillan with you. They are both good customers of ours. We are glad to have them with us.

STATEMENT OF BILL HOUSE, PRESIDENT, AMERICAN NATIONAL CATTLEMEN'S ASSOCIATION; ACCOMPANIED BY C. W. McMILLAN, EXECUTIVE VICE PRESIDENT, AMERICAN NATIONAL CATTLEMEN'S ASSOCIATION

The CHAIRMAN. We will be glad to hear from you.

Mr. HOUSE. Thank you, Mr. Chairman. Thank you, Congressman Skubitz.

We have a written statement if you are ready for it, Mr. Chairman.

The CHAIRMAN. Yes, sir. Now, did you want to insert this in the record or did you want to read it?

Mr. HOUSE. I want to insert it in the record and I would prefer then, in the interest of time, to make remarks on it.

The CHAIRMAN. Let me explain that the committee will be glad to insert it in the record without any objection. If, however, it is done that way, then that is what will appear rather than your present remarks.

Mr. HOUSE. Correct.

The CHAIRMAN. Thank you, sir. Then, without objection, it will be inserted in the record.

Mr. HOUSE. The reason I would like to speak and just use it as background material is that everything I have to say will be basically in it, but we have some charts that we consider important items to show you and go through with you; and then we would hope that we would get some questions because some of these things I probably will not cover adequately.

We would like for you in turn to ask the questions. In fact, we will be terribly disappointed if you do not ask questions that would clarify our position or our problem in any way, shape, or form.

Now, to begin with, as you know here, but many consumers do not know, the cattle industry and the beef industry has tried to operate in a relatively free market, and by free market I mean that we have not particularly tried to price our production. We have always offered it on the market and said, "What will you give us?" And generally speaking, our only choice is to postpone the sale if we do not like it.

In other words, the consumer has almost total control of our business as to what we get. It is one of the few items that the consumer buys that the producer has not set a price on and said, "If you do not give this, we will not sell it to you. We will quit making it." In fact, we have been extremely lax, I would say, maybe so much that we are not even appreciated for what we have done. We have rather let the consumer set the price all the way and quite frankly we are not very happy. Over a period of years we have had little, if any, rise in price.

One of the disturbing things is that beef will run along for 10 years and the price will never increase, and then economics dictate a little price rise and everybody thinks that is inflation. This time we saw the price peak in June, about 34 cent cattle, and it was a 20 percent rise over what we had had probably for a 5-year average. They called it inflation but they do not look back 5 years, 10 years, 20 years. We have not broken any records for 10 years and we have run along at a real low figure pricewise for 20 years. It has already dropped back to where I do not suppose today it is any more than 7 or 8 percent over last year, maybe not quite that much.

There is one other thing I think I should say in the beginning. The price rise came in fed cattle first.

Now, the way we produce beef in this country, the producers way out in the marginal range country primarily raise the calves and raise the yearlings. These folks have not had a real price rise yet because many of them have not been to market and by the time they get to market, this price is not going to be much different than it was last year. And yet, we have heard all this talk in the meantime about how good the cattle business is, but when you talk to a producer that is raising calves or yearlings, speak very gently to him because he is irritated. He is afraid this thing is going by him. We are delighted that the feeders have had the opportunity. They had some tremendous losses the last 2 years. Back about 1963 and 1964 they took tremendous losses and they needed the money real bad.

So, let us just say that the industry has recovered somewhat but there are a lot of people in it that have realized no difference in price this year from last year yet and they are just hoping. They are the people to whom if you mention and say anything about a price rise will become irritated immediately because they feel that at this point their income is in jeopardy and they are a little bit unhappy.

Now, what we want to say is that the beef industry is extremely important to the economy and materially affects the economy of at least 38 States. We have several States where it is the largest business, including my home State of Kansas. Coming right behind it is the meat-packing industry.

We represent about 20 percent of the total income of all agriculture. Not only that, but we provide the market for a lot of the other products. If you are in the cotton business, of course, it is the cotton seed that is used for meal. If you are in the soybean business, we still use a lot of soybean meal—right on down the line.

Now, we want to tell you that anything that happens in the rest of agriculture does affect us. We are vitally affected by everything you do, by all farm programs, although we try to operate in a relatively free market. Eventually what you do in legislation and the way you affect other things comes right back and affects the beef industry.

Because we sell our cattle, operate in a free market, and our people basically are still in the mood to continue in this manner, we think that eventually all farm programs and policies will be routed more and more toward the marketplace and that they will be produced, perhaps through self-discipline, perhaps through farm programs, just on a basis of what we need in this country or need to export on top of it. And we subscribe to the theory that eventually these farm programs have to be oriented more and more to a market. And we are basically committed to this.

We have doubled beef production in the United States since 1946. It went from 60 pounds per person to 109 pounds, but in the meantime, we added a lot of people. So, poundwise it went from 9 billion pounds to 21 billion pounds, which is more than double. There is one thing we have done. We have provided people with more and more beef. At this point the consumer has been inclined to want fed beef. So what used to be 30 percent fed is now 70 percent fed and, of course, one of the greatest developments in the beef business has been in the Panhandle country of Texas, Oklahoma, and western Kansas. The big jump has been there although if you look at the pounds you will find the traditional areas are still producing as much as they did and maybe more, but the violent increase in pounds has been in these new areas where the climate is a little drier and they had a lot of maize to feed, and so this is our area of development at this point, although we still feel the corn belt will be a major production area forever.

TABLE I.—TOTAL PRODUCTION AND UTILIZATION OF FEED GRAINS, 1940-68

[In millions of tons]

Year	Production			Distribution ¹		Carryover at end of year
	Total supply	Livestock feed	Food, industry, seed	Exports ²	Total use	
1940.....	114.7	80.5	10.4	0.7	91.6	23.1
1941.....	121.6	89.6	12.5	1.0	103.1	18.5
1942.....	133.4	104.0	12.8	.4	117.2	³ 16.2
1943.....	124.0	99.5	12.3	.6	112.4	11.6
1944.....	122.4	92.2	14.3	1.0	107.5	14.9
1945.....	121.0	96.6	12.0	1.5	110.1	10.9
1946.....	125.6	93.0	13.5	5.3	111.8	13.8
1947.....	101.1	79.4	12.1	1.8	93.3	7.8
1948.....	135.5	87.7	11.9	5.5	105.1	30.4
1949.....	143.1	95.2	12.6	4.8	112.6	30.5
1950.....	144.4	95.7	13.7	6.4	115.8	28.6
1951.....	134.7	97.7	12.1	4.8	114.6	20.1
1952.....	132.8	88.8	11.7	5.3	105.8	27.0
1953.....	137.5	89.9	12.1	3.8	105.8	31.7
1954.....	146.7	89.7	12.4	5.5	107.6	39.1
1955.....	160.7	96.9	12.5	8.1	117.5	43.2
1956.....	163.4	94.3	12.6	7.7	114.6	48.8
1957.....	182.2	100.9	12.5	9.8	123.2	59.0
1958.....	203.5	110.4	13.0	12.6	136.0	67.5
1959.....	217.5	116.9	13.2	12.8	142.9	74.6
1960.....	230.5	119.4	13.4	12.7	145.5	85.0
1961.....	225.3	122.0	13.8	17.3	153.1	72.2
1962.....	214.1	119.0	13.9	16.8	149.7	64.4
1963.....	218.6	116.2	14.3	18.8	149.3	69.3
1964.....	203.9	113.0	14.5	21.6	149.1	54.8
1965.....	212.5	126.3	15.0	29.1	170.4	42.1
1966.....	200.0	125.7	15.2	22.0	163.9	37.1
1967.....	213.4	126.4	15.4	23.3	165.1	48.3
1968.....	216.7	139.2	15.5	18.0	172.7	44.0

¹ October–September year for corn and sorghum grain, July–June year for oats and barley.² Imports and exports include grain equivalent of products.³ Stocks of grain at interior mills, elevators, and warehouses, not included in computing 1942–43 disappearance.

Source: Feed statistics through 1966, table 14, for years 1940–65; 1966–68, USDA.

We consume the major part of all grains and there is a chart, table I, that I would like for you to look at if you do not mind taking the time. Table I. It is the utilization of feed grain. You look down at the bottom, in 1968, this past year. You will find that feed grain to livestock accounted for 80½ percent of our total production. The food industry used 9 percent and export took 10½ percent. In 3 years our exports of feed grain were down 34 percent. Actually, it was down 11 million tons. But here comes the livestock industry and increased their use and utilization of feed grain 13 million tons to make a total of more than had been consumed before, and what we see developing throughout our industry is that the beef cattle industry is absorbing a lot of the growth, a lot of the problems of the rest of agriculture, and here is a clear case. Exports of grain are down 34 percent and livestock feed use is picking it up. That is just in 3 years.

We picked up a little more in utilization at home than we lost in exports since 1965, and this is an extremely important figure.

TABLE II.—TOTAL PRODUCTION AND UTILIZATION OF WHEAT, 1940-68

[In thousands of bushels]

Year	Total production	Distribution		
		Domestic disappearance	Carryover	Exports
1940	814,646	675,456	279,721	33,848
1941	941,970	651,513	384,733	27,852
1942	969,381	920,635	630,775	27,769
1943	843,813	1,173,928	618,897	42,622
1944	1,060,111	936,535	316,555	143,500
1945	1,107,623	873,781	279,180	389,600
1946	1,152,118	743,770	100,086	396,700
1947	1,358,911	754,180	83,837	485,200
1948	1,294,911	672,209	195,943	503,600
1949	1,098,415	676,637	307,285	302,900
1950	1,019,344	676,545	424,714	365,900
1951	988,161	672,610	399,871	475,000
1952	1,306,440	645,359	255,978	317,500
1953	1,173,071	618,955	605,544	216,700
1954	983,900	598,134	933,506	274,000
1955	934,731	589,023	1,036,178	346,000
1956	1,004,272	574,451	1,033,415	549,100
1957	955,800	591,700	908,800	402,300
1958	1,457,435	608,600	881,400	442,800
1959	1,117,735	596,900	1,295,100	509,800
1960	1,354,709	603,400	1,313,400	661,500
1961	1,232,359	608,000	1,411,300	719,400
1962	1,091,958	580,300	1,322,000	643,800
1963	1,146,821	588,500	1,195,200	856,100
1964	1,283,371	643,600	901,400	725,000
1965	1,315,613	731,200	817,300	867,400
1966	1,311,702	681,200	535,200	744,300
1967	1,522,382	647,800	425,000	761,100
1968 ¹	1,570,433	758,600	539,400	542,000

¹ Preliminary.

Sources: Agricultural Statistics, 1952, table 11; Agricultural Statistics, 1959, table 11; Agricultural Statistics, 1968, table 10; 1967-68 "Domestic Disappearance and Carryover from July 1969 Wheat Situation." Exports: 1940-43, Agricultural Statistics, 1962, table 8; 1944-65, Agricultural Statistics, 1967, table 11, 1966-68, "Wheat Situation," July 1969, table 1.

Now, turn to table II and you will find the utilization of wheat and, of course, we call that the bread grain. Yet, we have lost our export markets to the tune of a little over 200 million bushels in the last 3 years and we know that it is continuing. We still have a major problem because other countries are using our technology and are going ahead and developing a lot of their country at our expense.

But look at what the cattle-feeding industry has done. Cattle feeding has picked up from a normal consumption of wheat of about 50 million bushels. We have jumped it to 200 million this year.

Now, actually, we have picked up in feeding of wheat over half of what we lost in an export market, and this is an interesting figure, and being in Kansas, I know this because I have done it myself. We raise a good deal of wheat and it is all in the granery and it is all going through cattle.

Mr. KLEPPE. Mr. Chairman—

The CHAIRMAN. Of course, if you want to ask him how he can pay a price that will support that wheat plan, but—

Mr. KLEPPE. No. I just want to ask for clarification of these figures that you just gave. You said that there was an increase of 150 million bushels in the utilization of wheat through cattle. Where on table II do you see those?

Mr. HOUSE. That is a new figure and it does not show up here, but we think the new figure for wheat consumption will be 200 million bushels and you will just have to write that in there.

Mr. KLEPPE. Thank you.

Mr. HOUSE. This is a new figure that you do not have. We would like for you to write it down because it is not included in the statement.

The CHAIRMAN. Could we write down at the same time the approximate price?

Mr. HOUSE. Well, the price now—it moves as a feed grain, Mr. Chairman.

The CHAIRMAN. I know it does.

Mr. HOUSE. And the price has been terribly low, but at least it gets it out of the way, and it has to be consumed in competition, but with feed grains, so the price runs about 2 cents a pound or a little less in some cases. Pricewise to the wheat man, he is not happy with this, but volumewise he is delighted to have it out of the way and, of course, our problem is—no, your problem in this case—is to mesh it with existing programs, but what I am trying to say is that we are rescuing them to a certain extent. We are assisting the wheat growers.

Now, we will take more questions on that pretty soon. Any questions you would like, I would be delighted to try to answer. These figures show that nothing happens in agriculture that does not get back to the beef business. Here we are in competition with feed grain—with wheat, and utilizing it throughout the livestock industry. Espe-

cially in the Panhandle areas, we are using a tremendous amount of wheat and it is going to be gone some day, but it is at a price basically that is the same as feed grain. I want that understood, that it comes into competition when the market price moves down.

TABLE III

Year	Total beef cows 2 years and older ¹ (thousands)	Percent of change ¹	Annual change in commercial beef production ² (thousands)	Percent of change ²	Total beef per capita consumption (pounds) ³	Percent of change ³	U.S. population ⁴ (thousands)	Percent of change
1940.....	10,676	+6.9	6,948	+2.4	54.9	+0.4	132,594	+1.2
1941.....	11,366	+6.5	7,858	+13.0	60.9	-11.0	133,894	+1.0
1942.....	12,578	+10.7	8,592	+9.3	61.2	+5	135,361	+1.4
1943.....	13,980	+11.2	8,306	-3.3	53.3	+13.0	137,250	+1.1
1944.....	15,521	+10.2	8,801	+6.0	55.6	+4.3	138,916	+1.1
1945.....	16,456	+6.0	9,936	+12.9	59.4	+6.9	140,468	+1.2
1946.....	16,408	-3	9,010	-9.3	61.6	+3.7	141,936	+1.1
1947.....	16,488	+5	10,096	+12.0	69.6	+13.0	144,698	+1.9
1948.....	16,010	-3	8,766	-13.2	63.1	-9.3	147,208	+1.7
1949.....	15,919	-6	9,142	+4.3	63.9	+1.3	149,767	+1.7
1950.....	16,743	+5.2	9,248	+1.2	63.4	-8	152,271	+1.7
1951.....	18,526	+10.6	8,549	-7.6	56.1	-11.5	154,878	+1.7
1952.....	20,863	+12.6	9,337	+9.2	62.2	+10.9	157,553	+1.7
1953.....	23,291	+11.6	12,055	+29.1	77.6	+24.8	160,184	+1.7
1954.....	25,050	+7.6	12,601	+4.5	80.1	+3.2	163,026	+1.8
1955.....	25,659	+2.4	13,213	+4.9	82.0	+2.4	165,931	+1.8
1956.....	25,371	-1.1	14,090	+6.6	85.4	+4.1	168,903	+1.8
1957.....	24,534	-3.3	13,852	-1.7	84.6	-9	171,984	+1.8
1958.....	24,165	-1.5	12,983	-6.3	80.5	-4.8	174,882	+1.7
1959.....	25,112	+3.9	13,233	+1.9	81.4	+1.1	177,830	+1.7
1960.....	26,344	+5.0	14,374	+8.6	85.2	+4.7	180,684	+1.6
1961.....	27,102	+2.8	14,930	+3.9	88.0	+3.3	183,756	+1.7
1962.....	28,305	+4.4	14,931	+1	89.1	+1.3	186,656	+1.6
1963.....	29,960	+5.9	16,049	+7.5	94.6	+6.2	189,417	+1.5
1964.....	32,794	+9.5	18,037	+12.4	100.1	+5.8	192,120	+1.4
1965.....	34,238	+4.4	18,325	+1.6	99.6	-8	194,590	+1.3
1966.....	34,433	+5.7	19,493	+6.4	104.2	+4.2	196,920	+1.2
1967.....	34,685	+7	19,991	+2.6	106.3	+2.0	199,100	+1.1
1968.....	35,300	+1.8	20,662	+3.4	109.0	+2.5	201,100	+1.0

¹ Livestock and Meat Statistics, 1962, table 7.

² Livestock and Meat Statistics, 1962, table 113.

³ Livestock and Meat Statistics, 1962, table 209.

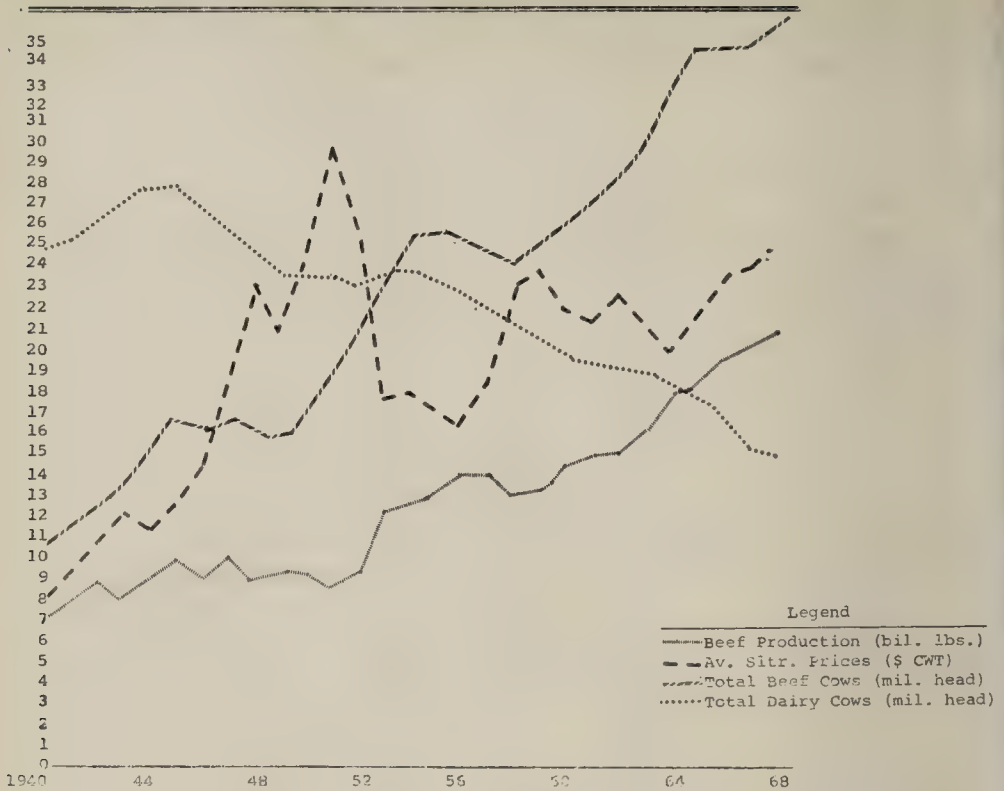
⁴ Business Statistics, 16th biennial ed., 1967, p. 65.

Now, I think we ought to go on to table III because this shows what is happening in the beef business and it involves us directly. It shows the changes that are taking place.

The first column over there shows from 1940 we boosted the total beef cows from 10 million to 35 million in 1968, and they are still up a little again, it looks like, with the new figures. But in the meantime, dairy cattle population has dropped and it has been a tremendous drop, and we have a chart on the last page that shows the drop in dairy cow numbers and it is the dotted line.

Now, this is chart A. And it has been attached to the back because we felt it was necessary to include these figures in the dotted line as dairy cow numbers and you see how radically they have dropped, from 25

CHART A
BEEF PRODUCTION, COW POPULATION AND AVERAGE SLAUGHTER PRICES



million to 14 million cows. In the meantime, we have doubled the number of beef cows and that chart is a rather zigzag line here that catches your attention. It starts at 11 million and goes up to 35 million. It goes out at the top of the chart.

Now, the reason we could increase beef cows so fast is because of the dairy cows decreasing so fast. There used to be twice as many dairy cows as beef cows, two-thirds of the total number dairy and one-third beef. It is now reversed, in fact, more than reversed. Now it is over two-thirds beef and one-third dairy but there is an interesting development in the feeding business. Pretty nearly all these dairy calves are moving through the feedlots now instead of as veal and are being utilized as feeding cattle. Here again, we are providing a market for the dairy industry and the interchange between the cows as far as we are concerned has to be considered constantly when you are projecting how many cattle we can use in the future. We have to look at the figures on dairy. If they continue to go down, we can use more beef cattle. If they become static they must be taken into consideration because their calves are going to be used and utilized as feed cattle.

Now, I think I would like to go back—I have mentioned the utilization of wheat. Now what we would like to point out is that we think that we are moving and increasing the number of beef cattle about as fast as we can and remain on a cost-plus basis.

Last year we increased beef cows 2 percent for almost 700,000 cows. But we decreased the dairy herd again over 500,000, leaving a net of just a little over a 200,000 increase in total cow numbers.

We received a little increase in price and now it has fallen back. We are not sure at this point whether there will be any increase in price

over last year. So it indicates that probably at 110 pounds of production of beef, we have hit a peak that we dare not break at this point because it looks like the consumers have balked at going on and paying the price of further expansion of beef production.

A 2-percent increase in the cows, beef cows, with a 4-percent decrease in the dairy cows, comes up with about a 200,000 cow increase a year that has been true for several years now, but it seems if we go that far, we can in turn through the feedlot increase production 3 to 4 percent in total pounds of beef. In other words, the cows do not control the pounds. The pounds at this date are primarily produced and increased in the feedlots and we have to watch real careful what is going on there with cheap grain. We are moving real fast with an increase of about 3 or 4 percent production a year. The population only increases 1 percent, so we are offering people more and more and more beef every year.

We think we are going as fast as we could possibly justify because we are running into an extremely high-cost period, and I would like to bring this to your attention.

Our costs are going up real fast in the field of wages first. Most farm and ranch operators today are finding that they are having to compete with the defense industry or an industry which has moved into their area that draws out labor. For years and years we had a labor cost average far, far, below the industrial wage. Now we are having to face an increase every day. In fact, we think we are into an era when we must pay industrial wages to keep the kind of people that can take care of a cowherd, operate machinery, take care of grain or dairy cows. So, our wages are going up real fast. We do not have charts on it but we can tell you this, that we think you can look at the industrial wage scale and say that agriculture is going to have to pay it from now on or no people will be left in it.

Second, our interest rates. Our interest rates have gone up 40 percent in one year to the average cow-calf operator and the average feeder, all of us are in the 8½ to 10 percent bracket now and most of us came from the 6 and 7 percent, and this is a reality and the bankers at this point tell us that we cannot expect any relief from this.

Now, another thing that affects the cost of production in the cattle industry is local taxation. Take my little community. It lives almost entirely on the land and the cattle—the taxes they can pay. It has been up 10 percent a year for 20 years, and this more than triples your taxes in 20 years, and somebody asked me the other day what does it cost to raise a calf in your community. I said, well, the first thing I have to do is make \$15 that year to pay for the taxes on the cow and the land alone to support our schools and county government.

Now, a lot of people say, Well, boy, your community must be really moving. It must be really prosperous."

I will tell you how prosperous it is. In the last year, and I live in a cow town of 800 people, we have lost a 40-bed hospital. We have lost the last of three implement dealers. We have lost one of two cafes. The lumberyard is selling out this morning, the only one we have. We have lost 50 boxes in the post office in the last year. And what I want to notify people about, especially in the consumer areas, is that there is nothing good happening in the cattle business. It may sound good and we are getting a lot of talk of boycotts and consumer problems. We know those folks do not understand our problems. We

do not know how to tell them this, that if things do not change for the better and remain better, that they are killing my town and my community and every one like it in the United States and the people are going to move in on the city and take their jobs. They have no choice.

We either solve this one or we do not solve the total unemployment problem in the United States, and we had better solve it out here now. And I am sympathetic when a housewife gets up and starts a boycott. I am sympathetic for one reason. She has a problem that inflation has caused her and I understand that with everything she reaches for, the price has gone up. My God, it has for us, too. We do not reach for a thing that has not gone up 20 percent, when we buy to maintain our farms and ranches and feedlots. This problem of taxation is just as great as any one of them.

Now our machine costs have gone up. They are raising trucks again this year. They have announced the price rise, all companies, \$75 to \$200 on a truck. The machinery companies announced a price rise.

Now, this what I am trying to show you and as a committee I know you are well aware of it, but yet it needs to be in the record. These folks set their price. Why do they not boycott them? We are the only commodity that says, "What will you give?" the only one that can say, "Well, I will walk away and probably tomorrow it will be down if I do not buy."

Now, the price of a truck will not go down because you do not buy it. You just do without because they will close the production line before they take less than cost. But agriculture has always offered its products in a free market.

TABLE IV

Year	Cattle prices ¹	Percent of change ¹	Disposable personal income ²	Percent of change ²
1940.....	\$7.95	-----	\$75.7	+7.7
1941.....	9.14	+20.1	92.7	+22.4
1942.....	10.98	+10.1	116.9	+26.1
1943.....	12.22	-9.3	133.5	+14.2
1944.....	11.08	+10.9	146.3	+9.6
1945.....	12.41	+20.3	150.2	+2.7
1946.....	14.66	+18.1	160.0	+6.5
1947.....	18.88	+28.8	169.8	+6.1
1948.....	23.29	+23.3	189.1	+11.4
1949.....	20.74	-10.9	188.6	- .3
1950.....	24.06	+16.0	206.9	+10.0
1951.....	29.69	+23.4	226.6	+10.0
1952.....	25.71	-13.4	238.3	+5.2
1953.....	17.66	-31.3	252.6	+6.0
1954.....	17.44	-1.2	257.4	+2.0
1955.....	16.92	-3.0	275.3	+7.0
1956.....	16.34	-3.4	293.2	+7.0
1957.....	18.50	+13.2	308.5	+5.2
1958.....	23.11	+24.9	318.8	+3.3
1959.....	23.91	+3.5	337.3	+5.8
1960.....	21.98	-8.1	350.0	+3.8
1961.....	21.41	-2.6	364.4	+4.1
1962.....	22.95	+7.2	385.3	+5.7
1963.....	21.10	-8.1	404.6	+5.0
1964.....	19.71	-6.6	438.1	+8.2
1965.....	21.37	+8.4	472.2	+7.8
1966.....	23.36	+9.3	508.8	+7.8
1967.....	23.76	+1.7	543.0	+6.7
1968.....	24.63	+7.9	585.5	+7.8

¹ Average slaughter cattle prices per 100 pounds for all cattle under Federal inspection, Livestock and Meat Statistics, 1962, table 150.

² Billions of dollars, Business Statistics, 16th biennial ed., 1967, p. 7; 1967, 1968; Survey of Current Business, April 1969, vol. 49, No. 4, p. 25.

In table IV, note that average slaughter cattle prices have not yet achieved the level which existed in 1951. Meanwhile, the public is consuming nearly twice as many pounds of beef per person, while annual disposable income is at an alltime high. Consumers now spend only about 2.3 percent of their disposable dollar for beef, whereas in 1951 that figure was 3.3 percent.

TABLE V

Average Weekly Choice Steer Prices, Seven Markets, 1969

<i>Week</i>	<i>Average price per 100 pounds</i>	<i>Week</i>	<i>Average price per 100 pounds</i>
January 16, 1969	\$27. 67	May 8	\$31. 60
January 23	27. 94	May 15	32. 89
January 30	27. 89	May 22	33. 89
February 6	27. 47	May 29	33. 58
February 13	27. 53	June 3	34. 36
February 20	27. 78	June 12	34. 24
February 27	27. 93	June 19	33. 87
March 6	27. 99	June 28	33. 19
March 13	28. 40	July 3	32. 73
March 20	29. 14	July 10	32. 42
March 20	29. 14	July 17	31. 32
March 27	29. 92	July 24	30. 07
April 3	29. 03	July 31	29. 49
April 10	30. 02	August 7	31. 06
April 17	29. 88	August 14	30. 47
April 24	30. 34	August 21	29. 98
May 1	31. 20		

Source : Livestock, Meat, Wool Market News Weekly Summary and Statistics.

In table V, your attention is called to a dramatic rise in fed cattle prices in early 1969. This peaked in early June, but there was just as dramatic a price fall in late June and extending into July and August. What this says is that although we did have a substantial increase in prices, the beef cattle business is not yet ready to absorb additional supplies into the pipelines without having an extremely detrimental effect upon live cattle prices.

Now, I think I would like to read the statement itself concerning our final analysis of what we can do in the future. And in the middle of the page. I think I would like to read it because we have had all kinds of recommendations and people have thought the cattle price was good and that we should boost it, that it could stand a lot of increase in production.

At this point we are telling you that we do not think we can absorb any more troubles for the time being. We have used some wheat, we have taken a lot of people out of the dairy industry, and they have come into the beef business. We are getting a lot of normal economic movement into the beef business out of all segments and we have about all the troubles we can handle.

Here is the way we believe, and we think this is real important for planning for the future.

The commercial beef production in the United States in the long term can increase from 3 to 4 percent annually without adversely affecting the economic condition of cattlemen as long as the following conditions are in force.

Here are the things that affect the beef business.

The ratio of total cows—now, that has to be both beef and dairy, in this case you are talking about 50 million cows—that are in production should remain at a ratio of about four people to one cow, because we make our beef so fast in the feedlots. If we move this above 4 to 1, in other words, if we get one cow to three people, we are going to be in overproduction. We are going to be in surplus when you consider a cost plus basis. And I might say this 3- to 4-percent increase presumes that we can meet our expenses and get a reasonable wage for what we do and stay out of surplus column, so that we do not have to call for help; that we will get our money in the free market.

Now, this says that the expansion of the cowherd should not exceed 2 percent, and then we can in turn get 3- or 4-percent increase in total tonnage of beef. And I want to make it plain here what happens to the dairy industry. If dairying does not go down, then we cannot continue to take 2-percent increase in cows which at this point would be about 700,000 cows. If the dairy numbers do not go down another 500,000, then we could not do that. We would have to slow down a little bit because we do have a marketing problem at 110 pounds.

Second, under this premise we are assuming that the beef consumption would increase about $1\frac{6}{10}$ pounds a person. Now, if consumers do not want to do this, then we are again in trouble. If they balk at 109 pounds, then we are again in trouble. We know that is a long way up, there are only a few countries that have gone to 120 pounds per person and they have not maintained it. They have all dropped back, to my knowledge. Australia at one time went to 120 pounds, they backed off and are only running about 85 to 90 pounds of beef per person and shipping the rest to us. Maybe this is the level where you get in trouble and you cannot sell it at a profit.

We are just assuming—now that the population increase dictates a small increase of 1.1 per year. We would like to feed that additional 1 percent 110 pounds of beef at this point. We are anticipating that disposable personal income should increase 5 to 7 percent annually to maintain our market.

Most people have doubled and tripled their income while we maintained a steady price for beef but doubled the production. And they would not have bought it had they not had this increase of income from 5 to 7 percent.

Fourth, we are assuming that the imports of beef will not be any greater than they are now. We are absorbing a sum equal to $6\frac{1}{2}$ percent of domestic production of fresh, frozen, and chilled meats, and then another $11\frac{1}{2}$ percent in cooked, canned, and cured beef, so the total is probably running about 8 percent of our domestic production coming from the water. We have absorbed this amount gradually into our structure so that it is there and it is real. We are assuming it will not increase any faster and that we, therefore, could increase our beef production just a little.

There is one other thing we have written in that is not now there. We do not think we should increase the beef production and could not do it on a cost plus basis unless unemployment remains below 4 percent. We know a lot of low-income families moved into the beef-buying business with a job and a higher income. We are afraid that we have hit the peak on this for the time being, and this is what puts a lid on that

110 pounds. It was not everybody eating 110 pounds. It was some people not eating beef at all 10 years ago that are eating beef now that boosted consumption. But if any of them loses his job, then that drops down.

Now, we know in summing it up, and then inviting your questions, that a lot of people have looked at the beef business and felt that it could absorb a lot more problems, that maybe we could even take some subsidized grazing. We have studied this matter very carefully and we feel that we are absorbing all the production through normal economic development that we can have, and that we cannot stand subsidized grazing in the beef business to take care of the grain business.

We think the man that shifts out of grain into beef on a subsidized basis will wake up in 3 to 4 years and be right back in trouble with beef as well as these grains. And we also think that any artificial attraction to beef production at this point will cause a shortage for 3 years and we do not want that either. If you keep too many heifers back, artificially, because somebody says, "Well, look, the Government is going to pay me to graze this and I am going to buy some heifers and get in the beef business," then we will almost guarantee you we will have a demand that we cannot meet because they will take heifers that should be moving in a normal manner to the feedlots, hold them out, and short us for about 2 or 3 years in meat production.

We would like to see this thing handled very, very carefully with all farm programs considered on a changing basis but on a gradually changing basis. We do not want the rug jerked out from under anybody, any grain groups, any dairy groups. We want every change that is made to be considered carefully. Otherwise, we think that if you subsidize grazing, that you will wind up with another farm program of subsidy which we think the public is beginning to resent. We think it will be going counter. And if you subsidize the people in, that are not now in, then the rest of us will eventually have to have a subsidy to meet our costs and we will have another program instead of working out the other way.

And so at this point, I think that I will just say that I think the natural increases in the beef business will keep the customers reasonably happy. We know that there is a little fussing going on at this point. We think it was completely unfair to pick on beef. It went up the least of any commodity and it went up the latest and it never got back to the cowman or has not yet, although the feeders have enjoyed it and they needed it to retire some indebtedness. But we pledge ourselves to the consumer to continue to make it the best product in the world and to produce enough of it to keep everybody happy. But when you do that on a free market, then the market has to indicate when the price should rise so that we will in turn increase production, and people resent it a little when the market does tell us that we need some more cattle.

There is one other thing I should tell you that has developed in the last 60 days. There has been a definite break in the price of land because of low return, high interest rates, and various problems that go with it. This does not pose a problem as long as the break is small.

Now, this has happened in 60 days. It is not on the record yet. I invite you to read the magazine article in Top Op. There is a real good

story on the breaking prices of land just out. It is the Farm Journal news magazine and it lists the problem. Taxation, Federal tax reform, low returns and the threat of subsidized grazing have actually broken the price of land for the first time in years.

I doublechecked this. I have some friends in the corn belt at Bloomington and this is one of the places that is mentioned.

Now, the threat to the livestock industry is not in a gradual breaking of price but in a sudden break that drops a man's equity so low that he is foreclosed. We have a \$55 billion agriculture debt. It exceeds our total gross income for 1 year. And in other businesses they do not like to have a debt that exceeds half of their gross income. Ours is over the total gross income for 1 year, and it is dangerous, and if the price of land breaks much, and the equities disappear and the foreclosures start, then we will feel like we are hanging on the cliffs of 1929 when everybody was just barely hanging by their fingernails, and I think I would be remiss if I did not tell you that this land situation at this point could become one of your serious problems for the first time.

I think with that I will close and invite questions, Mr. Chairman. I appreciate very much your kind attention because the beef industry has a lot of problems and a lot of troubles and we are glad you gave us the time that we have here to come before you and tell you about them.

The CHAIRMAN. Thank you. We want to thank you, Mr. House, for coming before us. I think you gave us one of the most intelligent discussions we have had. Too often I think we get automatic statements without any reason, and without any discussion of the background whatever. You have tried to give us a better insight into the background, and I think you have done a fine job of it. I know the committee appreciates it.

I wonder if it would be possible just to carry on a little discussion off the record here a moment.

(Discussion off the record.)

The CHAIRMAN. I recognize Mr. Purcell, on or off the record.

Mr. PURCELL. Mr. House, I want to be on the record because this does not work the way Mr. Poage has been acting like it works, I am afraid, and I want to compliment you on your statement and your knowledge of this entire industry.

Three questions that are fairly quick by my standards.

I have before me this same black-bound interim report and I wish you would look at it on page 6, please, sir, and where this economist from Mississippi—and I do not say that derogatorily, Mr. Montgomery—with all of the help that he had, says that, in the second paragraph at the top of the page:

Under the estimate approach, half of this land or about 36,775,000 acres would be used in an expanded beef production program and the same amount of forest lands would be idle or directed toward timber production.

So that indicates how many acres they are talking about there.

Then in the paragraph that begins just above the middle of the page, under livestock production, it says, and I will just read part of it:

In terms of per capita consumption, the expanded beef program would provide 144 pounds or 31 percent more than 1968, while the normal expansion would provide 127 pounds, or 16 percent more.

Then, in order to be fair to the statement here, I will read further:

It should be kept in mind that this relatively large figure, 127 pounds, relative to recent levels is an estimate based upon regression analysis of the quantity that consumers buy and still hold cattle prices at roughly the 1967 level.

Now, then, this estimated 144 pounds is directed at the year 1967. Now, do you think that these statements are realistic in line with your thinking, and what your earlier statements have been?

Mr. HOUSE. Well, that 144 pounds by 1975, if you project it over here on costs, shows that we would have to produce it at about 19 cents a pound. That is over on page 9. And frankly, we cannot do it in the United States. My community is dead completely. We might just as well wipe the town out and the whole State. We cannot get into a 19-cent situation.

So, let me say this. It is completely unrealistic on an economic basis unless they feel that agriculture can absorb a lot of the cost of production and not have any profit, and I do not think it is in that situation.

Mr. PURCELL. Well, in the next paragraph it says that the average cost of beef production in the United States, at the 144 pounds per capita level, is estimated to be 15.7 cents per pound. Only three of the 10 major production areas failed to cover costs at this level.

Now, do you know where those three production areas might be?

Mr. HOUSE. No, sir. But there is an interesting note. It says—table 5, right below that, it says land costs are not included, and this is an interesting thing because these projections are made without any land cost written in, and I have been informed by some foreign economists that that is the reason, one reason in the United States, that agriculture got out of bounds, that the economists in this country have never figured in the cost of land or the cost of or any return on investment. Therefore, we have been misled into thinking that 15 cents would do it, when a return on investment equals, say—a utility, at 7 percent, would boost that cost somewhere way up to 22, 23 cents.

Mr. PURCELL. It would be sort of like estimating the cost of automobiles if you do not include steel.

Mr. HOUSE. That is exactly right. And this is one of the most serious misleading statements that has ever been made and it has been consistently made by the agriculture economists in the United States, and it has contributed to the downfall of our total agriculture picture.

You fellows have never had a true story of what it took to produce beef and here is another clear case of it. And I have had this pointed out to me twice now, once by an industrial economist in the United States who says he does not understand why the projections never include a return on investment, and then here it comes along a second time and it took a foreign economist to tell me this, that we were headed for an imbalance and problems if we did not get this figure into it. And so I have objected especially on this ground, and you have pointed it out, but the estimates are completely vulnerable if you think that anybody should have a return on their investment in this country.

Mr. PURCELL. I would like to ask more questions but I take it you are not too stout for this land retirement program.

Mr. HOUSE. Not if we are going to graze it. If they are not going to graze it and they can justify taking it out, fine.

Mr. PURCELL. Under the formula indicated here you are not for it.

Mr. HOUSE. Well, I am not for it. In the first place, they are basing the need for beef on a regressive table or analysis that you mentioned, and regressive means on the history of the past. It has come up so fast so many years. Therefore, it should go on so many years and people eat more and more and more.

Now, the history of the world is that they will not do it. They will buy a color TV instead of black and white, instead of going to 110 pounds of beef, or put white wall tires on their car or air conditioners, and they will not buy 110 pounds at cost plus. We would love for them to buy beef but I am saying they will not and a regressive analysis in this case is vulnerable to misinterpretation.

Mr. PURCELL. Let me just observe, I do not know how long you were in politics before you got this job you have, but you learned well, and when Mr. Poage asked you an extensive question a while ago about this subsidized grazing the cattle industry has now, you got the whole committee clear off out in the horse pasture, and you have not come back yet, and that is our technique also. So, I just welcome you to the club. [Laughter.]

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Teague?

Mr. TEAGUE. Yes, Mr. Chairman.

I will only take a moment or two because I gather from what Mr. House has said that his philosophy and recommendations are very much closer to my own, I guess, than maybe to some of the other members of the committee.

I do want to make this point, however. You were talking about boycotts. There are other unfair boycotts. I read in this morning's paper some big rally was held here in Washington yesterday to support the California grape boycott.

Now, I doubt very much, with the possible exception of Hawaii, there is any farm labor anywhere in this country getting paid as much as the grape harvesters in California, and many of them are getting from one-half to a third less. So, this is another example of unfair boycott.

Thank you.

The CHAIRMAN. Mr. O'Neal?

Mr. O'NEAL. No questions.

The CHAIRMAN. Mr. Mayne?

Mr. MAYNE. Mr. House, you expressed some concern in your testimony about the price of land. I would like to ask you what you feel should be the price of land. What should the development in land prices be?

Mr. HOUSE. Well, on the price of land, we have no particular policy whether we want it to rise or want it to fall or want it to be static. I mean, we do not try to get into that. But here is what I was trying to say, and I think you are entitled to an explanation.

We are not necessarily committed to rising prices of land. We are not sure that it is even good for agriculture unless there is a systematic increase in the income that keeps the percent of return on investment steady or constant.

Now, what we have seen is a competition for land with no relationship to the income return and frankly, it has not helped agriculture, to the extent that it has boosted man's local taxation on a new appraisal

basis of inflated values and cost him more but it did not produce any more.

Mr. MAYNE. Is it not true that the price of land is so high in many areas that a young farmer or any independent operator is foreclosed from agricultural operations?

Mr. HOUSE. Absolutely. These inflated land values, a lot of people think they are of great value to us in agriculture. Frankly, if you are staying in and trying to produce, it is of no value to you. The only value it has is if you are going to get out or you get in trouble financially and have to borrow. You have two things for you and one thing against you. We do not have any fixed policy but I want to make plain that inflated land values are not part of our program. We do not promote it.

Mr. MAYNE. Well, I understood you to be expressing great concern and considerable alarm that you had evidence that in the past 60 days there has already been a serious break in land prices.

Mr. HOUSE. Yes, and it is because——

Mr. MAYNE. Are you not a bit inconsistent there?

Mr. HOUSE. No, because as of today, once land prices went up and agriculture borrowed on them and got in trouble with low income and borrowed to make up the difference, these people are vulnerable today to having their land taken away from them if the price breaks from the present level.

Now, if land prices had never gone up they would have been better off, but once it goes up and you borrow against it you become immediately vulnerable and nobody is more vulnerable than the corn-belt people today. I know someone who bought land for accretion and it did not bring as much in Lincoln, Ill., as the man gave for it, and he had to cancel the sale, but he had to raise money, and these kind of people become vulnerable and we have got a lot of honest operators who borrowed because of low income and that alone, and used it to live on.

Now, if we come up with programs that break the price of land intentionally at this point, which could happen, then this man is going to get cut clear out of agriculture. I am not saying to increase it but it does worry me if we drop the price at that time.

Mr. MAYNE. Well, more and more people are going to be cut out of agriculture, too, if the price of land continues to go up, are they not?

Mr. HOUSE. Correct. I would say if you are going to operate, a static price of land is more satisfactory if you are just asking a general opinion of me, and it is not policy. A static price that reflects production value is much better for agriculture than either inflation or deflation.

Mr. MAYNE. Yes. Now, you mentioned inflation in that respect. Stabilizing the price of land would be a part of the overall effort to bring inflation under control, would it not?

Mr. HOUSE. That is right. I agree with your stabilization statement completely on land personally, but we have no policy and the reason I am wondering, once you work under a condition where land prices are at present and you borrow on that basis, the thing that concerns me now, if we should get a break, the people that are extended and have gotten in trouble financially will be foreclosed, and so stabilization in my opinion is a word that we are really seeking if you want to stay in the business.

Now, if you want to get out, you want inflation, but the people that want to stay and produce want stabilization of land prices.

Mr. MAYNE. You also talked about the need for a moving economy and I do not think you made it clear in your testimony that you did not mean an inflationary economy. You would agree with the need for a curb on inflation, would you not?

Mr. HOUSE. You bet. Inflation hurts agriculture, in my opinion, worse than any other industry.

Mr. MAYNE. And even if an end to inflation meant that the price of your land did not continue to go up and up, you would be willing to take your chances on that along with other segments of the economy?

Mr. HOUSE. Correct. You see, as long as we are operating in a free market, if the general economy has to move down, we are saying that we will accept that and we will accept the price break. Also when it moves up we would like to have the price increase and we are still on the free market system and completely dedicated to it and willing to take ours generally, but we were talking about how many cows should we increase and what we are saying is that if you slow the economy, if less people work, and if their incomes do not increase, we need less cows in the herd or a smaller increase, let us put it that way, than we would otherwise.

I was not criticizing the fight against inflation in any way.

Mr. MAYNE. Well, you are not one of those, then, who feels that a little inflation is a good thing as long as it helps your particular industry?

Mr. HOUSE. No. In fact, our problem has been that our costs inflated and our income did not, because operating like we did, we probably were overproducing. Let us just face it. On a free market we have overproduced beef a little and did not keep up financially with the economy.

Mr. MAYNE. I want to thank you, Mr. House, for that additional clarification because I was a little uncertain as to the thrust of your testimony on this particular point, but I am not now. Thank you very much.

Mr. HOUSE. Well, I appreciate your questions because it is easy for me to make a short statement and mislead you and I do not want to. We are still dedicated to the free market and if it goes down we are willing to take it. If we cannot win it in the marketplace, fine, but if it goes up, we would like to get some of it.

The CHAIRMAN. Mr. Burlison?

Mr. BURLISON. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Zwach?

Mr. ZWACH. Mr. Chairman—if I understand you correctly, the thrust of your statement is that the beef people in our country will do a good job of meeting the demands without Government payments on the side, subsidization, is that right?

Mr. HOUSE. Yes. We think we can. Thus far we are not completely satisfied with the results but we are still dedicated to taking it.

Mr. ZWACH. Is it not basically true that over the long period, that a lot of people in cattle business have been forced out of business? I have before me here, for instance, the parity figures since 1950. It was only a couple of years as you know, that producers had parity. I am a cattle feeder. I went through it all.

Mr. HOUSE. Sure.

Mr. ZWACH. All these years. Now, the other thing, this is a little different. But you know that you said we import roughly a month or more supply of beef. What is the possibility with regard to your thinking of also exporting about an equivalent amount of high quality beef to other countries? What do you find?

Mr. HOUSE. That is real interesting. I would like to tell you. We have arrived at a definite policy of setting up—we have an export committee. We are working with the Government, both the USDA and the Special Representative for Trade, and the State Department. We have gone to all three of them within the last few months and they are trying to build a trade in the finest beef and our policy has been to seek an equal amount of exports so that the overall total exports will equal imports.

Mr. ZWACH. Is there a rosy outlook for this?

Mr. HOUSE. Yes, sir. There is a rosy outlook. The demand is there and the Government barriers will not let us get into the market.

Mr. ZWACH. Who—

Mr. HOUSE. The Government barriers in those countries create the problem. We have the opportunity in the world now. You gentlemen travel and you know in the rest of the world they are looking for good steaks in the best trade. They do not have the money incomewise in wages to buy our best meat, a workingman in the rest of the world cannot do it, but there is a trade. There is a tourist trade. There is an executive trade that could buy our beef and the rosy part is they would like to do it, and the unhappy situation is that their trade barriers and their balance of payments policy will not permit the importation of our high quality beef, but we can sell it if you can open the barriers.

Mr. ZWACH. Are you also working in the area of shipping, trying to get down costs?

Mr. HOUSE. You bet. We are working with the airlines. We have not pulled in the shipowners but we have looked at this. This is a commodity that, because of its density, can be shipped across the world and with the speed you maintain the quality and it is a product that can be shipped around the world in 48 hours. But we have to have help breaking the trade barriers down in other countries to this extent and I would be delighted to have assistance. We can produce all the beef in the United States you can ever want and if we can just balance our exports against our imports with this high quality beef, it would take the pressure off and we could use a lot of land that you are having to pull out of production.

If we had this other 8 percent of business, in other words, that would equal our imports and we could use a lot of this extra land and gradually pull it in and on an ordinary economic basis without subsidy.

Mr. ZWACH. Thank you.

Mr. Chairman, I have felt the gentleman has made such a fine contribution that I would like a copy of it. I understand this will not go into the record.

The CHAIRMAN. Yes. All of it.

All of his questions will go into the record. I asked him to be off the record on some of it.

Mr. ZWACH. The rest of his statement, will that be in the record?

The CHAIRMAN. Yes.

Mr. ZWACH. I am very interested in the material he has presented.

The CHAIRMAN. His statement and the questions will be in the record.

Mr. ZWACH. Thank you.

Mr. HOUSE. We have set a goal as an industry to try to export as much as we can import. We recognize this high quality beef trade opportunity but we have to have Government assistance. Here is a case where the Government has a definite role and a role that we cannot fill in breaking the barriers down and we will try to make beef good enough and we will go over there and advertise it. We have State organizations now with money on the line to advertise beef in Japan. I asked to get into Australia, too, because they need some of our good beef in their hotels, but I got a cold shoulder on that one. But Japan and Western Europe are particularly fertile fields for the high quality trade.

Now, their wage earners cannot eat much beef. Ability is based on high wages and high-wage people eat beef and our people are the only ones in the world that can in large amounts. Everybody can get a big chunk of choice beef and I want that on the record—this is one reason I resent the boycotts. It is the only place in the world that people can all have high-quality beef. Even the low-income people can eat the same quality but they have to eat chuck and ground beef, but I have to eat it too, before I get to the other. So, there is an opportunity across the water and we are going after it and we would appreciate anybody's help that wants to help us.

The CHAIRMAN. Mr. Ed Jones?

Mr. JONES of Tennessee. Thank you, Mr. Chairman.

I would like to thank Mr. House for this very fine testimony he presented here. I think you contributed a lot to this committee's ideas. I will be glad to tell my people back home that they are quite well represented through you and the American Cattlemen's Association.

Mr. HOUSE. Thank you, Mr. Jones.

The CHAIRMAN. Mr. Kleppe?

Mr. KLEPPE. Thank you, Mr. Chairman.

Mr. HOUSE, I think your presentation here today indicates what I have known for some time and that is that you have strong convictions and you believe them and you know your business. You know this industry. And I think what Congressman Jones has just said is very indicative of the respect in which you are held with your organization.

Let me just ask you a couple of things. As you look at our present capacity of grass for cows in the United States, do you believe that we have got any expansive capacity on present grass?

Mr. HOUSE. Yes, sir.

Mr. KLEPPE. If so, how much would you estimate?

Mr. HOUSE. Well, I have discussed this and I have discussed it with the Department of Agriculture people in both administrations, and I think that if given the economic incentive, that we can increase beef production 10 percent a year on the land that is being used now.

Mr. KLEPPE. But you are talking—when you use that big a figure, are you not talking about planting a lot of land into tame grasses?

Mr. HOUSE. We might have to convert some but, you see, it would also entail the higher use of feed grain. Now, more grain produces

beef faster than anything. So, it would be a combination—I can use my land base. I have lots of land that I do not use in the most intensive nature.

Mr. KLEPPE. How many cattle do you have on your farm?

Mr. HOUSE. We run a little over a thousand cattle.

Mr. KLEPPE. And how many additional cows could you increase under the way it is set up right now?

Mr. HOUSE. If I had the economic incentive, so if I could hire one more man for better care of the cows and I could buy more fertilizer and more machinery, I can do my share. At least for 5 years I could boost my capacity 10 percent a year.

Mr. KLEPPE. Good.

Mr. HOUSE. So, the public has no problem. We can do it in the United States if you want. But it has to be at a price.

Mr. KLEPPE. That is——

Mr. HOUSE. I have to pay wages, fertilizer, machinery.

Mr. KLEPPE. That is very understandable.

Mr. HOUSE. Now, you would have to warn me a little bit ahead of time on this 10 percent. I have to have a little leadtime.

Mr. KLEPPE. You would need a little less warning for a 5-percent increase.

Mr. HOUSE. That is exactly right; and we are getting the 3 percent every year.

Mr. KLEPPE. Now, you used the phrase “cost plus” a few times when you were making your presentation. Either I got lost or I do not quite follow specifically what you are referring to on cost plus in this industry.

Mr. HOUSE. Well, I am switching over to the industrial working of an economic industry that is operating.

Mr. KLEPPE. I know what cost plus is in industry. I have been in it.

Mr. HOUSE. OK. I am applying it to agriculture and saying we can do almost anything on a cost plus basis.

Mr. KLEPPE. Cost plus what in this case?

Mr. HOUSE. Return on investment; reasonable return on investment and wages, and that is all.

Mr. KLEPPE. Well, were you making this reference and using this phrase in connection with the prospect of a Government subsidy of some kind?

Mr. HOUSE. No.

Mr. KLEPPE. You were not.

Mr. HOUSE. No. Operating in the free market.

Mr. KLEPPE. Strictly in the free market.

Mr. HOUSE. Yes. You see, when cattle in June reached 34 cents we thought that was cost plus for everybody. Now, the feeders were getting a little more than their share right at that time but the cowman thought he was going to share in it this fall and we were getting into a cost plus situation where everybody was going to be paid for what he does.

We lost it. But you did not hear us complain. We said we do not like it, we are unhappy, and we are going to shoot for 34 cents again and we are going to try to convince people that beef is worth it because you must remember, we have a promotional arm on the meat board that we work constantly telling people how great beef is. So, if we can convince them and take their money from them at 34 cents we would like a

chance to do it and then we would all be on a cost plus basis, in our opinion.

Mr. KLEPPE. Two things that seem to me came out of your presentation also were that, generally speaking, you are not encouraging additional production above and beyond the normal growth level which is something like $1\frac{1}{2}$ to 2 percent.

Mr. HOUSE. Yes; in the cowherds you are talking about.

Mr. KLEPPE. In the cowherds; yes.

Mr. HOUSE. Yes. The cowherds have been running about a 2-percent increase each year for a long time and it seems adequate because calves are definitely not selling for any more than just what it costs to produce a calf.

Mr. KLEPPE. That is a true statement then. You are not encouraging any additional production above and beyond that in cowherds.

Mr. HOUSE. No; because if we encouraged more we would get more than 2 percent. If tomorrow our organization said, "We need a tremendous expansion of the beef business and it can be justified economically and you will be paid for it," members would put forth every effort to expand.

Mr. KLEPPE. That is different. Now then, another thing you said also was your concern about this new farm program that may come forth should not be designed to kill off the livestock industry and, of course, you are talking there about grazing rights on this land.

Mr. HOUSE. That is right.

Mr. KLEPPE. Thank you very much.

Mr. HOUSE. Now, this is interesting—Dr. Earl Heady, of Iowa State, has been given some credit for this possible program but he assures me that it was taken from data that he had gathered and summarized, and he tells me that he has a definite opinion—and I have it in writing—he has a definite opinion in farm program changing and he says that one of the basic principles that he believes in is a positive-sum policy. Do not shift one man's problems to another and cause a surplus and a break in price. And I have a letter from him to the president of the Beef Cattle Producers in Iowa which says this. He said:

Hence, we should avoid as nearly as possible policies which make one group better off while making another group worse off in solving price and income problems. We should not solve them for one group by dumping them on other groups. I have enunciated this concept of positive sum policies clearly and broadly.

He has been misinterpreted and I would like to correct that, because this is his statement to Mr. Stevenson and I want it in the record that he is very sincere in believing that we should avoid dumping and causing surplus problems in beef because of problems elsewhere.

Mr. KLEPPE. I understand.

Thank you.

Mr. MAYNE. Would the gentleman yield? Just for one comment about Dr. Earl Heady of Iowa State?

The CHAIRMAN. Certainly, but I do want to point out that we have another witness here who has been waiting for an hour and three-quarters and we are hardly giving him a fair deal. But, go ahead.

Mr. MAYNE. Mr. Chairman, I want to thank Mr. House for clarifying this point. Dr. Earl Heady of Iowa State University was not associated with the Mississippi report that has previously been mentioned. His report is one prepared by the Center for Agricultural and

Economic Development in April 1969, which is an entirely different report.

Mr. HOUSE. Yes, and he was given credit for this.

The CHAIRMAN. I do not think we can just keep commenting. Mr. Melcher, I must recognize you.

Mr. MELCHER. Mr. House, I think the point you have brought out in your testimony and in the question and answer period with Mr. Kleppe regarding the use of wheat for feed should be enlarged upon for the record here.

You mentioned the figure 2 cents per pound as being an economic price, or a good price, for wheat to go into a feeding operation. What is the support price in your State or in your particular area for wheat?

Mr. HOUSE. Well, I cannot tell you exactly. It varies. But actually, the sale value of wheat at market this year was only \$1.06 at my local elevator, and it moved all the way from \$1.06 to \$1.15 to the feedlots. This is the only figure I can give you accurately.

Mr. MELCHER. Which is below 2 cents a pound.

Mr. HOUSE. Yes, but historically, feed grains are worth 2 cents a pound. I am just going back on history.

Mr. MELCHER. Well, in my State, Montana, as well as yours the price at 2 cents per pound or less does attract feeders to buy wheat.

Mr. HOUSE. Every time.

Mr. MELCHER. And the 200,000 bushels, is that right or is it 200 million?

Mr. HOUSE. 200 million bushels.

Mr. MELCHER. That is the figure that you have projected for 1969 to go into the feed channels.

Mr. HOUSE. Yes. It is pretty well determined now there will be 200 million. Historically, it only runs from 50 to 70 million. There has always been a little feeding of the wheat but not much.

What I am saying is the beef industry absorbed that much, somewhere between 130 and 150 million extra bushels just this year and although it is not the price they would like to have, it helps. It makes use of it and does help solve some problems.

Mr. MELCHER. Now, one other point that you mentioned. You referred to the rigid sanitary inspection of meat here in this country under the U.S. Department of Agriculture. To your knowledge, is that rigid sanitation the same quality of inspection afforded in other countries such as Australia from whom we import large quantities of beef?

Mr. HOUSE. No; it is not. In the first place, Australia does not have the veterinarians to do it and we require a veterinarian on the killing floor under those circumstances. They use laymen for the same thing we will use a graduate veterinarian for and there are many other problems, although they are trying to improve. Without question they are being put under pressure. But they are a long way from our killing standards on the average.

As you know, Germany has a real rigid system. In fact, they say ours is not strong enough and they want to have their own veterinarian come look at us, but I am sure if he does he will approve. And this is an expensive thing and the reason I brought it up, it is for the consumer and the American consumer gets the advantage of it and the United States pays these inspectors around \$10 an hour to do it, and it is added into the cost of beef and it is one of the consumer's costs. And yet, they want it. But it inflates the cost of beef in this country.

Mr. MELCHER. You are referring to Australia in particular. How about New Zealand and Mexico and others?

Mr. HOUSE. I have seen a packinghouse myself in Australia and I also saw some in Europe that were sending beef over here. Now, this is an interesting thing, and shows how fast they work. I am not going to identify the country but they told me they had a wonderful packinghouse that was sending beef from there to here, but I went to an old-fashioned killing floor out in a barn and they were loading the beef there and hauling it over to the modern packinghouse and exporting it to the United States. So, let us just say their standards at this date to my knowledge are not up to ours.

Now, here are some cases where it is and they are improving fast but definitely this is the only place where we have a veterinarian on the killing floor all of the time to look after the consumer. Nobody else does that consistently.

Mr. MELCHER. Thank you, Mr. House.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Myers?

Mr. MYERS. No questions, Mr. Chairman.

The CHAIRMAN. That completes all those members who were here and heard the testimony. I wonder, in order that we have a moment or two with Mr. Marsh, if we cannot proceed with him and then ask these gentlemen to remain with us so we may then come back to them for questions. We do not want to deny anyone the right to question them.

If there is no objection, Mr. Marsh, we will be glad to hear from you. Ed Marsh representing the National Wool Growers Association. When he is completed, we will question all of you.

STATEMENT OF EDWIN E. MARSH, EXECUTIVE SECRETARY, NATIONAL WOOL GROWERS ASSOCIATION

Mr. MARSH. Thank you, Mr. Poage, and members of the committee. It is a pleasure for me to have the opportunity to testify in behalf of the National Wool Growers Association.

This statement is presented on behalf of the National Wool Growers Association. Our organization, which has been in existence for 104 years, speaks for the farmers and ranchers of the United States who raise sheep for the production of both lambs and wool.

Our principal membership consists of 21 State and area sheep producer organizations operating in Arizona, California, Colorado, Idaho, Indiana, Iowa, Kansas, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, New York, Oklahoma, Oregon, Texas, Utah, Washington, South Dakota, Wisconsin, and Wyoming. In this 23-State area, 88.8 percent of the Nation's wool was produced in 1968. Wool, however, is produced in all 50 States.

At our 104th annual convention, held in January of this year, a resolution was unanimously adopted urging further extension of the National Wool Act of 1954. The National Wool Act, as a part of the Food and Agriculture Act of 1965, applies on wool marketed through December 31, 1970.

The Wool Act is now in its 15th year of operation. We think it is a unique program in that it has had consistent and almost unqualified support from the administrations of both parties, as well as all major segments of the wool industry from producer through manufacturer.

Wool, like sugar, is in deficit production in this country. Part of the congressional policy in establishing the Wool Act was to encourage domestic production of wool. The act was also to establish in lieu of a tariff duty increase on imported raw wool which was recommended by the Tariff Commission in 1954. Congress in the Wool Act has recognized that sheep are not only important to the economy of many semiarid regions where crop production is not feasible but has recognized the importance of having a supply of domestic wool so that our mills will not be entirely dependent on foreign supplies.

OPERATION OF THE PROGRAM

Under the National Wool Act, growers sell their wool in normal marketing channels. After the year is over, and the average price received for wool sold during the marketing year is known, payments are made to bring the national average price received by all growers up to the incentive level. The incentive level is determined each year by a parity index formula in the Wool Act. The payments are made at one percentage rate—the percentage required to bring the national average price for wool sold in the free market up to the incentive level. This one rate is applied to the net sales proceeds received by each grower to determine the amount of his incentive payment. By making the payments on a percentage basis, growers are encouraged to improve the quality and marketing of their wool to obtain the best price possible, because the higher the price the individual grower gets in the free market, the greater his payment.

Support for pulled wool is provided under the act to maintain normal marketing practices; that is, to prevent unusual shearing prior to marketing just to get the payment on shorn wool. This is being handled by making payments on sales of unshorn lambs.

The National Wool Act also provides for the support of mohair by payments similar to those on shorn wool. The act provides that mohair prices are to be supported within 15 percent of the comparable percentage of parity at which shorn wool is supported. During the first 14 years of the operation of the Wool Act, there were 9 years when payments were not required on mohair because market prices for mohair in those years were above the support level.

FACTORS AFFECTING SHEEP PRODUCTION

Shorn wool production in the United States increased during the first 6 years of the wool program—from around 235 million pounds in 1955 to 265 million pounds in 1960. Since 1960, wool production has been on the decline—down to 178 million pounds in 1968.

Factors contributing to the decline in stock sheep numbers and wool production since 1960 include:

1. A sharp drop in lamb prices in 1961 and 1962 and a slow price recovery up to 1968.
2. Inability to obtain adequate and dependable labor.
3. Severe losses from predatory animals.
4. Drought in some areas.
5. Continued reductions in grazing allotments on Federal grazing lands.
6. Shifts to other livestock and alternative farm enterprises.

Payments under the wool program have provided incentive on the wool portion of the sheep enterprise, but have not compensated for all of the adverse factors determining the trend of stock sheep numbers and, hence, wool production. We must recognize, however, that many growers are in sheep and wool production today who would have liquidated their flocks if it had not been for the wool payment program. Therefore, the Wool Act is encouraging wool production since the level of production would be considerably lower without the assistance the program provides.

The industry is endeavoring to solve or alleviate its problems in these ways:

1. We are working for stepped-up research on sheep production to increase the number of lambs produced per 100 ewes as a means of increasing the net income to the sheep enterprise.
2. We have cooperated with USDA in the recent formulation of a new marketing system to grade lambs on the basis of their yields, the aim being to secure better returns for growers producing lambs with higher "cut-out" values.
3. We have recently established a sheep industry development program in which sheep industry leaders are working with the Extension Service in an information and education program to encourage production efficiency. We also have a marketing committee considering possible ways through which we might increase our marketing effectiveness and efficiency to increase returns from the sale of both lambs and wool.
4. Where feasible, more areas are being fenced to reduce the need for herding labor.
5. We are continuing to work with the Bureau of Sport Fisheries and Wildlife both for better animal control under existing programs and for research to develop better control methods.
6. We are working with Government agencies for brush removal, reseeding, and other programs to increase the carrying capacity of grazing lands, in an effort to raise more sheep per acre.

We earnestly hope that these efforts to improve the industry, augmented by the important National Wool Act program, will serve to stem the liquidation tide.

PRICE OUTLOOK

Returns from the sale of lambs represent two-thirds to three-fourths of the sheep producers' total income. Therefore, when lamb prices are low the economy of the industry is adversely affected. Farm prices for lamb from 1961 through 1967 were low and did not keep pace with rising production costs. This was a factor in reducing sheep numbers. In 1968 and so far in 1969 farm prices for lambs have been stronger and we have detected some renewed optimism in the industry. In fact, just last month at the national ram sale, which our organization sponsors, Rambouillet rams, the foundation breed, and other white-faced breeds were all in demand and sold at stronger prices. This is indicative of some interest in rebuilding flocks and in producing more ewe lambs to increase sheep numbers. Interest in purchasing ewe lambs for flock replacements is also strong at this time.

We hope that this increased optimism will not be dampened by greatly increasing imports of frozen lamb meat from New Zealand

and Australia. It is obvious that importers are trying to take advantage of higher prices in the United States by flooding our markets with lamb from New Zealand and Australia. This is clearly evident not only by the fact that in 1968 lamb imports were the highest in history, 22.9 million pounds, but it is even more evident by the fact that in the first 6 months of this year lamb import volume was approximately three times the volume for the first 6 months of 1968. Lamb imports have jumped from 2.1 percent of our domestic production in 1967 to 7.9 percent in the first 6 months of this year.

On the wool side of the picture, we have not as yet seen any substantial recovery from the worldwide cyclical decline in wool prices which started in the last half of 1966. The average farm price of wool in 1966 was 52.1 cents per pound, the second highest in the history of the National Wool Act, but in 1967 it dropped to 39.8 cents per pound. In 1968 a slight price recovery brought the average to 40.5 cents and present indications are that there will be a further slight recovery this year. Due to lower market prices in 1967 and 1968, these have been years in which higher-than-average payments were required to bring the average farm price up to the incentive level. However, some previous years, including 1966, have compensated for this in lower-than-average payments. Growers want to see good market prices for wool for this reduces the amount of payments that have to be made under the Wool Act and we, therefore, hope that there will be a more pronounced and prompt price recovery.

We would also like to point out that in addition to increased payments required for shorn wool in the 1967 and 1968 marketing years, due to the decline in the farm price of wool, substantial payments were also required on mohair. While no payments were required on mohair during 9 of the first 15 years of the operation of the National Wool Act, and while payments in 2 of the 6 remaining years were small, a rather drastic drop in mohair prices in 1967 resulted in mohair payments totaling \$11.4 million, while a modest price recovery in 1968 reduced payments for that year to \$10.6 million. However, during the first 8 months of 1969 we are pleased to see a substantial recovery in the mohair market with a simple average of farm prices for the 8 months of 63 $\frac{1}{4}$ cents compared to last year's average of 45 cents.

COST OF PRODUCTION

During the first 11 years of the operation of the Wool Act, the level of incentive payments under the Act was continued at 62 cents per pound.

When the Wool Act was extended in 1965 this committee recognized that a higher incentive level was desirable in view of rising cost conditions. Therefore, a formula was added to the act through which the incentive level is adjusted on the basis of changes in the USDA parity index. This is the index of prices paid by farmers, including commodities and services, interest, taxes and farm wage rates.

Under this formula the incentive level has risen from 60 cents in 1965 to 69 cents this year.

The formula does provide a reasonable reflection of costs on the wool side of the sheep enterprise. Sheep raising and wool production are important to certain areas of our country. The present level of

production is in the national interest and desirable. As set forth in the act, it certainly is "a measure of national security and in promotion of the general economic welfare" to continue this wool program to encourage the maintenance of what production we presently have and, hopefully, to increase production if at all possible.

The added cost of the program resulting from the increases in the incentive level under the formula are modest.

Assuming wool prices in the free market return to reasonable levels, the increase in the incentive level provided by the formula should result in wool payments no higher than the \$45.6 million average during the first 11 years, when the incentive price was held at 62 cents.

FUNDING OF PROGRAM

We would like to point out that even though the funding of the program—the equivalent of 70 percent of duties collected on imports of wool and wool manufactures—is adequate to cover a considerably larger drop in wool prices than occurred in 1967, the wool growers naturally do not want low farm prices for wool. They want to see good market prices which in turn hold the costs of the wool program within reason. We should also point out that in 6 of the first 15 years of the Wool Act program, the farm price of wool was above the average for the 15 years and, hence, wool payments for those 6 years—including 1966—averaged \$17.1 million less per year than the \$45.7 million average for the first 15 years.

SELF-HELP PROMOTION PROGRAM

The National Wool Act has given the sheep industry the opportunity to promote its own products through a self-help program.

In September 1955, sheep industry leaders formed their own promotion organization, the American Sheep Producers Council, with headquarters in Denver, Colo. This organization is entirely supported and governed by sheepmen and almost every sheep producer in the United States contributes to the program through deductions from incentive payments he receives under section 708 of the National Wool Act.

The purpose of the American Sheep Producers Council programs is to expand the demand for lamb and wool through a self-help program of promotion, advertising, market analysis, and education on behalf of the sheepmen of the United States.

The year following each extension of the National Wool Act, the Secretary of Agriculture calls a national referendum in order that sheep producers can determine for themselves whether they want to continue with their promotion programs through their own organization, the American Sheep Producers Council. The sheep producers have voiced their approval of this self-help program in four referendums. The last referendum, in 1966, received 79.9 percent approval of the total producers who voted.

Funds for the sheepmen's promotion and advertising programs are derived by deductions from the wool incentive payments at the rate of 11½ cents per pound of shorn wool and 71½ cents for each 100 pounds of unshorn lambs.

It is to the credit of the sheep producer that he realizes the wisdom of promoting his products just as other industries in America are doing and is willing to spend his own time and money to improve the economic condition of his industry.

Mohair growers have also organized a self-help promotion and advertising program under section 708 of the Wool Act, designed to increase demand for mohair products. The mohair promotion program commenced in 1967.

PAYMENTS LIMITATIONS

The National Wool Growers Association adopted a resolution at its convention in January of this year opposing limitations of payments under farm programs. While we feel that payment limitations are economically unsound in any farm programs, in the case of the wool program they would be highly impractical, discriminatory, and would create serious economic hardships. This is especially true in the semi-arid regions of the West and Southwest where crops cannot be grown and where a sheep producer has to depend on his wool and lamb production for his total income. In the semiarid regions, he frequently must graze over a wide area, must employ herders, and must have a large flock of sheep to provide an economic unit.

Furthermore, such a limitation would force larger producers to liquidate their production because on the open market today they would receive an average of only 47 percent of parity for that portion of their wool production that would be ineligible under a payment limitation program. Even with the present wool program, sheepmen frequently find production costs exceeding income.

Forcing a sheepman to liquidate is, of course, inconsistent with the purposes of the National Wool Act, aimed at maintaining and increasing production of a deficit commodity.

For these reasons we strongly oppose payment limitations.

CONCLUSION

We note that H.R. 12430, introduced by the chairman of this committee, would make permanent the National Wool Act and other farm programs. Speaking on behalf of the National Wool Act, we feel this is a sound approach. As I pointed out in the beginning of this statement, the Wool Act has been in operation for 15 years and has had consistent and almost unqualified support from the administrations of both parties and almost all segments of the industry from the producer through the manufacturer. It would therefore seem most logical to place the program on a permanent basis rather than to have to go to the time and expense of hearings and all of the other work in the legislative process every 3 or 4 years, especially when Congress could at any time amend or rescind a program if it should be deemed necessary or advisable.

We would like to again emphasize the importance of the National Wool Act in maintaining a sheep industry in the United States. In fact, the Wool Act is vital to the economic health of our domestic sheep industry. Extension of the act this year or as early as possible in 1970 would be advantageous to the sheep industry. Sheep production is a long-term enterprise. It takes 2 years from the time an ewe lamb is born until she reproduces. Clearly our production is different

from a yearly planted crop. Furthermore, in planning production for 2 years ahead, or even for a longer span, loaning agencies have to know what the economic outlook is going to be for the industry and whether or not the Wool Act will be in operation. Announcement this year, or as early as possible next year, of an extension of the program beyond 1970 would therefore be most helpful. Also, under the parity index formula in the Wool Act, the incentive level can now be determined a year in advance. Therefore, if the program is extended early in 1970, growers can determine the 1971 incentive level at that time and plan ahead in their operations.

In closing we would like to express our deep appreciation to this committee for the consideration you have given us both at the inception of the Wool Act in 1954 and at hearings since that time on its extension.

Thank you.

NUMBER OF STOCK SHEEP, SHORN-WOOL PRODUCTION, WOOL PRICES AND PAYMENTS UNDER THE NATIONAL WOOL ACT OF 1954, BY MARKETING YEARS, 1955 TO DATE

Marketing year	Stock sheep numbers Jan. 1, (thousand head)	Shorn-wool production, (thousand pounds)	Incentive price for shorn wool (cents per pound)	Average price received by producers (Cents per pound)	Payments required, average amount ¹	
					Cents per pound	Thousands of dollars
1955 (April-March).....	27, 137	234, 058	62	42. 8	19. 2	57, 614
1956 (April-March).....	27, 012	238, 569	62	44. 3	17. 7	51, 915
1957 (April-March).....	26, 538	235, 366	62	53. 7	8. 3	16, 104
1958 (April-March).....	27, 167	² 243, 713	62	36. 4	25. 6	85, 143
1959 (April-March).....	28, 108	² 259, 939	62	43. 3	18. 7	53, 865
1960 (April-March).....	28, 849	² 265, 277	62	42. 0	20. 0	59, 490
1961 (April-March).....	28, 320	259, 161	62	42. 9	19. 1	56, 895
1962 (April-March).....	26, 719	246, 636	62	47. 7	14. 3	39, 195
1963 (April-December).....	25, 122	232, 446	62	48. 5	13. 5	27, 179
1964 (calendar year).....	23, 455	212, 333	62	53. 2	8. 8	20, 329
1965 (calendar year).....	21, 843	201, 463	62	47. 1	14. 9	34, 174
1966 (calendar year).....	21, 456	195, 053	65	52. 1	12. 9	26, 300
1967 (calendar year).....	20, 661	188, 919	66	39. 8	26. 2	57, 900
1968 (calendar year).....	19, 105	177, 767	67	40. 5	26. 5	³ 53, 800
1969 (calendar year).....	18, 184	-----	69	-----	-----	-----

¹ Includes payments on unshorn lambs in support of pulled wool.

² Excludes Alaska.

³ Preliminary.

NUMBER OF GOATS CLIPPED, MOHAIR PRODUCTION, MOHAIR PRICES, AND PAYMENTS ON MOHAIR UNDER THE NATIONAL WOOL ACT OF 1954, BY MARKETING YEARS, 1955 TO DATE

Marketing year ¹	Number of goats clipped (thousand head)	Mohair production (thousand pounds)	Support price for mohair (cents per pound)	Average price received by producers (cents per pound)	Payments required	
					Average (cents per pound)	Amount, thousands of dollars
1955 (April-March).....	2, 983	16, 923	70	82. 2	-----	-----
1956 (April-March).....	3, 164	18, 233	70	84. 4	-----	-----
1957 (April-March).....	3, 246	19, 072	70	88. 6	-----	-----
1958 (April-March).....	3, 417	20, 825	70	72. 3	-----	-----
1959 (April-March).....	3, 755	24, 151	70	96. 4	-----	-----
1960 (April-March).....	3, 888	24, 467	70	89. 7	-----	-----
1961 (April-March).....	4, 021	26, 411	73	85. 6	-----	-----
1962 (April-March).....	4, 236	27, 215	74	71. 4	2. 6	797
1963 (April-December).....	4, 363	29, 007	76	88. 1	-----	-----
1964 (calendar year).....	4, 568	29, 736	72	94. 3	-----	-----
1965 (calendar year).....	4, 803	32, 420	72	65. 6	6. 4	1, 900
1966 (calendar year).....	4, 659	29, 576	75. 8	53. 7	22. 1	6, 500
1967 (calendar year).....	4, 113	27, 127	76. 4	40. 9	35. 5	11, 500
1968 (calendar year).....	3, 955	26, 022	77. 4	45. 2	32. 2	¹ 10, 600

¹ Preliminary.

The CHAIRMAN. Thank you very much, Mr. Marsh.

Now, are there questions of either Mr. Marsh or Mr. House? I think we can take them up together. Does anyone have any further questions?

Mr. PRICE. Mr. Chairman, I have but two short questions to ask the witness. Mr. Marsh: Would it be fair to say that the Federal Government's allowing the importation of so much sheep meat has driven producers of the production of lamb and sheep? Is not this the crux of the entire issue?

Mr. MARSH. Well, that I would say has become a factor, Mr. Price, within the last year or so. The imports were rather small up until about a year ago, that is, the imports of lamb. As far as the imports of mutton go, we recognize that we do not produce enough mutton to meet the needs for processed meats and that some boneless mutton for processed meat does have to be imported.

However, the import of lamb is becoming a serious problem and last November, for example, we saw the price of old crop lambs go down about \$3 per hundred on some markets when our imports increased. While in past years imports of lamb have not been a great problem, they are becoming a serious problem, especially coming into our ports such as New York, which are price basing points, and they are having an adverse effect on our domestic lamb price.

Mr. PRICE. That is all, Mr. Chairman. I would like to talk to Mr. House afterward.

The CHAIRMAN. Are there any other questions? Just one question I would like to ask you for the record, Mr. Marsh.

About 5 years ago we were consuming about 5 pounds of lamb per capita in the United States, were we not?

Mr. MARSH. Yes.

The CHAIRMAN. About what is it now?

Mr. MARSH. It is between 3 and 4 pounds per capita. We consume all that we produce and, of course, our production is down now, as you know.

The CHAIRMAN. I know it is. And that is what I was wondering. How can we increase the consumption of lamb without some imports?

Mr. MARSH. We cannot unless we can solve some of our other problems and increase our domestic production.

The CHAIRMAN. I know, but we cannot possibly hope to build up a real market for lamb, as I understand it, unless we can have enough to maintain a distribution system.

Mr. MARSH. That is true.

The CHAIRMAN. It just seems to me that we are faced with the proposition that we must maintain—must distribute more lamb than we are distributing, or the whole distribution system is going to collapse on us.

Mr. MARSH. We would like to see what imports do come in channeled to some areas of the country where consumption is small. If we could work with the importers in a program of that type, I think it has some merit.

The CHAIRMAN. I would, too. I think that that comes to the proposition for which I have no answer. Maybe we need a lamb board that

would channel the imports. In other words, it seems to me that we need more imports. We do not need to just dump them in promiscuously. That would do us harm; if we could channel them to the right places maybe we could build up our demand for lamb over this country. It is not nearly high enough. You just heard Mr. House talk about the increased consumption of beef. Lamb is a good meat, but, instead of increasing our consumption, we have been going down. Our per capita, number of pounds per capita, has been going down. It ought to be increasing.

Mr. MARSH. That is right.

The CHAIRMAN. It ought to have gone up while the amount of beef has been going up in the last 20 years, but I do not believe it will ever go up unless we have a better distribution system. And you cannot have it for two or three pounds.

Mr. MARSH. Right.

The CHAIRMAN. Thank you. If there are no further questions, thank you all for your attendance.

(The following letter was also submitted to the committee:)

UNITED FARMERS ASSOCIATION,
Toledo, Ohio, August 8, 1969.

Hon. W. R. POAGE,
Chairman, Committee on Agriculture, U.S. House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: Acting upon the suggestion of Rep. Thomas Ludlow Ashley of Toledo, I submit herewith the views of the United Farmers Association in support of H.R. 12626—To provide a Federal subsidy for small family farms.

In the light of conflicting interests which seem to exist between the various farm groups and the many shades of opinion expressed by them, it is our hope that your committee will consider the contents of this letter strictly on its merit.

We have carefully reviewed the provisions of H.R. 12626 and believe that it possesses merit as a minimal effort to salvage an important segment of the farm population—the operators of the small family farms.

It is our sincere belief that it is neither sound economics nor good sense to allow an important part of the farming industry to be wiped out because of obvious differences between them and the upper and middle income farm groups. Who shall make the decision to let the small family farm operator go down the drain without at least making a gesture in his direction?

Briefly stated, H.R. 12626 provides that the Secretary of Agriculture shall pay to qualified farmers 80 per cent of the cost of farm machinery, grain storage buildings, fences and buildings for the storage of tools and equipment. The farmer must pay 20 per cent of the cost of the item. Payments to the farmer may not exceed \$6000 in any one year for a five year period.

After study of this bill, we would like to suggest several changes and additions which we believe would add to the bill.

1. The maximum annual net income of \$12,000 from all sources is probably too high. Farmers who net that much are probably not in need of the kind of help that H.R. 12626 would provide. It is our suggestion that this amount should be set lower at \$8,000 and not more than \$10,000.

2. We believe that the bill should be clarified and that it should spell out that the 80 per cent paid by the Secretary of Agriculture would be directly to the dealers in the specified items rather than to the farmer.

3. We suggest that the bill be enlarged to the point where it contains good business practice in dealing with the farmer, dealers and any others who might come under its terms.

It is our belief that enactment of H.R. 12626 is of value to the operators of small family farms for the following reasons:

1. It would enable the farmers to replace old, worn out machinery, grain storage buildings and other items outlined in the bill. This is a very important

item to many farmers, who, due to their lack of income, cannot afford the luxury of yearly repairs and parts.

2. It would provide an economic shot-in-the-arm for machinery and equipment dealers who would, as a result, gain an expanded market.

3. It would not provide unlimited opportunity for a farmer to secure the maximum subsidy since, based upon our knowledge, most farmers would not be able to afford paying the 20 per cent each year to secure the maximum benefits over the five year life of the measure.

4. At best, the bill will provide minimal help to the the small family farm at a very modest cost, compared to the more than three billion dollars which the current Farm Payments Plan is now costing the taxpayers.

Knowing of your desire to learn and understand all of the many phases of the farmers problems, we would like to express some of the thinking of farmers at our economic level.

In looking over last years committee reports, we noted with interest, statements made by the then Secretary of Agriculture, Mr. Orville Freeman.

Referring to the Food and Agricultural Act of 1965, Mr. Freeman expressed the hope for what he called "a continuing act", comparable to those relating to labor, the Federal Trade Commission, Federal Communications Commission, Federal Reserve Board, Anti-trust laws and Senior Citizens.

We think that we understand what Mr. Freeman meant. On the other hand, we believe that the continuous, if not the continuing agriculture legislation which have been enacted in the past 35 years, leaves us, Omar-like, coming out the same door wherein we went.

Despite the well meaning proposals of those who seem to want to correct our omnipresent farm problems, it appears that we are still as far away from a solution as we were in the 1930's, 1940's, 1950's and so far in the 1960's.

Plowing under crops and killing little pigs in the 1930's was a control which accomplished very little, but did create a national scandal.

Price supports, which stabilized farm income, resulted in such massive surpluses of covered crops that storage space was at a premium and found it necessary to use idle ships for the purpose. And, of course, the one million dollars a day that it cost for storage was paid by the taxpayers. No wonder that Mr. Freeman's last year told this committee that it was a "national scandal".

Now, under the current Farm Payments System, which is referred to in nearly all communications media as "paying the farmers not to farm", we have succeeded in creating another misfit which is costing the taxpayers 3.4 billion dollars a year and creating such inequities that it too will be looked upon as another national scandal. The current issue of the Reader's Digest contains an article, "The West Is Getting Lonely Again" which is just another of a long line of such critical articles stimulated by our current Crop Control.

Incidentally, I would suggest the above article from Reader's Digest should be must reading for members of both the House and Senate.

We apologize for having neglected to follow the example of some of our best citizens in expressing our pride on our brave astronauts who landed and walked upon the moon. We are equally proud of the scientific and technological brains who so greatly contributed in making this adjective-defying accomplishment possible.

Now that we are safely back on earth again, we are keenly aware of our long-standing and stubborn earthy problems. We keep thinking about the wealth of first class brains which our lucky nation harbors, and we find ourselves wistfully wishing that we too could secure the service of thinkers who, like NASA scientists, cannot be awed by difficult problems.

Several days ago, two of our Mariner space probes came within 2000 miles of the planet Mars. Already, scientists have told us that Mars cannot support life as we know it. Thus, it now appears that it will probably be many years, if ever, before man can find another world to colonize.

Obviously, the best thing, possibly the only thing that man can now do, is to improve his worldly condition by reversing, insofar as this may be possible, water and air pollution, urban and rural corrosion, chemical and bacterial warfare and the constant threat of atomic extinction.

These thoughts expressed are not digressions from the problems of our special agricultural calling. I have not the least doubt that every member of the committee agrees with me, that all of our problems, both rural and urban, are inter-related.

In conclusion, I am certain that it is not only the operators of small family farms who are looking to you for fair and just legislation in the field to which you relate, but the sadly over-burdened taxpayers who pay the bills and reap the results, good or bad, of all legislation.

Sincerely,

EDWARD KISNER, *President.*

The CHAIRMAN. The committee will stand adjourned until tomorrow morning.

(Whereupon, at 12:15 p.m., the hearing was adjourned, to reconvene Tuesday morning, September 9, 1969.)

GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

TUESDAY, SEPTEMBER 9, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10:10 a.m., in room 1301 Longworth House Office Building, the Honorable W. R. Poage (chairman) presiding.

Present: Representatives Poage, Abernethy, Foley, de la Garza, Vigorito, Jones of North Carolina, Montgomery, Burlison, Rarick, Jones of Tennessee, Melcher, Belcher, May, Goodling, Miller, Mayne, Zwach, Kleppe, Price, Myers, Sebelius, and McKneally.

Also present: Christine S. Gallagher, chief clerk; John A. Knebel, assistant counsel, and L. T. Easley, staff consultant.

The CHAIRMAN. The committee will please come to order.

We are met this morning to further consider general farm legislation and our first witness this morning is Mr. Glen Hofer, the executive vice president of the National Association of Wheat Growers.

Mr. Hofer, we will be delighted to hear from you.

STATEMENT OF GLEN HOFER, EXECUTIVE VICE PRESIDENT OF THE NATIONAL ASSOCIATION OF WHEAT GROWERS; ACCOMPANIED BY E. L. HATCHER, PRESIDENT, NATIONAL ASSOCIATION OF WHEAT GROWERS

Mr. HOFER. Thank you, Mr. Chairman. I would like to introduce Mr. E. L. Hatcher, from Lamar, Colo., our national president.

The CHAIRMAN. We are glad to have you with us, Mr. Hatcher, and anybody who lives in Lamar, Colo., and grows wheat out there in the valley. I am just hoping that you have had good rain.

Mr. SEBELIUS. Grows most of his wheat in Kansas. Mr. Chairman.

The CHAIRMAN. That is a little safer.

Mr. HOFER. Mr. Chairman, I will read our brief statement. Before I start I would like to say that there is a little error in the exhibits, in the last three pages. The page that says the wheat producers plight goes with a graph at the end of the exhibit. So, it should be labeled "Exhibit B" also.

Mr. Chairman and members of the committee, my name is Glen Hofer and I am the executive vice president of the National Association of Wheat Growers. We appreciate this opportunity to present our

views on general farm legislation for 1971 and subsequent years. While our organization, as a commodity group, necessarily concentrates its attention and efforts on affairs concerning wheat, we also appreciate the interrelationship of the various commodity programs. In this vein and in the interest of demonstrating unity, the National Association of Wheat Growers has joined with 16 other farm organizations, representing a very large segment of U.S. agriculture, in supporting a continuation of the present program with suggestions for amendments designed to strengthen its positive aspects. This so-called coalition proposal has been the subject of previous testimony before this committee, so we will confine our comments today to the rationale behind the four suggested amendments in the wheat provisions of that proposal.

Mr. Chairman, the National Association of Wheat Growers was deeply involved in the evolution of the wheat title regulations in the 1965 Food and Agriculture Act. Last year, faced with termination of the 4-year bill in 1969, we strongly recommended an extension of that legislation on a permanent basis, subject, of course, to the prerogative of the legislative branch to alter it in any manner and at such time as conditions should warrant. Our association's support for the 1965 act stems from our belief that it embodies the best combination of administrative tools necessary for coping with the problems that beset our industry. The fact that wheat stocks are again on the increase and that world and domestic wheat prices are disastrously low does not in our eyes, constitute a condemnation of the program provisions. A slight hysteria about a crisis in world food production—a green revolution which has abruptly and dramatically changed the world wheat production pattern—a 3-year period of good wheat weather which negated attempts to cut back U.S. production—a vicious spiral in production costs—these are the reasons the U.S. producer is in serious trouble—not because the 1965 act was ill-conceived.

But he is in trouble, so we are suggesting four ways the program could be improved in terms of providing financial relief from the inevitable ruin the commercial dryland wheat areas face if no help is forthcoming.

Export certificate.—The major change that the coalition bill recommends is a certificate for export wheat. The suggested amendment would require the Secretary of Agriculture to provide total support (loan plus certificate) at 65 percent to 90 percent of parity on 40 percent of a complying farmer's normal yield.

As an illustration of how this would work, let us assume that:

1. An export certificate was available for the 1970 crop.
2. Parity for wheat was \$2.77 on July 1, 1970.
3. The Secretary chose 65 percent as the support level.

In that case a complying farmer would receive:

Domestic.—\$2.77 per bushel for 48 percent of his normal yield.

Export.—\$1.80 per bushel for 40 percent of his normal yield.

Noncertificated.—\$1.25 per bushel for 12 percent of his normal yield.

The blend price would be \$2.20 per bushel for the normal yield on allotted acres.

The export certificate would be worth 55 cents, and if 500 million bushels were the export target used, the additional program cost would be \$275 million.

Change of effective date of support loan.—Under present regulations, an eligible producer requesting a support loan receives the basic country loan rate minus 10 cents storage when he places his wheat in a commercial storage elevator at harvest time. He does not receive the full national average loan rate provided by law unless he leaves his wheat in the elevator until loan maturity time, 10 months later. The proposed amendment would make the effective loan date coincide with the date the loan was taken out at harvest time.

When domestic market conditions exist, as they do presently with prices hovering at loan level, this change would have the effect of raising market prices by 10 cents.

Advance payments.—The success of a voluntary production-control program is dependent upon attracting a high percentage of potential producing acres into program participation. By the act of officially indicating his intention to commit his farm to compliance with program regulations, a producer makes his first contribution to the success of the program. We feel that upon request he should then be eligible to receive up to 50 percent of the diversion payments and certificate values due him.

There is precedent for advance payments in other commodity programs, and certainly it would be a relatively inexpensive method of providing financial assistance when a farmer needs it most—when fieldwork begins in the spring.

Limit on projected yield reduction.—There is presently no protection from having a very low per-acre yield caused by fire, hail, flood or other natural disaster, used as part of the formula setting an individual farm's yield. We ask that a limit of 5 percent be set as the most a projected yield might be reduced as the result of any one bad year due to natural disaster.

Those are the four recommendations outlined in the coalition bill mentioned earlier. None of them are particularly new ideas. Several of them have been debated before this committee at previous hearings, but not since the early 1930's has the wheat farmer's need been so acute.

The National Association of Wheat Growers is fully aware of the budgetary pressures our Government is operating under today. We recognize the priorities that must be placed on our national defense and on correcting the conditions that are blighting our cities. Programs to relieve poverty and provide equal opportunity to those who remain disadvantaged must be implemented. We know that an urban oriented Congress is out of sympathy with expenditures on farm programs and that justification must be made in terms of the national interest. Our proposal to add \$275 million to the Government cost of the wheat program has drawn reaction ranging from stunned disbelief to barely controlled amusement. Yet, something must be done to relieve the cost-price squeeze on the producer or the commercial dryland wheat area faces financial disaster.

There is no point for me to enumerate before this knowledgeable committee the conditions which are squeezing the financial juice out of today's farmer. But I am not sure that even the members with agricultural backgrounds realize how close we are to seeing a major breakdown in land values in the wheat areas. This, of course, will trigger a corresponding collapse of credit, buying power and eventually the viability of huge sections of the Plains States and the Pacific Northwest. Please believe that we are not simply crying "wolf." We have a great

deal of evidence that the deterioration is already well underway. In an effort to document our analysis of the situation, we have solicited comments from a number of financial institutions in our member States. With your permission, I would like to read a reply from a banker in McCook, Nebr., which typifies the series of letters we have received. This letter is from Mr. Dennis Utter, vice president of the McCook Bank.

DR. MR. HOFER: I am Vice President and agricultural loan officer of a \$15.5 million bank in Southwest Nebraska. Our bank has approximately \$5 million invested in agricultural loans in the McCook trade territory. McCook is a rural city of 9,000 people serving as the trade center for a large rural population in Southwest Nebraska and Northwest Kansas. The economy of our city is almost entirely dependent upon the agricultural economy in our area. It is then, with a great deal of sincere concern that I write you this letter.

The agricultural population in America is undergoing a period of severe stress in which the survival of the farmer is being challenged. Certainly, during these periods of unfavorable economic conditions for the farmer, not only does the farmer suffer, but all people in the rural areas who are dependent upon agriculture for their livelihood. Needless to say, our community and the smaller communities in our area are also experiencing, with the farmer, this unfavorable economic climate. We are witnessing day by day, the financial decline of the independent businessmen in our communities. Many of them are being forced out of business.

Being in a position to keep track of the financial situation of my farm customers, I am deeply concerned that a great many of them cannot endure a continuation of the present agricultural situation. Many farmers, operators of efficient well-managed units, are quitting in desperation and in an attempt to salvage any net worth they may have heretofore accumulated.

Farmers, under the cost-price situation that has prevailed for a number of years, have not been able to earn a rate of return on their investment commensurate with returns earned in other segments of our economy. Now, not only is the rate of return unsatisfactory, we are witnessing a decline of land values in our area. This is particularly true in the dryland wheat areas. Dry cropland of the type that commonly sold for \$150 to \$175 per acre in the recent past, is now on the market at \$125 per acre and there is considerable buyer resistance even at these prices. In the last 12 months, I feel we have experienced as much as a 25 per cent decline in the price of some of the good farm land in our area.

The wheat program for next year calling for another 12 per cent decrease in wheat allotments with no compensation for diversion of cropland or alternative crops to which this additional idle land can be planted is going to add to the already untenable situation for the farmer. It is unrealistic to think that even the most efficient managers can continue to operate under these conditions.

The elimination of the investment credit, steadily rising costs, declining commodity prices further magnify the unsatisfactory conditions. The economic decline in agriculture is exerting increasing economic pressure on all of rural America. It is my sincere hope that the important contribution of agriculture to the national economy be recognized and that farm programs and national policies be designed to relieve, rather than increase the pressure being exerted on agriculture. I hope that you will have the opportunity to express my deep concern for the plight of the farmer to the Department of Agriculture and to Congress.

Very truly yours,

DENNIS UTTER.

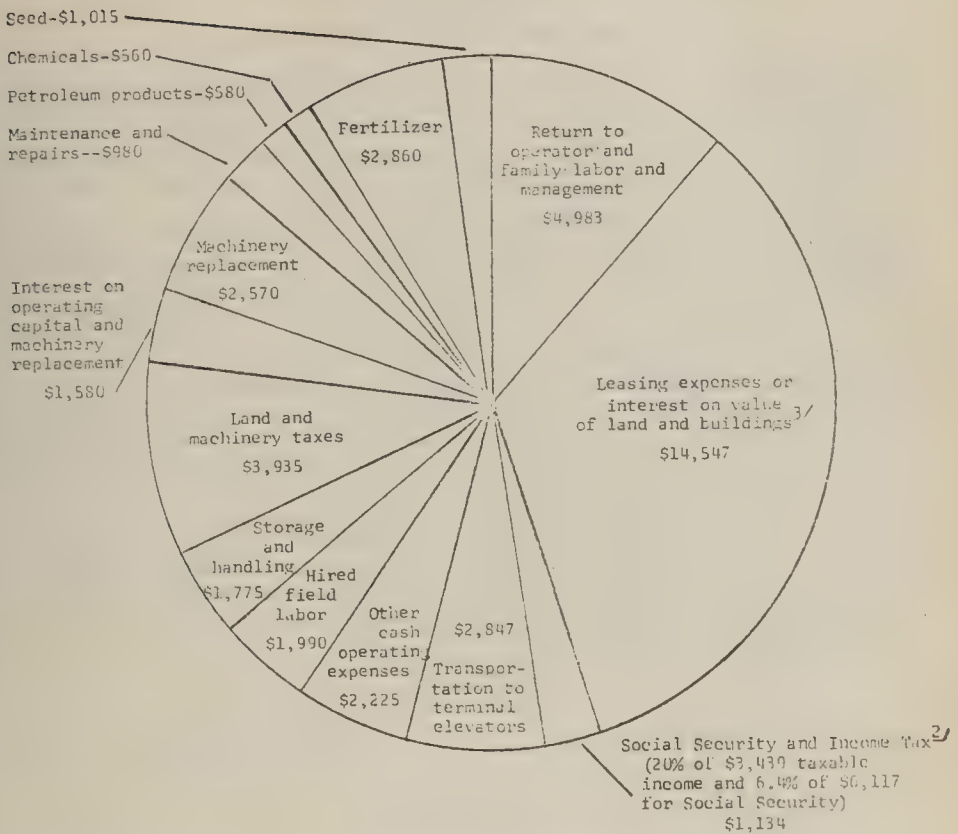
I think that is very typical of perhaps 15 letters we have received so far and they are coming in every day. I think the situation in the farm area certainly has deteriorated in regards to land values and we are afraid that might trigger further deterioration.

I will continue with my few pages here.

Also attached to this statement are two exhibits excerpted from a study completed by Dr. Dennis Oldenstadt and Dr. Elden Weeks of Washington State University. Exhibit "A" demonstrates with clarity how a gross wheat income of over \$43,000 is decimated by today's operating costs.

(Exhibit A follows:)

DISTRIBUTION OF GROSS INCOME^{1/} ON A REPRESENTATIVE
P.N.W. WHEAT-FALLOW FARM, 1968
(1,255 acres)



Source: Expenditure data from Washington Agricultural Experiment Station Circular 501. The average of all ten producing regions was used.

- ^{1/} The gross income was \$43,581 (Portland blend price including wheat certificate payments of \$1.99 x 43.8 bu./acre x 500 acres).
- ^{2/} Social Security tax estimated as 6.4% of \$6,117, self employment income. Income tax estimated as 20% of taxable income after subtracting four standard deductions or \$2,400 (\$6,117-2,400= 3,717 x 20%).
- ^{3/} One-third of gross income or 4.42% of farm market value of \$329,437, (the tax free income if farm were liquidated and money were invested in tax free municipal bonds).

Mr. HOFER. Exhibit "B" illustrates the impact that farm programs—or the removal of them—would have in the Pacific Northwest.

(Exhibit B follows:)

EXHIBIT "B"

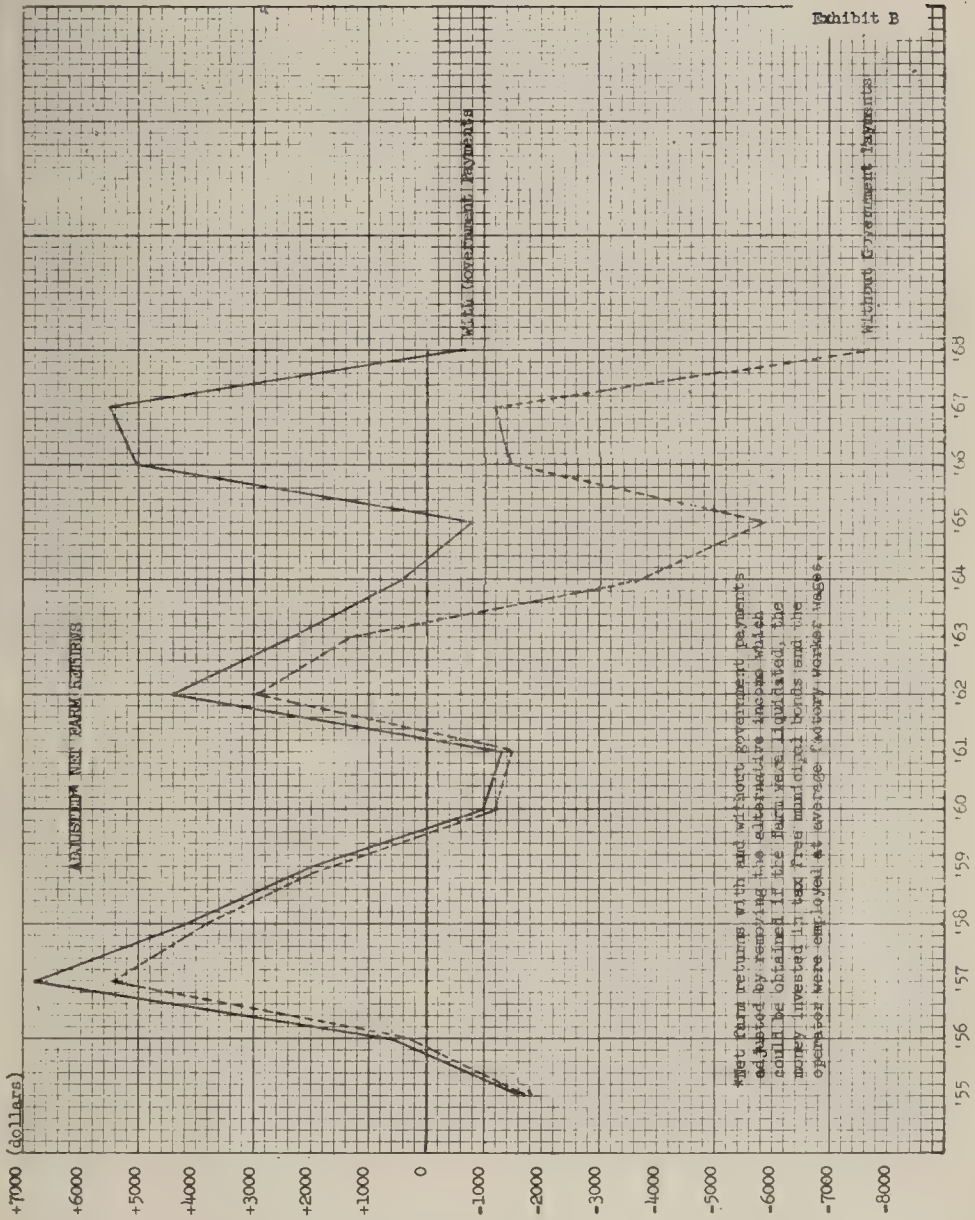
THE WHEAT PRODUCER'S FLIGHT

The following table best illustrates the impact of changing conditions on the individual wheat producer in the Pacific Northwest. Data on a representative wheat-fallow farm in the PNW were obtained from the USDA which show net farm retruns with and without government price support payments. These are the returns to the representative farm for operator and family labor, management, and interest on investment in land and buildings.

From this net return we subtracted the dollar amount the operator and landowners could have obtained had they liquidated their holdings and invested the money on tax free municipal bonds. In addition, we subtracted the dollar value of the operator's labor had he been employed at the average hourly wage of a worker in the U.S. manufacturing industry. This yielded the so-called adjusted net returns with government payments and the adjusted net returns without government payments shown on the accompanying graph.

The result is startling. With government payments to the representative farm, the return to the operator and landowners is small and has been negative in five out of the past 14 years. Without government payments, the adjusted net farm return would have been negative in eight out of the past 14 years and has deteriorated very markedly in the past seven years since 1962.

These results indicate that the PNW wheat producers are heavily dependent on government payments. Without them (assuming no change in market prices or loan rates) farmers would face financial disaster. And the communities, business firms and individuals so dependent on a financially healthy wheat industry would also suffer greatly.



Mr. HOFFER. We feel that the letters from our midwestern bankers and the Washington State exhibits provide emphasis to the negative side of our story. We cannot believe that the most urban of Congressmen would remain unmoved if he really understood the precarious nature of the rural scene. No one can doubt that a collapse of the extent we fear possible would not deal the total U.S. economy a serious blow and, indeed, an agricultural depression could quite conceivably lead the United States into the same dreary mess as it has done before.

But that is the negative side—we feel a strong positive case can be made in the national interest for the United States to have a healthy, solvent agriculture. Perhaps the percentage of the U.S. population actively involved in farming is not impressive, but agriculture can provide imposing statistics establishing a vital role in our overall economy. Again, there is no use for me to reiterate before this committee the facts relating to balance of payments, agriculture-related employment, the farmer as a customer—you know them all. But I am afraid that 90 percent of the House of Representatives does not understand fully the positive or the negative side of the story. If they did—if the Representatives with a district of apartment dwellers and commuters would have the patience to hear our story and to appreciate the obscure but direct relationship between the interests of his constituents and those of the farm belt—then I think he would agree to some priority for farm problems.

Perhaps we are wrong—perhaps the frenzy to reduce Government expenditures will wipe us out, but the National Association of Wheat Growers and the other 16 organizations supporting the coalition approach are committing ourselves to the effort of placing the facts before every Member.

Thank you again, Mr. Chairman, for the opportunity to appear before this committee.

The CHAIRMAN. Thank you very much, Mr. Hofer. Now, I think that in order to proceed this morning, we are going to have to withhold questions until we have heard all of the witnesses, because the committee will have to adjourn within about an hour for the memorial service that is to take place.

If there is no objection, I am going to ask that you stay with us, Mr. Hofer. We will call Mr. Goeppinger of the National Corn Growers Association, and then we will call Mr. Hadley of the National Livestock Feeders Association. When we get through with these statements, whatever time we have remaining we will devote to questions.

Mr. Goeppinger, we are glad to have you with us. We have had Mr. Goeppinger before and we have always had an interesting discussion on the feed grain situation. We are glad to hear from you.

STATEMENT OF WALTER W. GOEPPINGER, PRESIDENT, NATIONAL CORN GROWERS ASSOCIATION

Mr. GOEPPINGER. Thank you, Chairman Poage, and the members of the House Agriculture Committee. We appreciate the opportunity to be here to represent corn. I know that you are planning to adjourn early and I am going to merely speak from the hip, so to speak, this morning.

I have filed a statement with you which I believe all of you have before you. If you do not, we will see to it that you do have it. I think that in the interest of time it would be better if I review the major points verbally here and not read my statement.

The CHAIRMAN. We are trying to follow that procedure, and without objection, we will insert your entire statement in the record. That is what will appear, and that which you summarize, if you care to, will not appear.

Mr. GOEPPINGER. That will be fine.

My name is Walter W. Goeppinger and I reside on a farm near Boone, Iowa. I am president of National Corn Growers Association with headquarters in Boone, Iowa. The association has members located in 34 U.S. corn-producing States and was directly involved in the original activation of the U.S. Feed Grains Council as its market development arm. This council has eight corn market development offices in foreign countries with projects in almost 20 countries.

Mr. Chairman and members of the committee, we wish to express our appreciation to you for holding these hearings now which should permit the enactment of farm and food stamp legislation in the near future.

We have been and are a part of a group of 17 general farm and commodity organizations which have expressed opinions and presented them to the national officials both in Congress and in the U.S. Department of Agriculture. These organizations met recently and found they were in accord on the extension of the basic features of the Food and Agriculture Act of 1965 and the extension of the food stamp program. Most of them had worked in unison for its passage in 1965. We in National Corn Growers Association support H.R. 12430, introduced by your chairman, Mr. W. R. Poage from Texas, which would extend the Food and Agriculture Act and the food stamp program for 1971 and succeeding years. Although I do not speak for any of the other 16 organizations in our unified group that support the extension of the Food and Agriculture Act of 1965, and the food stamp program, we in National Corn Growers Association are most encouraged by the unity that exists among these important farm groups.

The feed grains section which is a part of this proposed bill is widely supported by feed grain farmers throughout the United States. This program represents a refinement of operations which has kept supply and demand in balance over a long period of years and has been eminently successful in maintaining its balance. Over 1,661,000 farms are participating in the feed grains program in 1969. These farms account for more than 70 percent of the feed grain base acreage of all farms. This alone attests to the acceptability of the program and the desire on the part of farmers to keep production and consumption in balance through it.

Since the enactment of the feed grain program's basic statute in 1961, it has gotten rid of burdensome surpluses built up during a period when there was no control on production in the late 1950's. It has stabilized production, supplies, and prices and has been most helpful to the livestock industry which is profiting from this control now. Therefore, it likewise has stabilized meat supplies available to the consumers. U.S. feed grains of which corn is by far the largest component are the basis of our high-protein diet of meat, milk, and eggs

both for the citizens of the United States and the countries to whom we export our feed grains and our meat products.

Corn is by far the largest crop raised in the United States in both bushel and dollar value. At \$5 billion annually its value is that of our wheat and soybean crops combined. The producer of it needs production control guidance from the U.S. Department of Agriculture as our productive capacity is far beyond what the market can take at any reasonable price. If the approximately 28 million acres of corn which will be diverted from production under the voluntary feed grain program this year were to be planted to corn we could raise about 6.7 billion bushels of corn instead of the 4.3 billion bushels the USDA currently estimates for 1969 production.

Because of our great agricultural productive capacity Congress enacted the 4-year feed grain law in 1965 that has now been extended to include 1970. Producers can or may not choose to participate in it depending on how attractive USDA makes the compliance. In any event the USDA acts as a referee in determining how the administration of the law should be carried out. Their decisions in a large measure influence how much corn will be raised and what the price will turn out to be. The purpose of this testimony is to acquaint you with the policies of National Corn Growers Association concerning recommendations for the period starting January 1, 1971, that would aid and abet the extension of the Food and Agriculture Act of 1965 as proposed by your chairman, Mr. Poage.

This testimony will discuss what we call a blend program covering the following subjects:

- (1) Limited whole farm retirement—permanently removing some agricultural lands from production.
- (2) Capability to adjust year-to-year production via short-range program in conjunction with No. 1.
- (3) Continued emphasis on exports.
- (4) The need for a consumer food reserve.
- (5) Corn pricing and loan policy.
- (6) Need for a favorable climate for new farmers.
- (7) Assistance in providing adequate diet for all U.S. citizens.

1. WHOLE FARM RETIREMENT

It is our suggestion that part of the acres needed to be taken out of production in the United States to balance production of basic crops with probable demand be removed through sufficient funding of the present CAP program to supplement the regular year-to-year adjustment program. We recommend that a special effort be made to rent the farms that have already been taken out of economic circulation permanently under the old soil bank program in years gone by and the present CAP program.

In a conference with Iowa State University Center for Agricultural Economic Adjustment officials last month were told by them that it would probably take about 102 million acres in whole farms to get enough of our total of 350 million crop acres in the United States out of production in order to balance production and consumption of our products, if the pattern of low productivity acres being rented prevailed and the entire adjustment was attempted on a whole farm long-term basis.

Secretary of Agriculture Clifford M. Hardin has said that the problem of U.S. agriculture is ability to produce too much and that production must be cut back by the retirement of acres. We have been saying ever since the inception of farm programs that we have had nothing more or less than a land rental program so far as getting corn acres out of production. Our present rental program under the Food and Agriculture Act of 1965 is as cheap as it can be done. Farmers look at the overall feed grain payment for their farm and then divide it by the number of diverted acres to determine whether the land rental payment is high enough to entice them into participating in the program. They of course want to be a part of a cooperative movement to hold production and consumption in line but nevertheless it must have its economic answer and incentive. We feel that any other proposal propounded by people who say that it can be done cheaper are not being practical. It will take just so many dollars to get this job done and if whole farms are bought out at a cheaper cost per acre, it is just going to take many more acres to achieve the results desired. We will wind up with as costly or more costly a program without the advantages of the present one.

With the great increase in farm technology continuing, it is possible that it would in the future take over 120 million acres in whole farms to be retired to achieve a balance in production. Recently we have been retiring about 60 million acres under all Government farm programs which includes many of our best acres. Therefore, we think of the CAP long-term land retirement program now provided for in the Food and Agriculture Act of 1965 as an adjunct to the functioning of the main segment of that act which adjusts anticipated needs to probable market each year.

Now, also on this point, Chairman Poage some time back introduced a bill that had to do with the purchase of farmland for various purposes on a long-range basis and we think that this was a pretty good act that he introduced and I think it should be given consideration at this time also when there is consideration of how to handle land use for other than agricultural purposes.

2. CAPABILITY TO ADJUST YEAR-TO-YEAR PRODUCTION VIA SHORT-RANGE PROGRAM IN CONJUNCTION WITH THE CAP

The mainspring of the Food and Agriculture Act of 1965 has been the ability of that law to adjust production of the various important commodities of the United States to the probable market therefor on a year-to-year basis. Corn farmers believe that the ability to produce should be ever ready on short notice. If adjustment of acres was on a long-term whole farm retirement basis then the ability to turn on the production faucet on each individual farm is lost. Under the present law each farm that is participating in the program has diverted acres which can be increased or decreased from year to year according to the anticipated needs when the program is announced a few months before planting time. From corn's standpoint it is self-evident that adjustment is imperative. In 1960 our U.S. corn consumption was 3.6 billion bushels. It has grown to about 4.4 billion today and by 1975 could easily reach 5 billion brought about by the great increase in consumption of meat, milk, and eggs, both at home and

abroad. We must be ready to adjust to these continuing changes on an annual basis.

3. CONTINUED EMPHASIS ON EXPORTS

Because the United States is the largest exporter into the world corn markets, it will be faced with the problem of producing more corn than can be utilized in the United States each year in order to have corn "on the shelf" at all times for all its customers. The uncertainty of production around the world due to weather variability will tend to put downward pressure on corn prices every year when it appears that world corn production might reduce our export demand. Producing a large amount of corn for which there is an uncertain market places a premium on having a consumer reserve food program that will also protect the farmer who is asked by U.S. and world society to take the risk of producing more than enough each year for it. We don't want to ever run short. The fact that a 10-percent reduction in world food production by unfavorable weather could wipe out our present U.S. food reserves puts pressure on us to establish larger reserves to protect the consumer. As the United States supplies more than half of all the corn moving between continents in world trade we must look on a consumer food reserve in terms of protecting not only U.S. consumers but also the needs of our export customers. We must look on our exports of grain as a big business that has great future potential for the benefit of the American farmer and the United States as a whole if properly managed. We must think in terms of a much larger reserve than we have considered in the past. It is therefore necessary that the food reserve we will mention later herein be considered a benefit to society and not just a protection to the farmer.

As the instigating agency for the formation of the U.S. Feed Grains Council, National Corn Growers Association is a staunch supporter of its activities and fully knowledgeable of the methods used by Foreign Agricultural Service of USDA and its cooperative agreements with the U.S. Feed Grains Council. Therefore we suggest that we continue to follow our present course of world corn marketing and market development policy with the exceptions noted below and attempt to further stimulate overall world demand for corn through the activities of the U.S. Feed Grains Council and Foreign Agricultural Service contract, hoping that we can get enough of an enlarged world market to keep our total exports on the increase.

U.S. farmers living in a country where all the items of cost of living and cost of operations continue to go up, it is necessary that their product prices increase also. However, U.S. corn sold on world markets must compete against producers who have much lower standards of living. In many cases they live without such taken-for-granted conveniences as electricity and inside plumbing. Taxes are low because educational availability is low and so are other public expenditures. We ask you in reviewing farm policy to consider the possibility of a two-price system for U.S. corn, a price for that portion of the U.S. corn crop consumed within our borders that would average the farmer in the neighborhood of \$1.25 to \$1.30 per bushel and then an export

price that would make our corn competitive on world markets and bring in the foreign exchange so desirable to the United States, plus assisting in increasing the dietary level of food consumers throughout the world. The two-price system could be effectuated by (1) creating a cash subsidy for U.S. export corn, or (2) reactivating the payment-in-kind subsidy program of the early 1960's. Even if the subsidy was set as high as 15 cents per bushel it would only cost about \$100 million when we export 700 million bushels of corn. This would return to the U.S. Government almost \$900 million in foreign exchange dollar credits or \$10 back for each \$1 invested. In addition we would have a 15-cent upward effect on the entire U.S. corn crop or an increase of \$660 million in U.S. corn farmer's net income.

Other world producers have gone on expanding production while the United States has restricted production. We are the only country attempting to balance production and consumption and thus not glut the market. On the price upside, assurances need also to be given to United States and world purchasers of our corn that the United States can always supply their needs at reasonable prices. The consumer food reserve to be discussed next would guarantee this to them.

4. THE NEED FOR A CONSUMER FOOD RESERVE

In order to make our whole system of food supplies function with assurance to domestic and world consumers, a consumer food reserve is a logical consideration. The four necessary components of such a reserve are:

(1) The reserve amount for corn for any marketing year should be established at a percentage of the estimated export and domestic demand for it.

(2) Whenever during any marketing year the uncommitted stocks of corn owned by Commodity Credit Corporation fall below the reserve level established for it, the CCC should acquire sufficient quantities of corn necessary to rebuild the reserve at a purchase price reflecting the prevailing market level.

(3) When the corn has been purchased and placed in the reserve it must be held in such a manner so as not to affect market price.

(4) To the very utmost practical, reserve stocks of agricultural commodities should be maintained under producer control.

5. CORN PRICING AND LOAN POLICY

With all other major segments of the U.S. economy experiencing increases in wages and prices, corn farmers feel that corn loans and price support payments on U.S. corn should be higher than at present, in order to relate our corn prices to these wage and price rises that have taken place elsewhere in our U.S. economic structure. Only through a two-price system relating to the domestic portion consumed and the export portion as explained previously can farmers hope to have increasing prices for their corn production that will keep them in balance with the rest of the U.S. business world. As to corn loan policy and administration—we request that the present nonrecourse system be continued as well as the resale program that we now have.

Modification of laws to make it more feasible legally for corn farmers to negotiate marketing contracts with buyers is a desirable objective also, we believe.

6. THE NEED FOR A FAVORABLE CLIMATE FOR NEW FARMERS

One of the greatest problems facing Corn Belt agriculture is the lack of economic incentive to bring young men into farming. Too many people have already moved to the cities to aggravate the problems of urban living. More and more Corn Belt-reared boys are leaving the farm than ever before. As they reach the family formation age they seek other employment because there is not enough income in farming today to entice them to become farmers. As the years go on, the average age of the Corn Belt farmer rises. At some stage in the next 10 years we will find that there is a dearth of farmers to farm the land. This is already showing up in some areas. The high initial cost of equipment to get into farming, the high capital investment needed for the purchase of land, and the low returns from farming in relation to capital invested all discourage young farmers from entering the profession. The production of food and fiber for this country is paramount. Only after food, shelter, and clothing have been provided can people enter the other trades, arts, and sciences. We urge you to consider the urgency of improving the income of farmers as a step in preventing the breakdown of succession of one generation of farmers to the next.

7. ASSISTANCE IN PROVIDING ADEQUATE DIET FOR ALL U.S. CITIZENS

We are cognizant of the fact that the House Agriculture Committee has been the initiator of an aggressive food stamp program and of expanding the food aid to schoolchildren as well, including therein not only adequate supplies of food but the right kind. We compliment you for this and stand ready to assist you as we have in the past in the attainment of these goals should you call for our support once more.

We believe that the food stamp program should continue to be administered by USDA and trust that it can be continued in that Department of the Government.

We leave to you the manner in which the food stamp program is formulated in the new law and believe that with the experience that the USDA has had that it can do the best job in carrying out the execution of it.

SUMMARY

Farming in the United States is an ever-changing and growing industry. It is unlikely that a permanent adjustment can be reached in the use of farmland which would eliminate the need for supply management on an annual basis. The retention of the CAP program as an adjunct to the annual adjustment program is good in our opinion.

We are grateful to you for recognizing the need to keep production and consumption in balance within U.S. agriculture and to properly remunerate farmers for their work. We stand ready to support

you in your efforts to achieve this worthy objective and to get it and our suggested program adequately funded. We recommend that the Food and Agriculture Act of 1965 be extended permanently along the guidelines of H.R. 12430. We commend you for striving toward the goal of properly feeding all in need in our country. We are pleased that you will consider carefully the points enumerated above and our recommendations concerning them. Thank you most sincerely for allowing us to bring this testimony to you.

Thank you.

The CHAIRMAN. Thank you so much, Mr. Goeppinger. We appreciate your statement. Now, if you will bear with us and stay with us, we must hear the statement of the Livestock Feeders Association. Then we will try, if we have some time, to engage in questions for all of you.

Mr. Hadley and Mr. Magdanz. We are delighted to have you both.

STATEMENT OF GILBERT L. HADLEY, PRESIDENT, NATIONAL LIVESTOCK FEEDERS ASSOCIATION; ACCOMPANIED BY DON F. MAGDANZ, EXECUTIVE SECRETARY, NATIONAL LIVESTOCK FEEDERS ASSOCIATION

Mr. HADLEY. Thank you, Mr. Chairman. I am G. L. Hadley. I am a farmer from northwestern Illinois and I am engaged in producing crops and harvesting them and eventually feeding these crops to livestock for the slaughter market.

I represent the association which is primarily engaged in the same type of operation. Naturally, we are concerned with the well-being of agriculture and our board of directors as well as our membership have given a lot of thought to problems faced by this committee and others in the future of agriculture.

The CHAIRMAN. May I interrupt, Mr. Hadley? I know that you have a rather comprehensive statement that has been put before us. Is that what you would like to have inserted in the record or would you—

Mr. HADLEY. Yes. We do have the complete comprehensive report which will be in the record.

The CHAIRMAN. Without objection, that will appear in the record.

Mr. HADLEY. Yes. And—

The CHAIRMAN. You may proceed.

Mr. HADLEY. Well, actually, we have given this thing considerable thought and we do feel that we have certain ideas that may be helpful to this committee in formulating future plans for agriculture.

I have with me our national secretary, Don Magdanz, who will present our prepared statement at this time. I would like to turn this over to Don, who will carry on this part of our presentation.

Mr. MAGDANZ. Mr. Chairman, and members of this distinguished committee:

On behalf of the National Livestock Feeders Association, Mr. Hadley and I are grateful for the opportunity to present some views, opinions and recommendations relative to proposed farm program legislation that would follow the expiration of the Food and Agricultural Act of 1965. We respect the magnitude of the problem facing

this committee and the Congress in an attempt to formulate a program that will accomplish certain necessary objectives for agriculture and still be within the limitations of budget possibilities as well as the acceptability of other segments of the Nation's economy.

Furthermore, we compliment the sincere dedication of the chairman and all members of the committee in your untiring search for improved approaches to the problem. The enormous amount of time that you have spent on farm program legislation over a period of many years and the divergent views with which you continue to be confronted testify to the fact that solutions to the problem are not easy. In fact, at times clear workable solutions have appeared almost impossible, perhaps requiring certain trial and error in order to come up with the best that can be devised under the circumstances.

Though most members of the committee are well acquainted with the National Livestock Feeders Association, allow me to insert briefly for the record that ours is a trade organization of persons engaged in the business of feeding livestock * * * cattle, hogs, and lambs. Though our membership extends into many more States it is most prominent in the northcentral and plains area of the country, a region that feeds about 65 percent of the cattle and raises about 75 percent of the hogs produced in this country. Though 98 percent of our members feed cattle, it is significant to this discussion that about one-fourth of them also have beef cow herds along with their feeding and farming operations right in the vast grain producing area of the Nation.

We appear here today representing a segment of the agricultural industry that not only provides a market for most of the feed grains utilized in the United States, but also people who raise substantial quantities of it. As we have told this committee previously, even as purchasers of feed grains which are a raw material in meat production, we are not maneuvering for lower feed grain prices. It is in our best interest if farmers can realize reasonable returns for feed grains providing them with adequate income commensurate with their business operations and the cost of production they face. While the impact on livestock prices of cheaper feed grains is no longer as direct and positive as it was a few years ago, we do not ignore the fact that feed grain prices are a factor in livestock prices at least in the long run.

Thus, we are equally dedicated to strengthening farm income which in turn can be very helpful to the livestock industry. Though we have not attempted the preparation of actual legislation, we are hopeful our views, comments, and suggestions will be helpful to the committee.

NECESSITY OF PRICE SUPPORT PROGRAMS

There are those who would do away with price support programs on the agricultural commodities which are available under the Food and Agricultural Act of 1965. We probably do not need to suggest to this committee that such an approach could seriously affect the financial well-being of the agricultural community including not only actual farmers, but credit agencies, businessmen in small towns, and many others. It could also extend itself into many other segments of the economy because agricultural people would no longer be able to buy the vast quantities of goods and services used in their production

activities. We do look forward to the time when price support expenditures can be substantially reduced, or minimized, but we do not believe they can be done away with quickly or even entirely.

Commodity price support programs and acreage control have been in existence in some form or another for over 35 years. During this time, production abilities and scientific advancements have clearly outrun the utilization for the various crops and grains including both the domestic needs and export possibilities. This blessing of abundance turns about to plague the agricultural industry and clearly creates a problem with which we will probably have to reckon for some time to come.

PURPOSES OF COMMODITY PRICE SUPPORT PROGRAMS

The provisions of the Food and Agricultural Act of 1965 have been severely criticized by some who contend it has been a dismal failure and has not solved all of the farm problems. We do not agree with such a bold assessment. It must be recognized that these programs were never designed to solve all of the farm problems. At least many of the trials and tribulations in agriculture have been caused by circumstances other than agricultural factors such as inflation, to which farm legislation was never intended to apply.

The legislation which has been in effect was for the purpose of maintaining farm income and stabilizing prices while assuring adequate supplies of agricultural commodities. To this extent, at least, I believe we must declare it has achieved a measure of success, even though not as rewarding as might be desired.

It must be concluded the legislation has contributed to maintaining farm income, and in fact there are figures to substantiate an improvement in farm income depending upon the way comparisons are made. Also, we believe it can be argued successfully that farm income has been raised over what it otherwise might have been under a different program of approach or none at all.

It is evident there is also improved acceptance among feed grain producers this year since the voluntary participation already in evidence has increased rather substantially over previous years.

This should in no way indicate that we feel improvements cannot be made. On the contrary, we do make some recommendations which are believed to offer an opportunity over a reasonable number of years for more lasting benefits to agriculture and hopefully an eventual reduction in actual Government costs. Before outlining our suggestions and recommendations, we would like to dwell briefly on the cost problem.

FEDERAL FINANCIAL COMMITMENTS

In an undertaking of this magnitude, it must be accepted that considerable cost to the Federal Government cannot be avoided. In fact, in order to make a realistic approach to what is necessary it may well be considered that increased costs may be required temporarily to accomplish more meaningful results in the end.

We find it difficult to understand how there can be logical expectation that the cost of such a program for agriculture should decline,

when cost of all other Government programs, expenditures, prices, wages and salaries, goods and services, education, welfare, and most anything you want to name, has increased from modest to substantial levels and is continuing to do so.

POSITIONS OF THE NATIONAL LIVESTOCK FEEDERS ASSOCIATION

For quite a number of years this association has recognized that the basic solution to the feed-grain problem lies in decisions on land-use policy. This has been stated to this committee on several occasions before. In so doing, we have hoped that economic forces might function to determine land use. Obviously they are not doing so, or at least not fast enough.

In our statement to the Secretary of Agriculture at his first "Listening Conference," held in Lincoln, Nebr., we made these observations, but went on to say that the crying need of the hour is to determine what practical methods can be employed to shift some of the land out of production on which we are now producing feed grains and other crops, and perhaps to other uses to which the industry in the country has the greatest need. Without going into detail we advised that this is the direction a solution must follow in order for it to be most meaningful and lasting.

Also, we have expressed ourselves to this committee on the advisability of devising a farm program which would include definite steps toward termination of Government-financed programs. It is our considered opinion, now, that we cannot expect this to take place either on a complete basis, at least within the foreseeable future. Nevertheless, we believe certain steps can be taken which offer the possibility of eventually minimizing Government responsibility and relative cost to the Nation as a whole.

GENERAL APPROACHES WHICH HAVE BEEN SUGGESTED

While we have not heard all of the testimony presented to this committee since these hearings began, nor have we had an opportunity to review all of the ideas brought forth, we believe that basically they would fall into two general categories. First would be the renewal and extension of the Food and Agricultural Act of 1965. The other would involve massive land retirement for a reasonable period of years coupled with a step-by-step phaseout of price support and acreage diversion payments.

While both of these approaches have merit, neither offer a satisfactory solution in themselves and we, therefore, recommend a third. In order to accomplish meaningful results and actually achieve what we are trying to do, we must look to a combination of the basic ideas which have been suggested. Through a combination we would expect to clearly lower productive capacity until increased supplies may be necessary to meet domestic and foreign needs, but maintain farm income and prices while this adjustment is taking place.

We realize this suggestion is not entirely new since the act of 1965 contains a cropland adjustment section. However, it has not been sufficiently funded so its operation has been limited.

SPECIFIC RECOMMENDATIONS OF THIS ASSOCIATION

1. Extend the commodity price support programs and acreage diversion provisions in a manner similar to those contained in the Food and Agricultural Act of 1965.

2. Fund a cropland adjustment program, whereby cropland is simply taken out of production. The suggestion is that:

(a) Retirement be at the rate of 10 to 12 million acres per year;
 (b) Participation be voluntary and be accomplished on a bid basis;

(c) An easement approach could be used if desired thus allowing some flexibility for release of cropland in the future when it might be needed for reinstatement of production or for noncrop uses;

(d) Emphasis be placed on marginal or less productive land;

(e) Limitations be placed on amount of cropland that could be retired in a county per year.

Under the cropland adjustment it would be hoped that some 50 to 70 million acres of cropland could be retired over a period of 5 or 6 years. Certain of this acreage could be allowed for various purposes beneficial to consumer interest and for recreation facilities where it was appropriate. It should not, at any time, be released for purposes that would be competing with any other crops under commodity programs or allowed to compete with any other segments of agriculture not involved in commodity programs.

The price support aspects of the act of 1965 would be for the purpose of maintaining price levels and income while the cropland adjustments were being expanded and taking place. As we approached the desirable level of the land retirement under the cropland adjustment, and perhaps even before, it is reasonable to expect that price support and diversion payment needs would decline and become less operative and necessary.

Thus, we should be moving toward accomplishment of the same result as would be expected from a specific phaseout of price support and diversion payments over a period of 5 years at the rate of 20 percent per year. In so doing, though, agriculture would not be placed in a vulnerable position as could be the case if the cropland adjustment did not have its effect as quickly or to the degree anticipated. After retirement goals were reached, the price support provisions could remain on a standby basis and, if not used to any extent, would be relatively inexpensive.

There have been public statements to the effect that the combination of an approach to the farm situation is not practical in this day and age, and under circumstances of a declining farm population versus increased urban population. Also, the various segments of agriculture have been criticized for not coming forward with a united idea and for having such divergent views as to render themselves less effective.

We might add at this point that the Nation's urban dwellers must recognize that they have enjoyed a supply and quality of food and food products unequaled any place in the world. Also, they have been able to buy this abundance of food while spending a definitely declin-

ing proportion of their disposable income. Persons in no other country enjoy the abundance, the variety, and the quality of food products for only 16.4 percent of their disposable income, a figure that has been reduced from 20.6 percent of per capita disposable income just a decade ago.

Divergent views on the part of agricultural people do not necessarily bring about an unhealthy situation. We can no more expect individuals in agriculture to be in complete agreement in their thinking than can we expect individuals in other segments of the economy to be completely united in their views and opinions.

SHOULD INCREASES IN BEEF COW NUMBERS BE ENCOURAGED THROUGH GRAZING ON RETIRED ACRES?

Because of certain analyses, projections, and ideas, which have been expounded and circulated in recent months, we now wish to address ourselves to the advisability of encouraging increases in cow numbers through grazing on cropland adjustment acres. Though varying in detail, some studies have been conducted and released which would suggest, at least, that some acres retired from cropland production might well be released for permanent grass to be used in the production and growing of livestock. I believe it is correct to state that in one case, at least, it was pointed out by 1975 the Nation's consumers might well use as much as 9.5 billion pounds more beef and some 30 to 40 million acres of cropland could be put into permanent grass for the production of beef cows.

We have studied this proposition seriously and have compiled data which furnishes evidence of the inadvisability of deliberately encouraging increases of beef cow numbers. In order to put our projections in proper perspective it seems essential that we first review some historical data from 1960 to 1969 which clearly shows some trends that have taken place. The data also show we are approaching the expiration of certain trends and therefore cannot expect them to continue to the same extent that has occurred in the past 9 years.

The data are summarized in a series of tables designed to show what has occurred in the cattle and beef production since 1960. They are not footnoted, but all of the figures, except those calculated, have been taken from various publications of the Department of Agriculture. Calculations which have been made are according to recognized procedure used in the Statistical Reporting Service of the USDA.

TABLE I.—NUMBER OF COWS, 2 YEARS OLD AND OVER, AS OF JAN. 1, 48 STATES

	1960	1964	1968	1969
Dairy cows.....	19,527,000	17,629,000	14,626,000	14,106,000
Beef cows.....	26,344,000	32,712,000	35,314,000	36,002,000
Total cows.....	45,871,000	50,331,000	49,940,000	50,108,000

Table I indicates what has happened to the number of cows 2 years old and older in the 48 States. Total cows increased approximately 4.5 million head from 1960 to 1964, but since the latter date have remained relatively stable. During the same 9-year period, though, the number

of dairy cows has declined about 5.4 million head, while the number of beef cows has increased nearly 10 million head.

TABLE II.—CLASSIFICATION, FEDERALLY INSPECTED SLAUGHTER

[In percent]

	1960	1964	1968	1st half 1969
Steers.....	54.4	57.4	51.9	53.0
Heifers.....	21.3	20.4	27.0	26.3
Total.....	75.7	77.8	78.9	79.3
Cows.....	22.9	21.2	19.5	19.1
Bulls.....	1.4	1.1	1.6	1.5
Total.....	24.3	22.2	21.1	20.6

Data in table II includes the percentage classification of cattle slaughtered in federally inspected plants. These percentages have been applied to total commercial slaughter for the calculations in table III because only the FI breakdown is available. The slaughter data shows that the percentage of steers, cows, and bulls in the total FI slaughter has been relatively consistent. It also demonstrates that the percentage of heifers in the slaughter has increased between 5 and 6 percent since 1960.

TABLE III.—COMMERCIAL SLAUGHTER, CATTLE AND CALVES

	1960	1964	1968	1st half 1969
Calves.....	8,225,000	7,254,000	5,443,000	2,458,600
Steers.....	13,733,000	17,652,000	18,201,000	9,078,000
Heifers.....	5,366,000	6,290,000	9,458,000	4,505,000
Total.....	19,099,000	23,942,000	27,659,000	13,583,000
Cows.....	5,771,000	6,525,000	6,851,000	3,287,000
Bulls.....	354,000	352,000	542,000	258,000
Total.....	6,125,000	6,877,000	7,393,000	3,545,000
Total cattle.....	25,224,000	30,819,000	35,052,000	17,128,000

Of important significance in table III is the fact that commercial slaughter of calves in the United States has declined nearly 3 million head from 1960 through 1968 and, from the figures in the first half of 1969, it is rather apparent there will be a further decline this year. While in the same percentage as the classification in FI slaughter, table III also shows the increase in absolute numbers of cattle in the commercial slaughter reflecting both percentage changes and the annual increase in total commercial slaughter of cattle.

While steer slaughter by 1968 had increased about 4.5 million head, heifer slaughter rose over 3 million head. By 1968, about one-third of the combined steer and heifer slaughter consisted of heifers and two-thirds consisted of steers.

It is not likely that the declining trend in calf slaughter can continue at the same rate as occurring between 1964 and 1968, nor is it likely that the increasing trend in heifer slaughter, which occurred between the same years, will take place at the same rate in the future.

TABLE IV.—COMMERCIAL BEEF PRODUCTION, POPULATION, AND CONSUMPTION

	1960	1964	1968	1st half 1969
Commercial beef production (million pounds).....	14,374	18,037	20,662	10,163
Population, July 1, United States.....	180,684,000	192,120,000	201,152,000	203,365,000
Per capita beef consumption (pounds).....	85.2	101.1	109.4	¹ 110

¹ Estimated.

Commercial beef production, population, and per capita consumption are exhibited in table IV. Population figures in 1960, 1964, and 1968, are Department of Commerce figures including Armed Forces abroad and as of July 1 each year. The figure in 1969 is a projected total at an increase rate of 1.1 percent, which is about the population increase that had occurred in 1966, 1967, and 1968 compared to the previous year. Again, the percentage rate of increase is from the Department of Commerce as reported in the Statistical Abstract of the United States.

Note that commercial beef production has increased much faster than population since 1960. The industry has provided nearly 20 pounds more beef per capital over this 8-year period.

How has this increased beef production taken place with no appreciable change in the total number of cows in the United States, at least since 1964? It has resulted from a number of factors. The declining calf slaughter means that over 3 million head of calves since 1960 have moved into feedlots, where they have been slaughtered at weights probably in excess of 1,000 pounds per head instead of being slaughtered as calves. Furthermore, the turnover in feedlots has been faster since 1960.

TABLE V.—FED AND NONFED STEERS AND HEIFERS IN COMMERCIAL SLAUGHTER

	1960	1964	1968	1st half, 1969
Steers and heifers.....	19,099,000	23,942,000	27,659,000	13,583,000
Fed steers and heifers.....	13,435,000	18,104,000	23,040,000	12,215,000
Percent steers and heifers fed.....	70.3	75.6	83.3	89.9
Nonfed steers and heifers.....	5,664,000	5,838,000	4,619,000	1,368,000
Percent nonfed steers and heifers.....	29.7	24.4	16.7	11.1

Also, as exhibited in table V, while total slaughter of steers and heifers since 1960 had increased some 8 million head by 1968, we materially increased the percent of fed steers and heifers in the commercial slaughter and decreased the percentage of steers and heifers which were not fed before slaughter. As the calculation shows only about 70.3 percent of the total steer and heifer slaughter in 1960 had been fed prior to slaughter, whereas by the first half of 1969, this percentage increased to 89.9 percent. By the same process, nonfed steer and heifers slaughtered went down from 29.7 percent in 1960 to only 11.8 percent in the first half of 1969. These percentage changes would have reflected increased beef production even without any change in total cattle numbers.

TABLE VI.—CLASSIFICATION, ALL CATTLE, COMMERCIAL SLAUGHTER

	1960	1964	1968	1st half 1969
Total commercial slaughter:				
Number.....	25, 224, 000	30, 819, 000	35, 052, 000	17, 128, 000
Percent.....	100	100	100	100
Fed steers and heifers:				
Number.....	13, 435, 000	18, 104, 000	23, 040, 000	12, 215, 000
Percent.....	53. 2	58. 8	65. 7	71. 4
Nonfed steers and heifers:				
Number.....	5, 664, 000	5, 838, 000	4, 619, 000	1, 368, 000
Percent.....	22. 5	19	13. 2	8
Cows and bulls:				
Number.....	6, 125, 000	6, 877, 000	7, 393, 000	3, 545, 000
Percent.....	24. 3	22. 2	21. 1	20. 6

In table VI, we have merely related fed steers and heifers, and nonfed steers and heifers, in commercial slaughter to total commercial slaughter figures which includes cows and bulls. Here we find that fed steers and heifers represented 71.4 percent of the total commercial slaughter in the first half of 1969, up from 53.2 percent in 1960. Nonfed steers and heifers represented only 8 percent of the total commercial slaughter in the first half of 1969, down materially from 22.5 percent in 1960.

The important point to be made is that while the slaughter of nonfed steers and heifers could decline further, there is no longer as much room for a downward change and we would not anticipate that the figure will ever reach zero. It is reasonably conceivable, however, that in just a few years nonfed steer and heifer slaughter will only represent about 6 percent of total commercial slaughter instead of 8 percent. If such should occur, fed steers and heifers in the total slaughter would increase a corresponding percentage.

TABLE VII.—PROJECTED POPULATION, PER CAPITA CONSUMPTION, BEEF PRODUCTION, AND BEEF COW NUMBERS TO 1975

	1967	1968	1969	1975
Population (millions).....	199. 114	201. 152	203. 365	216. 130
Beef production (billion pounds).....	19. 991	20. 662	21. 150	22. 478
Per capita consumption (pounds) (includes imports).....	105. 9	109. 4	¹ 110	¹ 110
Beef cows (million head).....	34. 685	35. 405	36. 097	38. 517

¹ 110 lbs. consumption minus 6# imports or 104# per capita domestic production.

Table VII contains projected population figures to 1975, the level of beef production needed to provide 110 pounds of beef per capita (including imports), and theoretically projected beef cow numbers 6 years hence.

Population projections can be made on a number of scales. Again, we have merely used the rate of expansion of 1.1 percent per year for which there is precedence in the past 3 years. We arrive at the population in 1975 of 216,130,000 persons in the United States. To provide this number of persons with 110 pounds of beef annually, we would need to produce 22.478 billion pounds.

The last category in table VII shows beef cows on hand January 1,

1967, 1968, and 1969. The projection in 1975 is merely a simple ratio of beef cows to production in the same relationship as that existing in 1968. Admittedly this is an oversimplification of the complex beef production factory. Nevertheless, we have included it for information purposes and for benchmarks to use in our discussion.

There are those who may feel that with per capita consumption of beef in 1968, and probable in 1969, of around 110 pounds per person, that by 1975 consumption may run as high as 120 pounds per person or even as high as 127 pounds per person. Frankly, we do not believe this will be the case nationwide. At least we consider it unrealistic to assume that in the next 6 years beef consumption per capita will increase much if any beyond present levels. In our opinion it would be a mistake to assume this increase could take place at favorable price levels for the producing industry and without throwing the industry out of balance considering the competing meats and food products that are and will be available. Thus, we feel that it is only reasonable to suggest that beef production by 1975 should not exceed about 22.5 billion pounds, or approximately 2 billion pounds above that produced actually in 1968.

Holding to our oversimplified ratio of beef cows to beef production, theoretically we could afford to have in the United States about 38.5 million beef cows by 1975. This would represent an increase of about 2.5 million cows over and above the January 1, 1969, inventory.

However, please recall previous comments made regarding possible further decline in calf slaughter as well as some further decline in non-fed steers and heifers in commercial slaughter. If either of these possibilities develop, and it is likely that both will, the projected increase in beef production by 1975 could take place in part, at least, without the increase of approximately 2.5 million head of beef cows.

Let us assume, for the sake of example, that by 1975 calf slaughter declined to about 3,443,000 head. Compared to 1968, this would mean about 2 million additional calves would then be marketed as steers and heifers and probably as fed steers and heifers. Assuming an average of 1,000 pound per head live weight, these 2 million head of calves would account for an increase of 960 million pounds of beef for consumption above what the calves would have produced as veal.

Likewise, if by 1975, we reduced nonfed steer and heifer slaughter to 6 percent of total slaughter, from the 4,619,000 head in 1968 to 2,103,000 head by 1975, this would throw 2,516,000 head of steers and heifers into the fed category. Assuming that as nonfed animals they were slaughtered at 700 pounds on the average, but as fed cattle they were slaughtered at 1,000 pounds average live weight, this change in the picture would account for another increase of 629 million pounds of beef.

Combining the increased beef production from these two sources, we arrive at 1.589 billion pounds which is three-fourths of the increase we can stand by 1975. This means that by 1975, instead of needing an increase of about 2.5 million head of beef cows, we would be able to use an increase of only about 615,000 head of beef cows.

Based upon these assumptions and projections, it is readily apparent that it would be a mistake to deliberately plan and encourage, through some form of incentive, a specified number of cows that might be

produced on cropland adjustment acres. As long as it is possible to do so, the cattle and beef industry feels it is imperative these changes and adjustments be allowed to take place under influences of economic forces.

TABLE VIII.—BEEF-COW NUMBERS, BY STATES, JAN. 1

[Figures, excluding percentages, are in thousands]

States	1960	1964	1968	1969	Increase, 1960-69	
					Number	Percent
48 States.....	26,344	32,712	35,314	36,002	9,658	36.6
Ohio.....	260	284	333	325		
Indiana.....	347	392	431	406		
Illinois.....	668	744	782	795		
Michigan.....	109	123	116	123		
Wisconsin.....	123	152	208	226		
Minnesota.....	335	468	518	530		
Iowa.....	993	1,155	1,345	1,405		
Missouri.....	1,135	1,396	1,779	1,785		
North Dakota.....	648	834	956	948		
South Dakota.....	1,250	1,521	1,638	1,686		
Nebraska.....	1,499	1,812	1,970	1,882		
Kansas.....	1,195	1,549	1,676	1,710		
Total.....	8,562	10,430	11,690	11,821	3,259	38.1
Oklahoma.....	1,390	1,839	2,000	2,070		
Texas.....	4,206	5,170	5,356	5,517		
Total.....	5,596	7,009	7,356	7,587	1,991	35.6
West Virginia.....	152	174	183	196		
Virginia.....	371	425	466	484		
North Carolina.....	202	294	323	333		
South Carolina.....	177	199	237	256		
Georgia.....	508	606	787	811		
Florida.....	741	813	871	893		
Kentucky.....	515	788	956	1,005		
Tennessee.....	492	700	874	922		
Alabama.....	669	752	863	903		
Mississippi.....	808	923	1,204	1,235		
Arkansas.....	554	667	845	879		
Louisiana.....	804	936	883	901		
Total.....	5,993	7,277	8,492	8,818	2,825	47.1
Montana.....	1,114	1,287	1,525	1,556		
Idaho.....	385	475	537	564		
Wyoming.....	550	615	713	677		
Colorado.....	761	887	998	995		
New Mexico.....	625	696	696	690		
Arizona.....	343	391	376	367		
Utah.....	252	282	319	329		
Nevada.....	264	280	305	311		
Washington.....	283	355	384	370		
Oregon.....	553	639	687	675		
California.....	853	927	995	993		
Total.....	5,983	6,834	7,535	7,527	1,544	25.8

Table VIII shows where increases in beef cow numbers have occurred in the past 9 years. As indicated in table I, the number has increased from 26,344,000 in 1960 to 36,002,000 on hand January 1, 1969. This was an absolute increase of 9,658,000 head of beef cows or 36.6 percent.

It is significant to note that almost exactly one-third of this absolute increase, or 3,259,000 head of cows, occurred in the 12 North Central States which traditionally has been the heavy feed-grain producing area of the country. Beef cows in these 12 States increased from 8,562,000 head in 1960 to 11,821,000 head by January 1, 1969, an upward

trend of 38.1 percent. The State of Iowa rose from 993,000 head in 1960 to 1,405,000 head in 1969, an increase of 41.5 percent. This occurred while cattle feeding in the same area also increased materially.

Numbers in Oklahoma and Texas rose 1,991,000 head or 35.6 percent; the Southeastern States increased their cow numbers 2,825,000 head or 47.1 percent. These changes are somewhat in contrast to the trend in the traditional 11 growing States of the West. Changes in this region moved from 5,983,000 head of cows in 1960 to 7,527,000 head on January 1, 1969, an increase of 1,544,000 head or 25.8 percent.

Our point here is that in the past, at least, increases in beef cows have occurred prominently in the heavy grain-producing areas of the country and we feel strongly that in years to come further increases will occur in these States as the need arises and the economic conditions dictate. In fact, on July 25, at a cow-calf roundup at Ames, Iowa, scientists at Iowa State University analyzed Iowa's potential for beef cow-calf herds. Some of their conclusions were as follows:

1. Beef cow numbers in Iowa could be doubled from the present 1.3 million to 2.6 million head simply by more efficient use of present pasture, hay, and corn stalks.

2. Beef cow numbers in Iowa could be doubled again to more than 5 million cows with major pasture improvement and grazing management.

3. Calf production per cow could be increased 50 percent by weaning 600-pound calves instead of the present 400-pound average calf.

While reaching these conclusions, they assumed there will be no major changes in Iowa's general pattern of row crop production.

We present this closing data to emphasize the inadvisability and our reasons for being opposed to releasing any land which might be retired under a cropland adjustment program for planned beef cow increases. It could easily engulf the beef industry in a serious state of economic affairs without contributing appreciably to the solution of the problem facing the feed-grain growing segment of agriculture and in fact pyramiding the overall agricultural problem.

We conclude our views, comments, and recommendations on this important subject of farm-program legislation with an expression of appreciation to the committee for its indulgence and its dedication to a meaningful and beneficial approach to the farm problem. We will be happy to answer any questions.

Thank you.

The CHAIRMAN. We thank you very much, Mr. Magdanz, for this interesting information. There are drawbacks, but I think the only way we are going to proceed here, since we have only about half an hour to devote to questioning, is to ask all of our panel to come back up to the table. Mr. Goeppinger and Mr. Hofer, will you come back up and let us propound questions to the entire group. This will not be an entirely satisfactory way but I think it is the fastest way.

In order that we may not follow the usual routine, I am going to start with Mr. Melcher. You have some questions, I know.

Mr. MELCHER. Thank you, Mr. Chairman.

Mr. Hofer, I am interested in your statement regarding wheat and I want to comment in this regard, that in Montana, my State, we have a peculiar type of freight rate that causes us to pay a higher rate on our

wheat going west to Portland than does, for instance, Mr. Kleppe's producers in North Dakota, even though we are closer. Our rate out of northeastern Montana is a dollar on the Great Northern and it is 70 cents from Fargo and many points in North Dakota. It is called the inverse rate.

Does your organization have a position on this particular type of unfair ratemaking by the carriers?

Mr. HOFER. Mr. Melcher, we recognize that there are inequities that sprang up after the special export rates were initiated several years ago. They had to find an arbitrary line apparently beyond which the 70-cent rate would apply. Then, it was a matter of several hundred miles going west before you would reach an area where you would normally find a 70-cent rate.

In the wheat producing area in between those two lines they do pay an inequitable rate comparatively but we have no argument with the special export rate. We think it serves a purpose in being able to draw wheat to supply the Asian market which was demanding that type of wheat.

We do recognize this inequity and we feel that it throws a question upon the whole system that has evolved in the Department of fixing county loan rates in relationship to their position from terminals, the rail rate as you mentioned has some inequities in it. We would like to see the whole thing given strong consideration for overhaul and try to remove some of these because we realize that farmers in Montana, in eastern Idaho, have part of their marketing opportunity removed from the fact that wheat can be moved through them from a greater distance at a cheaper transportation cost.

Mr. MELCHER. Well, Mr. Hofer, you mentioned loan rates, the county loan rates. Now, of course, they are based on distance from the terminal points. The fact that the inverse rate is saddled on Montana wheat going west also means that our county loan rates are very low, too. For instance, it averages a \$1.25 national average, and yet our loan rate in Montana is about \$1.07 average.

Now, does your organization have a position regarding the inequity created here?

Mr. HOFER. We do. Of course, there are other factors in the formula determining these county loan rates. I mean, distance from terminal is not the only one but I think it is probably the most important one and it is given the most weight, I am sure, in the formula. And again we would like to see at least strong consideration of all these rates in trying to correct these inequities.

I would not go so far as to say a general overhaul, but certainly there are kinks in it that should be straightened out and I feel that Montana is very much disadvantaged by this in some respects, and part of Idaho, and our national association is talking more about it and supporting the idea of taking a strong look at it in hopes that we can offer some relief to this situation.

Mr. MELCHER. Thank you, Mr. Hofer.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. McKneally?

Mr. MCKNEALLY. No.

The CHAIRMAN. Mr. Ed Jones?

Mr. JONES of Tennessee. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Sebelius?

Mr. SEBELIUS. I have one question of Mr. Hofer. I was reading here the section on the export certificate. Would we have any other supplementary finance other than the U.S. Treasury supporting the export certificate?

Mr. HOFER. No, sir. It would have to be, I am afraid, a direct Treasury payment.

Mr. SEBELIUS. I was trying to search my mind for somebody to help like we do the domestic.

Mr. HOFER. That is true. We also searched our minds but I am afraid that is the solution in our eyes.

Mr. SEBELIUS. That is all I have, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Sebelius.

Mr. Burlison?

Mr. BURLISON. Thank you, Mr. Chairman.

Mr. Goeppinger, point 6 of your program deals with a more favorable climate for new farmers. Now, I take it that our present farm program has the goal of keeping our present farmers in production at a reasonable return. I take it now that you are going to take this one step further, that even though our present farmers do not have a fair return, we are going to give incentives to encourage others to come in. But you stopped there and did not give us any details of such a program.

What would you do, what kind of incentives, and what would these incentives be?

Mr. GOEPPINGER. I think that the chief incentive involved would be price and that is why I mentioned the price of \$1.25, bringing our corn price level up from what has been historically the last, say, 4 years, centering somewhere around a \$1.10 to a \$1.15. We have had some prices down below a dollar and as high as a \$1.30 but it has been swinging around the \$1.15 area.

If we could put 10 to 15 cents more on the upside and stabilize it at that level, this would have an immense effect on the net farm income, because although it would increase the price of corn from, say, 12 to 15 percent, it would have a much greater effect on the net because this is all on the top end of farm income. It would probably increase the net something like 25 percent. And it would increase the desire on the part of people to stay in farming. I would consider this——

Mr. BURLISON. As well as invite others in that are not presently in.

Mr. GOEPPINGER. That is right. What happens is that here is a man out here with a farm and he has done a good job of farming and he has sent his boy with a certain amount of family sacrifice, to college or a university. This young man instead of coming back to the farm, although he is capable at farming and has had all this lifetime of training as a young man on the farm, he will take a job somewhere else in commerce or industry at a higher level of income than he could obtain on the farm.

Mr. BURLISON. Thank you.

Mr. GOEPPINGER. Most young men are willing to come back.

Mr. BURLISON. Excuse me for cutting you off but we are extremely limited on time.

Mr. Hadley, I would just like to explore one thing briefly with you. You mentioned that your organization is in favor of the land retirement program but you also say that no crop should be permitted to compete with those that are presently in the program. You go on to say that no crop should be permitted to compete with those that are not in the program. What does this leave for land that is diverted or retired?

Mr. GOEPPINGER. I am sorry, are you speaking to me?

Mr. BURLISON. No. Mr. Hadley.

Mr. HADLEY. Our thinking in regard to that has to do with, if we are going to all the trouble to remove land from production, our thinking is that it should be completely taken out of production, either through the easement approach or some other program of similar nature.

Mr. BURLISON. You mentioned in your statement that you would want this—the only thing that you mention as a substitute for production is recreational purposes. Now, what specifically, did you have in mind in the way of recreation?

Mr. HADLEY. Well, there are a lot of communities that are lacking recreational facilities. There are areas where it might be developed into parks or hunting preserves or something of that nature.

Mr. BURLISON. Would you foresee any difficulty of public support for paying farmers to take land out of production and then spending money to utilize this property as recreational facilities?

Mr. HADLEY. Certainly there are going to be objections to it. However, the overall effect of removing land from production should be in our thinking, at least, the ultimate goal of a program of this type.

Mr. BURLISON. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Burlison.

Mr. Myers?

Mr. MYERS. No questions.

The CHAIRMAN. Mr. Jones?

Mr. JONES of North Carolina. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Price?

Mr. PRICE. Mr. Chairman, I request permission, subject to your approval, to place in the record some vital information concerning the farm program. I have with me today statements from various individuals and organizations in the Texas Panhandle which I am sure will be of interest to the committee.

The CHAIRMAN. Well, now, I understood it is a letter?

Mr. PRICE. Yes, plus some statements from interested individuals and groups in the Texas Panhandle.

The CHAIRMAN. Without objection, it will be inserted.

STATEMENT OF HON. ROBERT PRICE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. PRICE. Mr. Chairman and fellow members of the House Agriculture Committee, throughout the course of these hearings, the committee has been and will continue to be concerned with the role that

private individuals and organizations play in the formulation of our national farm policy.

As a committee, we have bemoaned the fact that we are unable to receive the views of as many farmers and agri-businessmen as we would like. We have also bemoaned the fact that the national farm organizations have been unable to agree on the outline of a farm program.

I take great pleasure in presenting to the committee pertinent information on both of these facets—information I have gleaned from various individuals and organizations throughout the Texas Panhandle. The individuals bring to the committee their views on farm problems—views based on the valuable perspective accumulated from years of laboring on the land. The organizations bring to the committee's attention, agreed-upon recommendations for farm legislation, the importance of which can hardly be overstated. I hope that the spirit of dedication, friendship, and cooperation that gave birth to these proposals will serve as an inspiration to farm organizations throughout the country to bury their differences and join together to work for the common good of the American farm and the American people.

Mr. Chairman, inasmuch as the statements of the concerned individuals and groups are quite lengthy, I am only inserting a portion of them in the record. I would like the committee members to have the benefit of all the views I have collected, but I recognize the fact that the cost of printing and reproducing is prohibitive.

The statements from well respected farmers, ranchers, and agri-businessmen in the Texas Panhandle follow:

STATEMENT OF ELDON DUDLEY, OCHILTREE COUNTY, TEX.

I farm wheat extensively in Ochiltree County, Texas.

Production of wheat should be controlled by limiting the amount of bushels a farmer can sell annually, rather than the number of acres he can plant annually. There are so many factors effecting yield per acre, such as fertilization, weather and climatic conditions and insects, that make acreage limitation impractical. If the farmer knows the number of bushels that he can sell annually he can do a better job of planning ahead in order to have this quantity of wheat on hand.

The price of wheat should be 100% of parity, or more. The certificates that are now in use should be eliminated and these funds should be made available in order to assure a parity price. Under the present certificate payment plan, a farmer must plant at least 75% of his wheat allotment every three years or lose his certificate payments. This requirement should be eliminated so as not to force farmers to plant a commodity under any circumstances where a surplus exists.

All programs involving cost share payment that increase production should be eliminated. For example, payments made toward the cost of underground pipe, land levelling, and other practices that increase production defeat any attempt that is being made to curtail production.

A compulsory acreage reserve program, that has the effect of retiring a portion of our productive capability, should be initiated. This would mean that the farmer could not just take some of his marginal or non-productive land out of production. Under this program the land would not be used for any other purpose. For example, the farmer could not grow any other crop on it, and neither could he use it for grazing purposes. The intent would be to hold this land in reserve for production at some point in the future when it was needed, at which time it could be restored to production. One of the major defects of the soil bank program was that the only land that was retired was the least pro-

ductive land and therefore there was no substantial dent made in our productive capability.

While I favor a long term objective of reducing government participation in agriculture, I feel that this should be accomplished over a period of years and that no attempt should be made to get the government completely out of the wheat program immediately. In other words the objective of government should be to "phase out" of the wheat program in an orderly manner over a period of five to ten years. Then supply and demand would work.

I feel that there is considerable duplication and wasted effort in the administration of the various government programs by various agencies, such as A.S.C.S. and S.C.S. I would suggest that more than one county could be operated out of one office, and also that the offices of A.S.C.S. and S.C.S. could be combined so as to reduce the cost of administration.

The inter-play of grain sorghum and wheat allotments are of utmost importance to this area. Our grain sorghum allotments are based on our prior history of approximately eight years ago. This is unfair when you consider the radical changes that have occurred in our farming practices and operations within the last five years. For example, we are moving into a period of time when many of our operators would go from wheat production to maize production if they could do so economically.

STATEMENT OF F. S. ROBERTSON, FORMER MANAGER, FARMERS COOPERATIVE

I was manager of the Farmers Cooperative for the past 41 years, and am now retired as of May 1, 1969.

Any farm program for wheat farmers should have two basic provisions.

(1) To provide parity income to the producer for that portion of his production used for consumer use in the United States.

(2) All wheat sold or used for other programs that is exported should reflect the grain agreement price received by exporters back to local farmers.

The present farm program for wheat has these basic provisions in it. However, the consumer is paying only about one-half of the certificate price for wheat milled and the taxpayer makes up the difference. The consumer is well able to pay parity price for his food.

The basic loan price to the producer should be raised to reflect the grain agreement export price.

In order to receive these prices for his wheat production, the farmer must comply with allotment controls and produce only what can be consumed and sold for export.

The resale program should be discontinued as there is no incentive for the producer to sell at the basic loan price and new surpluses are building up. Allotment quotas should be adjusted to provide for only normal carry over wheat and avoid surplus.

STATEMENT OF WARREN CUDD

My farm contains approximately 800 acres of crop land. Due to insufficient underground water, this farm is not irrigated. My base crop is wheat; milo is planted on idle acres. Cattle are pastured on wheat and milo stalks during the winter months.

The last few years wheat for grain has been a losing operation due to the low price of wheat.

My main criticism of the present program is that it has allowed the price of wheat to lag far behind the rest of the economy. The consumer spends a smaller percent of his take home pay for food than he did 20 years ago, while the farmers production cost has gone up almost 100%, and in the last 10 years the price of his product has gone down.

Surplus is blamed for the depressed farm prices. I don't believe a 5½ months supply of wheat is much of a surplus. If this is a problem, why not try a bushel allotment on a county average. The farmer would hold any surplus he had until the next market year. If his surplus became large enough he could cut expenses by leaving his wheat land idle for a year. Under this plan the amount of wheat for market would be a fact instead of an estimate.

When the wrapper on a loaf of bread cost more than the wheat it contains, a one dollar a bushel increase in the price of wheat would make very little difference in the price to the consumer.

STATEMENT OF MAX A. BLAU, CHAIRMAN, LIPSCOMB COUNTY PROGRAM BUILDING COMMITTEE, LIPSCOMB COUNTY, TEX.

I am Chairman of the Lipscomb County Program Building Committee.

Lipscomb County farmers have complied with the A.S.C. program 99.5 percent or more every year since it started, although the program is inadequate and at best only a stop-gap program.

We need acreage controls and price supports. But since the present price controls merely serve as a floor, these price supports should be near the parity of the things we buy.

A better land retirement program is needed so we can save from erosion, rejuvenate our marginal agricultural land, and save it for a time when the large surpluses are no more and the nation needs productive land.

FRANK HINKSON, MULESHOE, TEX.

This paper is addressed to the Secretary of Agriculture and the House Agriculture Committee for their consideration in formulating a new farm program.

There are several things that need to be changed before any program can be very effective.

1. Inflation needs to be controlled to the extent that American agriculture can generally be competitive in foreign markets at a fair return to farmers. The alternative to this is for large cities to prepare for a greater migration of ex-farmers and ex-rural business men and their employees. They simply cannot make a living where they are. Also the nation's balance of payments will be drastically impaired.

2. Labor laws need revision. The minimum wage law actually transfers many unskilled people from some constructive work to the relief rolls. Laws should not discourage business men from hiring students outside school hours. Labor unions should have responsibilities comparable to their privileges. The recent dock strike cost the nation 200 million dollars in agriculture exports that will be difficult to regain, thus drastically hurting the nation's balance of payments as well as agricultural prices.

3. Relief payments should be revised to encourage able bodied recipients to seek employment.

4. The marketing of U.S. agricultural products should be given more consideration when negotiating treaties with foreign countries.

The following changes "are needed in that part of a new farm program that relates to feed grains, wheat and cotton. It will work better and be simpler and cheaper to administrate.

- A. The Commodity Credit Corporation should be restrained by law, from selling any of these commodities at less than parity prices. Warehousemen would be required to keep the C.C.C. stocks in good condition by buying and selling on the open market, such amounts that need to be replaced, and to be bonded in sufficient amount to prevent loss to C.C.C. The purpose of this is to isolate C.C.C. stocks so that they do not interfere with market prices as has been done in the past. Since about 95% of the nation's people are dependent on the other 5% for the production of food, the cost of continuous storage is cheap insurance in case of a national emergency. As a cattleman for 40 years, the times I have been hurt the worst were when I ran out of feed for my cattle. The same principle works for a nation's food supply.

- B. Recourse loans should be made for one year to participating farmers at about 80% of market price. This will prevent further increase in C.C.C. stocks but it will insure the farmer expense money at harvest time and give him a full year to market his crop so that it need not be sacrificed at harvest time.

- C. That allotments of feed grains, wheat and cotton be terminated. In the past they have contributed to overproduction on small farms they have perpetuated poverty and they have not been flexible enough to keep abreast of modern machinery and technology or changes in producing and marketing areas. Each farmer would plan his own cropping system for the most efficient use of labor and equipment.

- D. That the Secretary should annually, before planting time, make an estimate of the percentage of cropland needed to produce an adequate supply for the coming year.

- E. That an annual diversion payment be made to participating farmers on the basis of the past 5 year history. This payment should not be radically

changed from present program payments, because under present conditions the average farmer could not finance his operation without it. There should be no limitations of payments because that would penalize efficient operators who have large investments and are probably hiring men who could not effectively operate their own farm. Besides that it would cause many administrative headaches too numerous to mention here. Diverted acres should not be grazed or harvested. The irrigated areas of the nation have the most consistent production, therefore diverted acres from such land would reduce production most consistently. Great care should be given to encourage diverting such land not only from a production standpoint but because in many areas water tables are being lowered. Conserving water, until needed more than now, would be in the national interest. These diversion payments could probably be phased out over a five year period as the farmers' purchasing power approaches that of other segments of the economy.

F. There should be no exceptions for non-commercial farms.

Small farms that create a social problem should be treated as such and not as a part of an agricultural program.

This paper is only of a general nature and many details will need to be worked out.

Mr. PRICE. In the Texas Panhandle Counties of Briscoe, Carson, Castro, Childress, Deaf Smith, and Hall, the major farm organizations and other interested agricultural producers unanimously adopted the following general recommendations for farm legislation:

1. In the interest of orderly marketing, there must be some method of controlling farm production until demand meets or exceeds supply.

2. There should be a continuation of present farm laws with improvements rather than institution of drastic changes at this time.

3. A strategic reserve program should be instituted that would completely isolate reserve grain from the market.

4. Payment limitations should not be established under present farm programs.

5. Bureau of Reclamation funds should not be used to bring new lands into production while surpluses exist.

6. Organizations should be established that would promote market development and research, and would conduct seminars to educate consumers on farm problems.

7. Business corporations should not be allowed to write off farm losses against business profits.

8. There should be an export wheat certificate program to assist in bridging the gap between world market prices and a parity price for the wheat which is used to supplement our foreign relations program.

Finally, the Texas & Southwestern Cattle Raisers Association adopted the following resolution concerning legislation of vital importance to the cattle industry:

RESOLUTION

The beef cattle industry through its own initiative has become the economic success story of agriculture with no burden on the American taxpayer.

Disturbing comments are being made in high places that problems associated with other agricultural commodities could be shifted to the cattle industry through massive land retirement programs tied into subsidized grazing and artificial stimulation of expanded beef production.

This could only result in wildly fluctuating beef prices which would create chaos in the cattle industry and jeopardize beef supplies to the consumer.

The Texas and Southwestern Cattle Raisers Association is unalterably opposed to artificial expansion of cattle numbers that the easement or subsidized grazing proposals would cause. In the near term, it can only result in sharply higher

prices to consumers and ultimately economic chaos to the largest single segment of agriculture.

Resolution adopted at Texas and Southwestern Cattle Raisers Association Quarterly Directors' Meeting, September 6, 1969.

Mr. PRICE. Mr. Chairman, I would like to ask Mr. Hadley a question about the proposal that the Federal Government pay an individual to divert land from agricultural production and place it in cattle production.

Mr. Hadley, what would be the consequences in so far as the cattle industry is concerned if the diverted land were utilized in this fashion?

Mr. HADLEY. We definitely feel that that additional grassland placed into production of beef would create a hardship for the livestock industry.

Mr. PRICE. In your opinion, would this hardship be created because the Federal subsidy for farmland diversion would encourage farmers under the program to become cattle producers?

Mr. HADLEY. No. I think that is an impossibility actually, because there are a lot of facets involved. First of all, you have got to establish some kind of vegetation on there. You have got to fence this adequately.

Mr. PRICE. You refer to many facets. Certainly grazing would be a prime consideration. As I understand it, it would take about 3 years to convert the diverted farm into grassland. Is that correct?

Mr. HADLEY. Yes.

Mr. PRICE. Would this also be the length of time required to get the land to a stage where cattle could be produced?

Mr. HADLEY. Yes.

Mr. PRICE. Would another facet be the ability of the landowner to finance his cattle production?

Mr. HADLEY. That is another problem.

Mr. PRICE. In regard to the ability of the landowner to compete in the cattle market, he would be out of the cattle business the first time he got stung, would he not? I have talked to some individuals in the cattle business about the impact that this farmland diversion proposal would have on the cattle producing industry. A feeling exists, although I have not found it to be widespread, that the impact of such a Federal program would not be as devastating as one might suppose—especially when viewed in the light of the number of beef that would probably be produced on the diverted farmland. What is your reaction to this view?

Mr. HADLEY. That is right.

Mr. PRICE. I have been thinking of this talking about the number of cattle. Some of them say they do not find this quite as objectionable as we are talking about when you really get to looking into the facets of this thing and how much more beef could be produced. Let us say a man leaves out 700 or 500 acres and he plants it in wheat and he grazes that wheat instead of cutting it.

Mr. HADLEY. Don, would you like to comment on that?

Mr. PRICE. There is an area here that we do not have time to discuss this morning but maybe we ought to look a little deeper into this and discuss it a little further.

Mr. MAGDANZ. Very quickly, Mr. Price, there is no doubt that not all of land that might be diverted or retired would go into beef produc-

tion. One of the proposals said we could use 9½ billion more pounds by 1975 by taking out 30 or 40 million acres and putting it into grass. Let me say this would be biologically, economically, physically, and agromonomically impossible to accomplish this kind of an increase by 1975.

Our only point is that there could be enough of it if there was encouragement or some allowance under a retirement program. There could be enough of it go into beef production to upset the profitable and favorable balance in the industry and this is the thing that we object to.

We fought for years to try and get the beef industry in a reasonably stable position where people thus engaged cannot only by the crops that the farmers are producing, feed grains, and so forth, but can make a profit themselves. We think that it is a very healthy segment of agriculture most of the time, but if we allow this to happen, we can jeopardize one segment of agriculutre in an attempt to help another and we really would not be helping the other one very much by so doing.

I do not know whether that quite answers your question or not.

Mr. PRICE. I think it clarifies the issue. That is all, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Vigorito?

Mr. VIGORITO. No questions.

The CHAIRMAN. Mr. Kleppe?

Mr. KLEPPE. Thank you, Mr. Chairman.

First of all, I want to compliment and commend all of you gentlemen for your presentation this morning. I say this because I am fully aware of the fact that you men comprehend the seriousness of this question. You know what you are talking about and I, for one, like the language you use.

I just have one question I would like to ask of you, Mr. Hofer. In your presentation you talk about the export certificate at an additional cost of about \$275 million. There are many of us that have a feeling that probably the best we are going to do out of this Congress is a program, an appropriation somewhat equal to what we have this year.

Now, if that becomes the case, how would you then distribute the dollars in connection with the program that you recommend? As I understand your presentation, it did include an additional \$275 million for the export certificate.

How would you rationalize this, redistribute it, if we had to live within the framework of the expenditures we had this year?

Mr. HOFER. You mean where would I get the \$275 million?

Mr. KLEPPE. Yes, or where would you knock out or where would you add or subtract?

Mr. HOFER. I see. It has been suggested, looking at this problem in our own organization, you know, when the 1965 Farm Act was first passed the original intent of those asking for a domestic certificate was that the total domestic certificate would be taken from the marketplace. In other words, that the processor's share would pick up the balance and actually would be paid by the consumer.

We still have in our resolution support for that idea which then, if you want to put it that way, would release Government funds that could finance an export certificate.

Mr. KLEPPE. I like your suggestion. It is just a matter of being practical as to what maybe we can get passed and what we can get done and I was trying to get from you where we might make some adjustment to fit within the framework of the present expenditures, and I think you have commented on that.

I might make one other observation. I noticed in your presentation you did not include anything for a strategic reserve. I know in the past your organization has been in support of this particular approach. That would cost some more dollars.

Is there any reason specifically why you left it out of your presentation?

Mr. HOFER. Nothing specific except that I had been present when it was testified to on this coalition approach, and so I confined my remarks to the four changes in the feed section, but we do support a reserve and I do not think—perhaps I am a little arbitrary in saying this—we do not feel the urgency for it this year as we did perhaps last year because there is a built-in reserve right now.

Mr. KLEPPE. May I just suggest that you gentlemen continue your efforts to promote this coalition and the efforts of this program all the way down the line, because we are going to need all the help we can get to accomplish what we know needs to be done from the standpoint of farm income.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Kleppe.

Mr. de la Garza?

Mr. DE LA GARZA. I will defer my questions to the chairman.

The CHAIRMAN. Mr. Zwach?

Mr. ZWACH. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Abernethy?

Mr. ABERNETHY. No questions.

The CHAIRMAN. Mr. Mayne?

Mr. MAYNE. Thank you, Mr. Chairman.

Mr. Hofer, were you here yesterday when Mr. House, the president of the American National Cattlemen's Association, testified?

Mr. HOFER. No, sir. I am sorry. I was going over our testimony.

Mr. MAYNE. Well, he spoke about the value of land in his testimony. I believe that for quite a period of time there has been a marked increase in the value of farmland in this country, has there not?

Mr. HOFER. You mean outside of the past 12 months. I think there has been a steady ascending spiral since World War II, and still about 12 to 18 months ago. I think it broke off then.

Mr. MAYNE. But up until this later period there had been a very dramatic increase in the value of land, had there not?

Mr. HOFER. That is correct.

Mr. MAYNE. And I take it that you are quite alarmed by the termination of that upward move.

Mr. HOFER. For the termination, we feel it has broken rather sharply off.

Mr. MAYNE. Well, now, would you welcome a continuation of that upward spiral?

Mr. HOFER. No. I think our point is this, that with the cost-price squeeze I mentioned, the farmer's operating costs have been going up and he has been involved deeper and deeper in credit which is based

on his land values. The only thing that has kept him in business all these years has been this ascending spiral. To have it break off when he has been in business, to have it break off now we feel would trigger rather serious consequences down the mainstream down to the towns all the way. If he cannot pay his bills, it is certainly going to be reflected. Perhaps land was overpriced, but this does not speak to the situation the farmer finds himself in when the credit is cut off because the land value has gone up.

Mr. MAYNE. The ascending spiral of the value of land has kept the big fellow in business, but has contributed to drive the little fellow out, has it not?

Mr. HOFER. I do not—I am not sure I follow that. It has kept the little people from coming in and young men from being able to enlarge their property to the extent that the farming situation now calls for.

Mr. MAYNE. And that gets us to Mr. Goeppinger's testimony in which he talked about the tremendous outlays of capital which are necessary under present conditions which discourage a young man from entering farming. Do you not think if this trend which was true for so long of ascending farmland value was to continue that it would become virtually impossible for anyone but a very wealthy person or a corporation to enter farming?

Mr. HOFER. I think that is a situation—you described what exists today. Again, I would say we never advocated an ascending spiral but to see it break off sharply or to see it stop while everything else continues spiraling up is going to ruin our people, I sincerely believe.

Mr. MAYNE. Well, then, you are not advocating a continuation of the upward trend. You would just like to have the value of lands stabilized, is that it?

Mr. HOFER. I think it would be healthy, as our administration is trying to do, to stop the upward spiral all the way but the thing that has happened in farming is that our spiral stopped some time ago and everything else has gone on and I am talking about land values and everything, so I cannot say I would like to see it level off and everything else go on. I would like to see the whole thing level off. I think that is the thrust of our Government right now, to cool the economy. Well, I would like to see a leveling off of the land values be part of an overall leveling off.

Mr. MAYNE. Thank you.

The CHAIRMAN. Thank you, Mr. Mayne.

Mr. Foley, do you have any questions?

Mr. FOLEY. No questions. I have read the testimony of the National Wheat Growers and I want to compliment Mr. Hofer on what I think is a splendid statement.

The CHAIRMAN. Thank you, sir.

Mr. Goodling?

Mr. GOODLING. No questions, Mr. Chairman.

The CHAIRMAN. Mrs. May?

Mrs. MAY. Yes, Mr. Chairman. I would like to associate my remarks with those of Mr. Kleppe. I think you four gentlemen have made excellent statements, very articulate ones, presenting your viewpoints. I do not think you will find any disagreement from most members on the seriousness of the situation in the wheat area. I am very familiar

with this situation. I am aware of the dangers of certain plans to our cattle industry.

In your statements, Mr. Hadley and Mr. Goeppinger, you have presented remarks on land retirement. I believe that in Mr. Hadley's statement, the specific recommendation that you and Mr. Magdanz have presented, for your association, under cropland adjustment suggests a retirement of 10 to 12 million acres per year. Mr. Goeppinger, you have suggested that there might be a takeover of some 120 million acres in whole farms under land retirement either deliberately or by advanced technology.

Have either of your organizations in their study, made any advanced projections on where this acreage would come from? We need this information to form some conclusions on the economic impact in States and within States and communities. I'd like one of you to answer that if you have the information, I would appreciate a response.

MR. GOEPPINGER. Mrs. May, I would like to answer for our organization because I am sorry that my statement might imply to you that we are in favor of such a large retirement. Actually, we are not in favor of going beyond a reasonable amount which would be—let us take a figure of 20 million acres. At the peak of the soil bank era, there was a maximum of 28 million acres that were taken out and we suggested that a blend program be initiated which would center really around the present 1965 Food and Agriculture Act and this means year to year adjustment. But if we could pick up, say, from 10 to 20 million acres of the land that had been in the soil bank, this is land that is already sterilized, would not affect the economic main streets in the smaller communities, and I think satisfy the people to some extent that want some long-term land retirement, but we think it would be extremely injurious and very poor policy to retire the total number of acres which Dr. Heady, of Iowa State University Agriculture Research Center, who has sort of headed this idea, has told us in our conferences with him of the National Corn Growers Association, with him and his staff.

He has told us that it will probably take 102-million acres of whole farms to effectuate a balance between production and consumption. This goes back and is comparing to about 60-million acres today in all forms that it takes to retire enough acres to balance out, and the reason for this difference is because you get the poorest land retired when you go out and try to retire whole farms. You do not get as much as productivity retired per acre as you do under the present program.

MRS. MAY. Mr. Goeppinger, I am sure you are aware of why the administration, this committee, other groups that are interested, are discussing the approach of some type of cropland adjustment, easement, retirement, however you do it. It goes right to the dollar sign and may I just put this question then to you specifically before I give Mr. Hadley a chance to respond.

We have had a lot of real soul-searching discussion on the fact that the present program, the support of the major commodities—I believe the budget this year is costing us \$3.2 billion.

MR. GOEPPINGER. How much?

MRS. MAY. \$3.2 billion. Without any change at all in the present program, as I understand it, next year's expenditures with no changes would require \$3.9 billion.

Do you have any idea how we can get the favorable vote or support of the country, the administration, or this Congress for that kind of an expenditure?

Mr. GOEPPINGER. Well, my answer to that would be to anyone who brings that up to you that the American consumer, No. 1, is eating for the lowest cost today percentagewise of his income than at any time in the history of this country and at the lowest point of any modern country or semimodern country. Compared to Europe, about 30 percent, and Japan, over 40 percent. We are spending about 18 percent of our income for food with a total cost of about \$60 billion.

Now, if we relate this to \$3.9 billion you can see that we are speaking about something that is approximately 6 percent, 6 to 7 percent of the cost of the food.

Now, in order to make this cheap price, we have an increase—if we wanted to increase the cost of food 10 percent, it would add a figure of \$6 billion to this present \$60 billion. Now, we are not even at that 3.9 asking for a 10-percent increase in food. We are probably asking for something that relates to about 7 percent. If you go from \$3.9 billion cost—was it 3.2 that you mentioned—3.2 to 3.9, it is about a \$700 million increase that you are speaking about and as far as relating it to actual food costs to the consumer which it is a part of really, the Government pays part and the consumer pays out of his pocket as far as the food cost, but we are actually only increasing this food cost less than 1 percent. So, I think this is the chief answer that can be given, that we have a beneficial program, a program that is good for the country and good for the consumer.

Mrs. MAY. And do you think that if we present that answer, well said and true, as it is, to our colleagues in the U.S. Congress, that we will get a favorable vote?

Mr. GOEPPINGER. I think that is up to you. If you can do a good job of salesmanship, more power to you.

Mrs. MAY. It is 12 years now that I have been using those same arguments every place in the United States I get the chance. The chairman has done this for much longer. We have not been, I would say, significantly successful. But this is, if I may use the term, the nitty gritty of our problem. Now, I should give you a chance to respond, Mr. Hadley, to my question. Have you in your specific recommendation for cropland adjustment, had a chance to develop any figures on impact and where the land would come from, what part of the country, and what kind of impact it might have within a State?

Mr. HADLEY. Mrs. May, with your permission, I would like to turn this question over to Don Magdanz.

Mrs. MAY. All right. We are delighted to hear from him.

Mr. MAGDANZ. In this way, Mrs. May, we, of course, have not made a specific clearcut analysis of where it should take place. We do think, though, that in order that there be very minimum impact on any of the rural communities, and when I talk about rural communities I am including a lot of medium-sized cities and small towns, and so forth, that this retirement would have to take place over a wide area. It would have to take place in most all crop-producing localities.

Mrs. MAY. May I stop you there? Now, your idea is on a bid basis and it would be purely voluntary?

Mr. MAGDANZ. Yes; it would be voluntary.

Mrs. MAY. You would not be saying land must come out here and there. You just take it from where the response would come from.

Mr. MAGDANZ. This is correct. Now, we say on a bid basis in our statement we are not wedded to that particular procedure. It could be on an offer basis, but we do think it ought to be voluntary and if not, we are departing from what we have maintained for many years.

After all, our present program is strictly voluntary and the whole farm concept we question very much because this can be dangerous economically. But if it is allowed to be retired and at points where people are willing to retire it and there be limitations placed on how much could be taken out in any one county, we would then not impose an impact or serious economic impact on any particular communities.

May I comment just a little bit more on your statement with reference to where the money is going to come from and the difficulty that we know very well you have in the Congress in explaining to people who are representing the urban community just how they can afford to spend money on the farm supports and farm programs.

We know that this matter of disposable income has been used for years. If I may, Mr. Goeppinger, I believe the latest figures are 16.4 percent of disposable income for food instead of 18; but the point is, it is ridiculously low. We do wonder, though, and this was brought out in the hearing yesterday, why it is with the cost of everything in the country that anyone wants to name, and I make one exception that I can think of and that is long distance telephone calls, but with the exception of that, the cost of Government, the costs of all Government programs, the cost of goods and services, education, clothing, just anything that anyone wants to name, has been going up rapidly, why is it when we start talking about food and farm programs these same people want to reduce the cost. We maintain, and I just would like to emphasize that, that this is a most irrational attitude and we frankly cannot understand it. We know, however, it exists.

Mrs. MAY. Well, let me just respond to that and then I want to yield to Mr. Melcher, who wants a question here. I just want to say, of course, all of us will recognize that this is the problem that I guess is the toughest one we have. Every individual Member agrees on this, because the facts seem so clear. We know we have the facts and somehow we have failed to get this across, to get the proper national support that would help us then get the support of the representatives of urban, suburban areas, which we obviously have to have before we take a bill to the floor.

Mr. Hofer, you referred to this very well in your statement. Every one of us representing important farm groups or farm areas, all agree on the facts of the farm story. But have you got any new ideas on how we can get it through to the general American public? For goodness sakes, let us know if you have.

Thank you very much, Mr. Melcher.

The CHAIRMAN. The Chair is going to recognize Mr. Miller, if you want to ask a question.

Mr. MILLER. No questions.

The CHAIRMAN. Now the Chair will indulge Mr. Melcher for a reexamination.

Mr. MELCHER. Thank you, Mr. Chairman.

Don, I just have one question. As I understand your testimony, you do oppose any easement or retirement plan that allows grazing of livestock. Is that correct?

Mr. MAGDANZ. That is correct. The retired land we are talking about we feel should not be allowed to go into grass for beef production.

Mr. MELCHER. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Melcher.

The Chair usually has about 40 minutes of questions, but we have to be on the floor. The committee wants to express appreciation to all of you who have appeared, because I think we have had a good hearing and we do appreciate your statements. You will understand why we have to adjourn at this time.

The committee will stand adjourned until 10 o'clock tomorrow morning.

(Whereupon, at 11:35 a.m., the committee was adjourned, to reconvene at 10 a.m., Wednesday, September 10, 1969.)

GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

WEDNESDAY, SEPTEMBER 10, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10:05 a.m., in room 1301 Longworth House Office Building, Hon. W. R. Poage (chairman) presiding.

Present: Representatives Poage, McMillan, Abernethy, O'Neal, de la Garza, Jones of North Carolina, Montgomery, Alexander, Lowenstein, Jones of Tennessee, Melcher, Teague, Zwach, and Sebelius.

Also present: Christine S. Gallagher, chief clerk; William C. Black, general counsel, Hyde H. Murray, associate counsel, John A. Knebel, assistant counsel, and L. T. Easley, staff consultant.

The CHAIRMAN. The committee will please come to order.

This morning we will continue the discussion of general farm and food stamp legislation, and our first witness will be Mr. Edward Dunkelberger, general counsel for the National Canners Association.

Mr. Dunkelberger, we will be glad to hear from you.

STATEMENT OF H. EDWARD DUNKELBERGER, GENERAL COUNSEL, NATIONAL CANNERS ASSOCIATION

Mr. DUNKELBERGER. Thank you, Mr. Chairman. My name is Edward Dunkelberger; I am a member of the firm of Covington and Burling, and am appearing today on behalf of the National Canners Association, a nonprofit trade association whose almost 600 members have canning plants in 44 States and pack approximately 90 percent of our national production of canned fruits, vegetables, meats, seafoods, and specialties. The National Canners Association very much appreciates this opportunity to present its views on those aspects of the general farm program that have a direct effect upon the canning industry.

Basic to our position on agricultural legislation is the fact the canning industry is itself a part of and engaged in agriculture; the processing of a canning crop is inseparably tied to its production and harvesting. The statement of the Association's Agricultural Policy, adopted by the membership at its annual meeting in San Francisco earlier this year, affirms the interdependence and mutuality of interest existing between the canning industry, growers of its raw products, and the agricultural community.

If I may, I would like to read the two paragraphs from that statement that relate to the grower-processor relationship and that establish the basis for the canning industry's position on the farm program:

A mutually beneficial relationship is essential to the economic welfare of growers and processors and vital to the interest of the American consumer in having an abundant, wholesome, and varied food supply. Every grower must remain free to produce and sell his crops as an individual or through an association, on terms that he deems to be in his best interest. Similarly, processors must remain free to arrange for a dependable source of raw product supply.

We believe the contract system for the production and sale of canning crops is beneficial to both growers and processors. It maintains individual freedom of choice, is consistent with the free enterprise system and is well-adapted to reflecting the interaction of supply and demand. Contracts should be mutually clear, fair, impartial and specific as to terms, conditions, grades, and services to be provided. They must be mutually binding and in compliance with all applicable laws and regulations.

For the most part, this policy is consistent with the agricultural programs of the Federal Government, under which growers and processors of canning crops have been free of supply controls acreage limitations and price supports, and have jointly benefited from the contract system for the production and sale of canning crops. Under this system, which puts a premium on individual freedom of choice, a sufficient number of growers have each year elected to devote their land and resources to the production of canning crops to enable the industry to keep pace with expanding consumer demand and at the same time provide growers with a return that compares favorably with that for other farm crops.

For example, the farm value per acre harvested of the major vegetable, fruit and nut tree crops increased from \$260.50 in 1950 to \$476.27 in 1967, an increase of 83 percent. During this same period of time the value per acre harvested for the major field crops increased only 28 percent from \$43.29 in 1950 to \$55.46 in 1967.

Accordingly, the canning industry in general neither seeks nor supports additional Federal regulation applicable to growers or processors of canning crops. The association's policy regarding agricultural legislation and controls is set forth in an attachment to this statement, as adopted by the membership in January 1969. If I may, I would like to review this policy briefly, and where appropriate relate it to current law or legislative proposals.

(The attachment referred to follows:)

POLICY REGARDING AGRICULTURAL LEGISLATION AND CONTROLS

The National Cannery Association believes that experience has repeatedly demonstrated that the complex problems of planning and production and marketing of processed foods are best resolved in the American tradition of free enterprise, competitive incentive, and individual, imaginative business management. These beliefs provide the basis for the Association's policy regarding agricultural legislation and controls.

GOVERNMENT INVOLVEMENT IN BARGAINING AND MARKETING ACTIVITIES

(1) Since we support the right of growers and processors to make individual determinations concerning how they will best sell (growers) or best procure (processors) their raw products, we are opposed to Federal or State government intervention in raw product bargaining activities between processors and growers, and to the establishment of a Federal agricultural bargaining board or similar agency that would control in any manner these bargaining activities.

(2) We are similarly opposed to Federal or State government intervention in the marketing of agricultural commodities and products, and to the establishment of Federal marketing boards which would regulate or control any phase of marketing activity.

PROMOTION AND ADVERTISING OF COMMODITIES

Grower-financed programs for promoting and advertising particular commodities may be beneficial, and in general the Association is not opposed to legislation authorizing grower-financed programs of this type. We believe, however, that processors' funds can best be utilized to support their own promotion and advertising programs. Although it is preferable that the growers be directly responsible for the payment of any assessments to finance such programs, the Association will not oppose a so-called check-off by processors if that is deemed to be the most effective means for collection of such assessments from growers.

RAW PRODUCT RESEARCH AND MINIMUM QUALITY STANDARDS

Federal, State or voluntary programs providing for raw product research and reasonable raw product minimum quality standards for the purpose of eliminating unsuitable raw material may be beneficial, and the Association in general will not oppose appropriate legislation authorizing such programs where processors are afforded an equal voice and vote in the formulation, adoption, and administration of the programs.

RAW PRODUCT SUPPLY CONTROLS

(1) We seriously question the long term benefits to either the growers or processors of Federal and State government raw product supply controls and in general do not approve the establishment of such controls.

(2) Other than as recognized under the circumstances covered in paragraph 3, the Association will continue to urge that no supply controls be imposed by government on fruits and vegetables for canning or freezing either by mandatory marketing orders or in any other way.

(3) It is recognized, however, that some segments of the industry believe that there may be exceptional circumstances when supply controls might be of short term benefit as applied to perennial fruits and nuts (vine, bush, or tree) in appropriate sections of the country for limited periods of time. Accordingly, the Association will evaluate on a crop-by-crop basis whether to modify its position in the case of particular individual perennial fruits and nuts for canning or freezing for which Federal or State enabling legislation authorizing mandatory supply controls are proposed, but only if

The proposed legislation or order affords to the processors of the affected commodity an equal voice and vote in the formulation, adoption, and administration of the supply control program (since such controls applicable to the grower will affect the operations of those who process that commodity); and if

The proposed marketing order or supply control program does not apply to the commodity after it comes into the possession and control of the processor and he has become responsible for payment.

This paragraph 3, however, does not apply to mandatory supply controls on any annual crop for canning or freezing.

Mr. DUNKELBERGER. *Government Involvement in Bargaining and Marketing Activities.*—Simply stated, the canning industry favors the balance that now exists between processors and growers in their bargaining for the purchase and sale of canning crops. Federal law has for more than 50 years guaranteed the right of growers to organize, bargain and sell collectively, free of the Sherman Act's prohibition against joint selling activities among competitors.

More recently, Congress enacted the Agricultural Fair Practices Act of 1967, with the support of both grower and processor interests. That act serves to protect the right of growers "to join together voluntarily in cooperative organizations," and to prohibit interference with that right by processors and other handlers.

Under these laws growers may make up their own minds, on an individual basis and free of coercion or restraint, whether to operate independently or to join with other growers in bargaining for the sale of their production. There are no limitations on the degree of grower participation that is permitted, and the factors that will affect each man's decision will vary with the area of the country, the canning crop, the available alternative crops, the prevailing prices, the attitudes of processors, and many other considerations.

The canner-grower bargaining process is thus free to operate within the principles and rules of fair play of the Capper-Volstead Act, the Agricultural Fair Practices Act, and the Federal antitrust laws, and to reflect the current impact of supply and demand. For these reasons, the canning industry is—in the words of the association's policy on agricultural legislation—"opposed to Federal or State government intervention in raw product bargaining activities between processors and growers, and to the establishment of a Federal agricultural bargaining board or similar agency that would control in any manner these bargaining activities." The industry is "similarly opposed to Federal or State government intervention in the marketing of agricultural commodities and products, and to the establishment of Federal marketing boards which would regulate or control any phase of marketing activity."

Promotion and Advertising of Commodities.—Federally administered programs for the promotion and advertising of particular commodities have gained increasing support in recent years. Growers have evidenced an interest in creating additional demand for crops in periodic or occasional surplus by means of commodity promotional efforts.

The National Cannery Association recognizes that such programs may be beneficial and does not oppose legislation that would authorize grower-financed programs of this type. The industry believes, however, that "processors' funds can best be utilized to support their own promotion and advertising programs," which not only encourage brand loyalty, but also further consumer demand for the commodity itself.

Although the association believes "it is preferable that the growers be directly responsible for the payment of any assessments to finance such programs," it does "not oppose a so-called check-off by processors if that is deemed to be the most effective means for collection of such assessments from growers" for promotional efforts. Legislation along these lines was enacted for cotton a few years ago, and there are currently pending bills that would do the same for potatoes.

Raw product research and minimum quality standards.—Another area of increasing interest on the part of growers and processors is improvement in raw product quality. Although individual canning companies continue to expend substantial amounts in this direction, the Association believes that—

Federal, State or voluntary programs providing for raw product research and reasonable raw product minimum quality standards for the purpose of eliminating unsuitable raw material may be beneficial.

The association would not oppose legislation authorizing either or both if processors are afforded an equal voice and vote in the formulation, adoption, and administration of the programs.

Both growers and processors of canning crops have a common interest in developing and maintaining high quality fruits and vegetables

for use in canned foods that can compete effectively with other products and meet the nutritional needs of consumers. Federal and State programs may contribute to the canning industry's continuing efforts in this regard by providing for raw product research and by establishing minimum quality standards, but if such programs were solely grower-oriented and controlled, without appropriate recognition of the needs of processors and the tastes of consumers, then growers could very easily find themselves raising crops for which there was no demand. It is thus vitally important that both processors and growers have an equal role in development, adoption, and administration of such Government-sponsored "self-help" programs.

Raw product supply controls.—The National Canners Association is convinced that the rising per capita consumption of canned foods, the continuing development of new canned food products and formulations, and the attractive returns to growers of canning crops are all directly related to the fact that canning crops have for the most part been free of governmental controls on acreage, production or sale. In the words of the association's policy on agricultural legislation—

We seriously question the long-term benefits either the growers or processors of Federal and State government raw product supply controls and in general do not approve the establishment of such controls . . . on fruits and vegetables for canning or freezing either by mandatory marketing orders or in any other way.

The available data strongly suggest that the forces of supply and demand in a competitive market are more effective—and more beneficial for growers as well as processors—than artificially imposed Government restraints, surplus pools, and the like. A recent Stanford University Food Research Institute study of marketing orders for processing crops—financed in part by a grant from the National Canners Association—makes clear that virtually continuous State marketing order controls on California cling peaches over more than 30 years have failed to solve the economic problems of that industry. To cite just a few of the facts and conclusions presented in the report:

Total revenues to growers of cling peaches over this period have not increased as much as those of growers of other major canning fruits, including Bartlett pears, not subject to direct supply controls.

The number of cling peach growers in California has increased since the 1930's, whereas for most California crops the number of growers has decreased. Marketing order controls have augmented, rather than reduced, the excess capacity for cling peach production, by encouraging entry of new producers.

If reduction in the volume of a crop marketed has the effect of increasing prices on the canned product, consumers will shift to lower-priced substitutes, thereby reducing demand for the commodity.

For this reason, cling peach canners have not raised the price of canned peaches appreciably, in the light of competition from other competing products. Faced with constant pressure of increased prices for the raw product, some processors have begun to shift their capital to other enterprises.

But in spite of our conviction that supply controls cannot provide long-term benefits to growers, we have modified our position to the extent that we are willing to evaluate on a crop-by-crop basis whether under exceptional circumstances supply controls might be of short-term benefit when applied to a perennial fruit crop in a particular area for a limited period of time, but only if the proposed legislation or order afforded to processors an equal voice and vote in the

formulation, adoption, and administration of the supply control program, and the controls could not apply to the commodity after it comes into the possession and control of the processor and he has become responsible for payment.

In conclusion, we would like to thank the committee once again for this opportunity to present the views of the canning industry on agricultural legislation.

Thank you.

The CHAIRMAN. Thank you very much, Mr. Dunkelberger.

I am sure you are aware that at least one of the bills we have pending, and one that the chairman introduced, extends the existing farm programs and the existing food stamp program but does not touch the phases that you discussed.

Now, what do you think about extending the farm program legislation, and the food stamp program?

Mr. DUNKELBERGER. Mr. Chairman, we fully realize that the legislation that has been introduced in particular did not address itself generally to these areas that we have discussed. We wanted to make our position clear, however; we thought that it would be appropriate to come before the committee to repeat our basic philosophy and our approach.

The National Canners Association is not concerned with the basic commodities, so we therefore do not have a position one way or the other on those crop programs, nor have we developed either opposition or support for the food stamp program.

We feel the area of agriculture of concern to canners and growers is one part of agriculture where the existing situation, at least, is satisfactory and needs no further enactment of legislation. In most instances it does not involve extension or amendment, either one.

The CHAIRMAN. Well, while we are glad to have you come and present your views, you are not really interested in the legislation that is before us.

Mr. DUNKELBERGER. Well, we did not understand, Mr. Chairman, that the hearings were limited to—

The CHAIRMAN. They are not. We are glad to have you present your views on any of these subjects, but let us say that they do not relate to 12430.

Mr. DUNKELBERGER. That is correct, sir.

The CHAIRMAN. And that you have no position on it.

Mr. DUNKELBERGER. That is correct, sir.

The CHAIRMAN. And you have no position with regard to food stamps.

Mr. DUNKELBERGER. That is correct.

The CHAIRMAN. And you are not interested in the basic agricultural commodities.

Mr. DUNKELBERGER. Those are commodities that are not canned or processed, and we do not have any stake in them one way or the other, sir.

The CHAIRMAN. Do you not feel that there is a relationship between the basic agricultural commodities and the production of your special crops that you can?

Mr. DUNKELBERGER. Certainly a farmer must evaluate his own situation and what he wants to devote his acreage to, and part of that decision is whether he will grow basic commodities, which may or may not be supported, or grow canning crops, which are not supported in any way. Our feeling is that so far, at least, growers have been willing to devote sufficient acreage to canning crops, in spite of or because of the programs on the basic commodities, to meet our demands. So, we have not felt it necessary to become involved in taking a position on legislation affecting the basic commodities. Of course, at such time that legislation on those commodities had a very strong spillover effect, I think we would have to address ourselves to them, certainly.

The CHAIRMAN. Now, you suggested that the present contract system between canners and the producers was mutually beneficial to all of them. I am not prepared to dispute that, nor do I want to dispute it. I think it probably is beneficial to growers, but that leaves it entirely within your power, or the power of your members, to determine where crops can be grown and to eliminate the possibility of profitably growing crops in other areas.

Mr. DUNKELBERGER. Well, we do not believe so. We think that our industry, Mr. Chairman, is always looking for extension of growing areas. Indeed, one of the arguments we presented some years ago to this committee was that asparagus for canning, for example, used to be grown almost exclusively in California. California experimented for some years with marketing order controls of its own on asparagus, which had the effect, we believe, of encouraging asparagus production elsewhere. The canning industry was delighted to move to those areas where asparagus could be grown satisfactorily and profitably. So, we feel the canning industry is, on the contrary, not responsible for any localization of growing of canning crops, and is always looking for new areas. I know that some companies have moved to North Carolina and Mississippi in recent years to spread the growing of canning crops to those areas.

The CHAIRMAN. Did they move for the purpose of spreading the crops or the purpose of getting cheaper labor?

Mr. DUNKELBERGER. I do not believe it was for getting cheaper labor. I believe it was for the purpose of finding areas where these commodities can be grown.

Now, of course, any commercial decision has to be made, in the light of all the costs that could go into the operation.

The CHAIRMAN. I am not finding fault with either. I think you are correct in saying that you have to take every cost into consideration.

But I have not understood how this present system encourages production in new regions, in regions that are not now producing these specialty crops.

Mr. DUNKELBERGER. Well, Mr. Chairman, you cannot profitably have canning crops grown unless you have canning plants in close vicinity.

The CHAIRMAN. That is right.

Mr. DUNKELBERGER. So, no matter what system of procurement you have, until some businessman, some farmer or grower or anyone with sufficient capital, decides to go into canning in that area, you are not going to have any canning crops grown, and we must admit that the growing of canning crops is tied to the availability of markets for the canning crops. But once a plant does go up in an area for any number of reasons—maybe labor is a factor, certainly weather is, and the adaptability of crops to that area—but when a plant does go up, then the market is created, and if a grower decides that he wants to try growing some tomatoes or carrots or beets, he can approach the canner or vice versa and say what kind of a deal you are willing to make with me. If he likes what the canner offers him, he then commits his acreage to the vegetable. He does not have to commit the acreage to that vegetable until he has a contract with the canner.

The CHAIRMAN. But it is sort of like the chicken and the egg, is it not? Which comes first?

Mr. DUNKELBERGER. Certainly, you could not have a canning plant in the middle of an area where there is nothing; that is correct. It is a problem of developing both at the same time; developing the interest of the growers in the area in growing canning crops and at the same time during the transition having outlets for those canning crops.

The CHAIRMAN. I wonder if you have any idea, any information, as to the relative amount that the canner and the producer get out of crops. Let us take a crop like corn. What do you pay for that corn and what do you get for it?

Mr. DUNKELBERGER. The National Canners Association a few years ago did undertake a study in a number of their canning areas to determine what ways the canner spent his money—where that money went to and what proportion of the money, of his costs, went to the various areas.

As a generalization, I think we found that roughly a third, or in some instances more, of the canner's costs went to the grower and, of course, he had extensive labor expenditures which I think were roughly a quarter, and then he had packaging supplies, administrative and selling costs.

If you would look at a retail price of a can of corn and ask exactly how much of that goes to each, I am not sure that we have got that study. If we do, I will be happy to supply those figures to the committee.

The CHAIRMAN. Well——

Mr. DUNKELBERGER. We do know this. Our industry has not been

one that has been characterized by outstanding profits in recent years, and this year particularly is one in which if there are hidden middlemen's profits, they certainly are not in the pockets of the canners.

The CHAIRMAN. I think we ought to follow it through and find out really where the money does go. I do not know. Let us say, what will a can of corn cost now? No. 1 can of corn would cost about, what, roughly 25 cents?

Mr. DUNKELBERGER. About 25 cents.

The CHAIRMAN. Now, I take it that the farmer probably did not get more than 2 cents for that corn, did he? He probably did not get that much.

Mr. DUNKELBERGER. I have seen Department of Agriculture figures on this but I just do not have them in mind, Mr. Chairman. I am sorry. Of course, as you realize, that is a retail price.

The CHAIRMAN. I realize that.

Mr. DUNKELBERGER. That reflects the transportation—

The CHAIRMAN. I am trying to say, where did the rest of it go? I understand that it did not all go to the canner by any manner of means, but I would like to see where it did go. I wonder if you could not produce for us within the next day or two an outline of what the farmer gets for the corn, on the average, over the country. I know that there is a variation. How much transportation costs are there in it, and what does the canner then get for it, and what do you sell it for, and what does the jobber sell it for and what does the wholesaler sell it for and what does the retailer sell it for.

Mr. DUNKELBERGER. We will do our best, Mr. Chairman, to get that.

The CHAIRMAN. I would appreciate it if you can.

Thank you very much.

(Mr. Dunkelberger submitted the following information:)

SEPTEMBER 12, 1969.

Hon. W. R. POAGE,

*Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.*

DEAR MR. POAGE: During the course of my testimony on behalf of the National Canners Association on Wednesday morning (September 10) before your Committee on the General Farm Program you raised a question concerning the distribution of the retail selling price of canned foods among the farmer, processor, distributor and others, and asked whether we might supply some information in this regard for the record.

Enclosed is a copy of Table 22 from Technical Study No. 9 of the National Commission on Food Marketing, entitled "Cost Components of Farm-Retail Price Spreads for Foods." This table is based on a hypothetical market basket of processed foods and vegetables sold at retail in 1964 for \$100, and indicates the prices received by the farmer, by the processor, by the distributor and on the retail shelf. It also breaks down the margins of those involved.

You will note that although the processor's margin amounts to almost \$45, the processor's costs leave only an 88 cent profit for the processor from the \$100 retail sale.

I hope this satisfactorily answers your question.

Sincerely,

EDWARD DUNKELBERGER.

A MARKET BASKET OF PROCESSED FRUITS AND VEGETABLES: PRICES, COSTS, AND MARGINS, 1964

Prices	Functions	Components of margins								Profits before income taxes	
		Prices	Margins	Labor and fringes	Containers and supplies	Buildings and equipment	Advertising and promotion	Cartage and vehicles	Other transportation		Other expenses
Retail	Retailing	\$100.00	\$20.79	\$8.21	\$0.50	\$3.48	\$2.40			\$4.10	\$2.10
Into-store	Wholesaling	79.21	10.21	4.81		.33	1.99			2.36	.72
	Intercity transportation		3.92						\$3.92		
F.o.b. plant	Processing, storage, assembly	65.08	44.24	10.75	13.27	1.46	2.08			15.80	.88
Farm value		20.84									
Total			79.16	23.77	13.77	5.27	6.47		3.92	22.26	3.70

¹ Depreciation, maintenance, rent, utilities.

The CHAIRMAN. Thank you very much.

Mr. Teague?

Mr. TEAGUE. Yes. Mr. Dunkelberger, I am sorry I was late but I had a meeting with another committee where we had a vote.

You may have discussed it in your statement but I heard only the last few paragraphs. If you did not say anything in your statement, do you now have any comments on the general subject of farmer bargaining associations or organizations?

Mr. DUNKELBERGER. Yes, Mr. Teague. We did in general. As indicated to the chairman, we thought we would take this occasion today to present our basic position on agricultural legislation. We did not direct our comments to any particular bill. We have indicated in the area of bargaining that we support the current status quo in bargaining; that is, the right of the grower under the Capper Volstead Act to establish bargaining associations and to sell his crop collectively.

We supported S. 109 as enacted along with other farm interests. We certainly deplore any interference with and discrimination against members or nonmembers of the bargaining associations. Our feeling is that right now you have got a pretty good balance. The growers in an area can establish as much as 100 percent bargaining power for any commodity if the growers want it. On the other hand, if they do not want it, we believe that should be a decision for the growers to make.

So generally, in the area of bargaining we feel that there is right now, with the passage of S. 109 only a year or so ago, a pretty good legislative framework for the operation of bargaining in a true commercial context, and we do not believe there is any need for the Government to become involved directly in the bargaining itself. I have stated our position as best I can.

Mr. TEAGUE. Thank you very much.

The CHAIRMAN. Mr. de la Garza?

Mr. DE LA GARZA. No questions.

The CHAIRMAN. Mr. Montgomery?

Mr. MONTGOMERY. Thank you, Mr. Chairman.

Along the same lines that Mr. Teague was asking our witness on bargaining power, are you familiar with the bill that goes several steps further pertaining to S. 109, the bill that has been introduced by Mrs. May; she is sponsoring the bill for the U.S. Farm Bureau, pertaining to bargaining powers?

Mr. DUNKELBERGER. H.R. 9950? I think that is the bill.

Mr. MONTGOMERY. Yes. That is it.

Mr. DUNKELBERGER. Yes. We have certainly seen that bill and looked at it; yes, Mr. Montgomery.

Mr. MONTGOMERY. Do you have any comments or opinions on the bill? I am searching for information.

Mr. DUNKELBERGER. I realize that. As you well know, of course, better than I, there are all kinds of proposals going in all the time, and the National Canners Association does not necessarily develop a position on each one of them. As far as I know, we have no public position on H.R. 9950, but I think I can state that all you would have to do would be to look at that bill as against our position on S. 109 and see that there are some conflicts.

For example, on S. 109 we strongly urged the importance of having the right of the processor to decide with whom he will deal, and we also thought it was important, of course, for the grower to decide with whom he will deal. And one of the important rights that is retained and protected in S. 109 is the right of the processor or handler to deal with a bargaining association or not, in his own judgment.

As I understand that legislation—H.R. 9950—it would turn that around and it would force a processor or handler to bargain with a bargaining association representative, and I believe that our association would be opposed to that radical change in S. 109.

Mr. MONTGOMERY. Thank you. One other question. Pertaining to small canners, and I am again seeking information, say an association or individual goes into the canning processing business. Is it not the history of canning, that he is going to have a hard time unless he has got a market of a large brandname that he can sell his produce to, that he is going to have a hard time making it? Is that the history of canning?

Mr. DUNKELBERGER. It certainly is. You will find that over the years the number of canners has been drastically dwindling. In Virginia alone, I think there used to be well over 100 canners and now it is below 50. The small canner has had the problems of all small businessmen, of available capital, of know-how, and ability to find a market.

The Federal Trade Commission a few years ago did a study of the marketing of canned foods, and it pointed out, somewhat paradoxically in this record, that the small canner, the medium and small-sized canner who sold primarily to private label, had a profit in the area of a half a percent or 1 percent. Those canners, medium and small-sized canners, who had been able to maintain their own brands and primarily sold their own brands were, although not a raging financial success, at least were a good deal more successful. But the fact is, of course, that the small canner has a hard time maintaining his brand in competition because advertising is expensive, promotion is expensive, and he has got to be able to incorporate efficiencies that are available to other enterprises.

So, most smaller canners have been unsuccessful in maintaining their brands for major sales and have had to go the private label route. I think you are probably right. Unless they have been able to make such an arrangement with a buyer, they have not been able to make a go of it, but the trouble is once they do go the private label route, frequently they find their profits are very low if they exist at all.

Mr. MONTGOMERY. That is all I have, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Montgomery.

Mr. Melcher.?

Mr. MELCHER. No questions, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Dunkelberger. We appreciate your appearance here and your expression.

Mr. DUNKELBERGER. Thank you very much.

Mr. TEAGUE. Before we call the next witness, may I make a brief statement for the record? The fact that we have such a sparse attendance on the Republican side this morning is because there is a Republican conference in process right now on the very important subject which is before us this week on the House floor of electoral college reform.

The CHAIRMAN. Thank you.

The next witness will be Mr. Linwood Tipton, Milk Industry Foundation.

Mr. Tipton, we will be glad to hear from you.

STATEMENT OF LINWOOD TIPTON, ECONOMIST, ON BEHALF OF THE MILK INDUSTRY FOUNDATION

Mr. TIPTON. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, my name is E. Linwood Tipton. I am appearing on behalf of the Milk Industry Foundation which is a trade association representing fluid milk processors throughout the United States as well as several foreign countries.

We are pleased to have this opportunity to express our views with respect to certain legislation which may be considered by this committee and the Congress. My remarks today, however, will be confined to the subject of class I base plans under Federal Milk Marketing Orders.

Various bills providing for class 1 base plans have been before the Congress during every session since the early 1960's. The Congress in its wisdom saw fit to enact such a plan as title I of the "Food and Agriculture Act of 1965." However, since that time numerous amendments have been proposed and since the authority for base plans will expire on December 31, 1970 we are confident this committee will be requested to include such amendments in any general farm bill which may result from these hearings. Therefore, we propose certain suggestions with respect to the provisions for class I base plans.

The foundation has not opposed class I based plan legislation per se. However, it has consistently opposed provisions which can be construed to permit substantial restrictions or barriers to milk movements between markets and to the entry of new producers or which artificially enhance the value of bases. It is these aspects with which we are most concerned.

Barriers against new producers and orderly movement of milk.

From past experience we know certain groups of producers and/or handlers may find it in their interest to erect barriers to the entry of either bulk or packaged milk from other sources, as well as new producers. The consequences of such barriers can be devastating not only to those producers or handlers who are outside the barrier but also to consumers who must ultimately stand the brunt of unnecessary higher prices.

Most of the bills which have been considered by this committee are believed by many to authorize substantial restrictions to the entry of new producers and to bulk or packaged milk from other markets.

Recently class 1 base plan bills under consideration have provided that new producers may either purchase bases or obtain them on an equitable basis with old producers. However, what constitutes an equitable basis is never defined.

Thus, some argue that a new producer who does not wish to purchase a base from another producer could be compelled to deliver milk over some long period of time while receiving less than the base price. Since the alternative to purchasing a base could be very costly, depending on the length of time such a new producer would have to

deliver milk while receiving less than the base price, producers with bases could demand premium prices for their bases.

None of the bills specifically authorized any new restrictions on the movement of either bulk or packaged milk between markets. However, some consider such authority to be inherent. This interpretation derives from the new producer provisions. They rationalize that if authority is granted for order provisions which would require a dairy farmer to obtain a base by either purchasing it or producing milk over an unspecified, possibly long, period of time at less than the base price which would accrue to other producers, it carried with it an implication that restrictions may be imposed on the movement of bulk or packaged milk between orders. They argue that it is inconsistent to permit the imposition of highly restrictive provisions on the entry of new producers, but permit milk in bulk or packaged form to move freely between orders. Of course, this interpretation is contrary to the clear meaning of sections 8c(b) (G) and (D) of the act.

Artificial enhancement of base values.

It should be pointed out that class I base plans, which require a producer to either earn his base by producing milk for some period of time while receiving less than the base price or by purchase of the right to a base from another producer, permit and encourage capitalization of bases—that is bases becoming valuable assets.

Generally speaking, the more restrictive the provisions are to the entry of new producers, the greater will be the value of bases. This, of course, adds to the producers' incentive to make entry provisions more restrictive.

It must also be recognized that after a base has value or becomes a capitalized asset, it automatically has the effect of increasing the cost of production. For example, a base which has a \$20,000 capitalized value would increase the cost of production by \$2,000 annually at a 10 percent interest rate.

While the value of the base becomes a windfall capital gain to the initial producer who receives it, it becomes a cost of production applicable to all future producers just as much as the cost of cows, a barn, or equipment becomes a cost of production. Increased costs of this magnitude must either result in lower net returns to producers or higher prices to processors and consumers.

In order to prevent artificially inflated values of bases, we believe new producers should be able to receive bases by administrative action without long delays and bulk and packaged milk should be permitted to move on an orderly basis between markets. The 1970 expiration date of the authority for base plans contained in the present law has acted as a restraint on the value of bases. However, if this restraining influence is removed by making the authority for base plans permanent, base values may become exorbitant.

We would like to invite the committee's attention to certain other facts which we believe are relevant to class I base plans also.

There are currently 67 Federal milk marketing orders in the United States regulating about 74 percent of the fluid milk sold in the United States. In each of these orders the Secretary of Agriculture is required by statute to fix such prices as he finds will reflect certain enumerated economic factors, "insure a sufficient quantity of pure and wholesome milk and be in the public interest."

Thus, although the prices to be set by the Secretary are minimum prices, it is quite clear that they are required to be the prices that will most accurately reflect market supply and demand conditions and the public interest. There have been instances when producers' requests for price increases have been rejected by the Secretary on the ground that the requested prices would be too high, because they would result in surpluses and in unduly high prices to consumers. In setting prices, the Secretary must strike a careful balance between prices too high or too low, to further the "public interest."

Notwithstanding, the Secretary of Agriculture having fixed such prices, the producers have demanded and received from processors substantially higher prices in many of these markets. These premiums range from a few cents in some markets to as high as \$1.22 per hundredweight. These premiums are estimated to total about \$60 million annually.

Since the statute requires the Secretary to establish a proper price which will bring forth an adequate supply of milk and be in the public interest, and since premiums over and above that price are being demanded in many markets, and since the major purpose of class 1 base plans is to reduce surplus milk marketings, there is an obvious conflict.

Rhetorically, we ask: How can it be in the public interest for the Secretary to set a price designed to provide an adequate supply of milk and simultaneously initiate a class I base plan designed to reduce that supply? The answer is complicated even further in view of the demanded premium prices which even exceed those established by the Secretary of Agriculture.

Recommendations. Mr. Chairman, when the Agricultural Marketing Agreement Act of 1937 was originally enacted, it very clearly specified the only restrictions and limitations which were authorized on the movement of milk. Since many suggested class I base plans propose restrictions on the movement of milk and the entry of new producers, we urge the committee to include in any bill provisions specifically reaffirming section 8c(5) (G), and stating that the adoption of a base plan in no way justifies any greater limitations on the free movement of milk and milk products than exist in the absence of such a plan.

Additionally, we believe any class I base plan bill should make provisions for new producers to share equally in class 1 proceeds following a reasonable period of having delivered milk to a market. The waiting period should not exceed the time specified in section 8c(5) (D); thereafter new producers should receive prices equal to those paid producers who were initially allocated bases. Section 8c(5) (D) provides authority for the payment of the lowest use classification price to new producers for 2 full calendar months next following the first calendar month in which a producer begins delivery under the order.

These actions would reaffirm the position taken by the Congress when it originally inserted sections 8c(5) (G) and (D) in the Agricultural Marketing Agreement Act. The two taken together would clearly mean that whatever restrictions to the entry of new producers were specifically authorized, they would not exceed the time limitation specifically set forth and authorized by section 8c(5) (D) and orders

with base plans would not be permitted any greater limitations on the movement of milk between markets than those without base plans.

Amendments to accomplish these proposals were forwarded to the committee chairman and the members of the committee in correspondence dated June 23, 1969. We respectfully request that this letter, which is attached to this statement, be made a part of the official record of this hearing.

(The letter referred to follows:)

MILK INDUSTRY FOUNDATION,
Washington, D.C., June 23, 1969.

HON. W. R. POAGE,
House Agriculture Committee, Washington, D.C.

DEAR MR. POAGE: We respectfully request your support for amending H.R. 7996 to clarify its intent with respect to restrictions on milk movements and the entry of new producers.

The concern of the Milk Industry Foundations over these aspects of the bill is a matter of record. While the Committee recognized our concern to some extent in its report accompanying last year's bill we are convinced (and the Department witnesses in hearings before the Senate Committee last year confirmed our belief) that language in a committee report is not adequate and the bill should be amended to specify whatever limitations or restrictions are intended with respect to (1) the entry of new producers or (2) milk from other areas.

Your attention is respectfully invited to the statement made on behalf of the Milk Industry Foundation before the Dairy and Poultry subcommittee at its hearing on May 5, 1969 on H.R. 7996. The Foundation's statement is found beginning on Page 28 of the printed hearings.

The bill under consideration by the committee (H.R. 7996) in our view, should be amended if it is to be reported favorably by the committee in two respects:

1. The fixed policy of Congress of preventing milk orders from operating as economic trade barriers should be reaffirmed. This could be accomplished by amending the bill by adding a new subsection (d) as follows:

"(d) Section 8c(5)(G) is hereby fully reaffirmed in that the adoption of a base plan shall in no way justify any greater limitations on the free movement of milk and milk products than exist in the absence of such a plan."

2. The bill should also make provisions for new producers to share equally in the Class I proceeds after a reasonable period of delivery of milk into the market. Therefore, it is respectfully suggested that Section 8c(5)(D) of the Agriculture Marketing Act of 1937 as amended, be further amended by changing the period to a semicolon at the end thereof and adding the following:

"Provided further, that in providing adjustments authorized under Clause (e) of 8c(5)(D) such producers shall receive for milk purchased by handlers prices equal to those paid producers who were initially allocated bases beginning with the first month immediately following the expiration of the period during which they may receive the prices of the lowest use classification as provided herein."

Without these amendments, orders with Class I Base Plans, might require a producer either (1) to earn a base by producing milk for a long protracted period time while receiving less than the base price or (2) to purchase a base from another producer. This would result in artificially inflating the price of bases.

It must be recognized that, after a base has this enhanced value or becomes a capitalized asset, it automatically has the effect of increasing the cost of production. For example, a base which has a \$20,000 capitalized value would increase the cost of production by \$2,000 annually at a ten percent interest rate.

While the value of the base becomes a windfall capital gain to the initial producer who receives it, it becomes a cost of production applicable to all future producers just as much as the cost of cows, a barn, or equipment becomes a cost of production. Increased costs of this magnitude must either result in lower net returns to producers or higher prices to processors and consumers.

For the above reasons, we respectfully solicit your support of the amendments suggested herein.

Sincerely,

ROBERT H. NORTH, *Executive Vice President.*

Mr. TIPTON. Thank you for your consideration and attention.

The CHAIRMAN. Thank you very much.

Mr. Melcher, do you have any questions?

Mr. MELCHER. Thank you, Mr. Chairman.

Mr. Tipton, you seem to imply by your questions on page 5 that if producers negotiate for a higher price per hundredweight than is set by the Secretary, you object to that?

Mr. TIPTON. As a Foundation we have not objected to that. Many of our members have as individual firms.

Mr. MELCHER. Well, what am I supposed to interpret from your testimony, then, in the two or three paragraphs at the end of page 4 and on page 5?

Mr. TIPTON. Well, what I am trying to point out is that there appears to be a very substantial conflict between the pricing criteria set forth in the act and the operation of a class I base plan. The pricing criteria in effect says it is the responsibility of the Secretary to set the price that will provide an adequate supply. After having determined what that price is, it then seems inconsistent that he should put in a program which will reduce the supply. The two are just inconsistent with each other. And we think that it is even a bigger problem when, after the Secretary has set the price which he says will bring forth an adequate supply, and producers have demanded prices higher than that yet, to then impose a class I base plan which is designed to reduce the production.

In other words, you have increased the price higher than that necessary to get an adequate supply and then artificially reduced the supply by proposing a base plan, and the two seem inconsistent.

Mr. MELCHER. Well, after the price has been established by the Secretary, do you think the Secretary should review his price in this light; there must have been a need for a higher price or the producers would not have negotiated a higher price. What is your position?

Mr. TIPTON. Well, the Secretary has available to him two or three alternatives, one of which would be to suspend the order when there are prices that are demanding—that are higher than that he determines to be necessary. He has not done that, to my knowledge, in any of the orders.

Another alternative would be for him to call a hearing and review the price level which he has established to determine whether it is adequate or whether it should be set at some other level. He has done that on occasion and on occasion has still set the price at that less than which the cooperatives are demanding. Again, it would bring me back that he maybe should suspend the order in such a situation but he has not chosen to do that.

Mr. MELCHER. Well, in general, do you feel that where this has happened, that it has been harmful for the free movement of milk, or for the consumers in general?

Mr. TIPTON. No. I do not think this has been harmful to the free movement of milk. The major point that I am trying to set forth here is that—is this very obvious conflict to me, and that is that when you are—well, let me say it this way. If we did not in those orders which we do not have a base plan in effect now and if the producers negotiate higher prices and if that does bring forth additional supplies of milk,

then the effect is going to be to reduce the prices to the producers ultimately because they are going to water down or reduce their price.

More will be sold at the surplus price than the class I price and the effect will be to reduce their returns.

However, if we then provide authority to impose a class 1 base plan, then the returns to the producers would not be reduced in this way. In other words, the fact that you would give him the authority to establish higher prices and then give him authority to restrict the amount of milk that will be produced at those higher prices is entirely an artificial situation, create an artificial situation.

Mr. MELCHER. Thank you, Mr. Tipton.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Teague?

Mr. Abernethy?

I would like to ask you, Mr. Tipton, first to make real clear what you really consider the law to be. On page 3 you refer to the clear meaning of sections 8c(5) (G) and (D), and you interpret that to mean that you could not, as long as that remains in the law, prevent the movement of fluid or packaged milk from one order area into another. That is your interpretation; is it not?

Mr. TIPTON. Yes, sir.

The CHAIRMAN. And you consider that is the law?

Mr. TIPTON. Yes, sir.

The CHAIRMAN. Then, you do not consider that the passage of the bills, any that you have referred to, would actually result in the situation that you describe on page 2 and page 3 of actually authorizing the movement from one marketing order area to another; do you?

Mr. TIPTON. Yes. Let me try to clarify that a little further. Section 8c(5) (G) has been the subject of court litigation on several occasions, the most famous of which is the decision reached in the Supreme Court in the *Lehigh* case. And during that decision, there was a substantial amount of discussion as to the meaning of 8c(5) (G). Section 8c(5) (G) seems to treat milk differently than it does the products of milk and in 8c(5) (G) there seems to be, and the Supreme Court in the *Lehigh* case ruled accordingly, that the Secretary seemed to have authority to impose whatever restrictions he deemed were necessary in order to carry out the intended purpose of the law. That is with respect to milk.

Now, then, we are very much concerned that if the Congress authorizes or leaves unspecified the amount of time in which a producer can be required to deliver milk at less than the full base price, it might be interpreted by the Secretary and by the courts that the Congress intended to authorize restrictions which would require producers to produce for some long period of time before he got his full base.

Now, in the case of two orders, two markets, which have considered class 1 base plans, under the current law the producers initially requested that a new producer be required to deliver milk for almost 5 years, 55 months in one case and I think 48 in another, prior to being given a full base, and this is what we are concerned with.

The CHAIRMAN. Well, now, that is not what I am talking about, though. I did not make myself plain.

Mr. TIPTON. I am sorry.

The CHAIRMAN. I am talking about the movement of bulk or packaged milk from one market order area into another and I understand your statement to be that clearly these sections referred to authorize that movement.

Mr. TIPTON. Yes, sir.

The CHAIRMAN. And that in the absence of specific change of these sections 8c(5) (G) and (D), that that movement is still authorized by law.

Mr. TIPTON. Yes. I think that is right. But again, I raise the possible question which might come——

The CHAIRMAN. I am not bothered by the possible question. I am bothered by your interpretation of the law as it stands today. Do you interpret the law as it stands to mean that there can be a movement and that the market order cannot prohibit a movement from one market order to another?

Mr. TIPTON. Yes, sir. I am informed by——

The CHAIRMAN. And until these sections are repealed or modified, that will remain in the law.

Mr. TIPTON. Yes. But I would like, if I may, sir, to add a couple of of comments. Section 8c(5) (G) in our understanding of it, does preclude any provisions in the orders to prohibit the marketing of milk. However, it does provide that the Secretary can impose some limitations on the marketing of milk and as this has been further interpreted by the Supreme Court in the *Lehigh* case and as is now being administered by the Department of Agriculture, the Secretary is imposing limitations on the marketing of milk to the extent that he deems they are necessary to carry out the intent and purpose of the act.

The CHAIRMAN. To equalize the transportation costs there.

Mr. TIPTON. That is part of it but he has also—there are also—to equalize the returns to producers. In other words, you cannot move milk from Wisconsin to Texas and even if you paid the same price, have it all used in class 1 uses in Texas. There are some down allocations or the producers in Wisconsin are required to take some manufacturing value for it.

The CHAIRMAN. And that which can be sold for class I uses must either sell at the class 1 price or the processor must pay into the pool the difference.

Mr. TIPTON. Yes, sir. But now, then, we are concerned that if this same bulk milk were to move and if the order had in it a class I base plan that in effect provided that no new producers could come into the market for some long period of time, it would also—it might be interpreted that it would be necessary to prevent bulk milk to come into the market on any more favorable terms than new producers could come in and if the Secretary were to determine that that kind of a provision was necessary in order to effectuate the purposes of the class 1 base plan, then we are fearful that some restrictions——

The CHAIRMAN. Do you think that is a correct interpretation?

Mr. TIPTON. No. But I think it may be one that is advanced.

The CHAIRMAN. I want your opinion. You said it might be advanced and I realize I could say the world is square but I will not try to do so.

Mr. TIPTON. I might just add it has been advanced.

The CHAIRMAN. Well, there are those who have argued that the world is flat, too.

Mr. TIPTON. Yes, but in the last year officials of the Department of Agriculture advanced that position also.

The CHAIRMAN. But you think that is wrong.

Mr. TIPTON. Yes, sir.

The CHAIRMAN. All right. Now, one other thing I want to ask. I asked Mr. Dunkelberger a while ago, I now would ask you, Can you procure for us, and if you have it, put it in the record right now, or send it up here tomorrow, information as to the average price of fluid milk sold for class 1 purposes over the United States.

Now, I know it is not all sold as class 1 milk because there is only about 75 percent of the milk of the United States that moves in these marketing orders, but can you give us the average price, retail price of milk in the United States, both in the marketing order areas and outside of the marketing order areas?

I understand about three-fourths of it is in market order areas and about one-fourth outside. Now, will you give us the average retail price, both in and out of the market order areas.

Mr. TIPTON. Yes, sir.

The CHAIRMAN. Then, will you give us the average price that the processors pay to the producer, both inside and outside the marketing order areas?

Mr. ABERNETHY. Will the Chairman yield?

The CHAIRMAN. Yes.

Mr. ABERNETHY. I wonder if the witness could give us some opinion at this moment as to the relationship between the prices in the marketing order areas and outside.

Mr. TIPTON. The prices to dairy farmers?

Mr. ABERNETHY. Yes. And in marketing order areas and in areas that are not in marketing order areas. What is the relationship between the prices?

Mr. TIPTON. They are very closely related.

Mr. ABERNETHY. Well, are they about the same?

Mr. TIPTON. Yes, sir.

Mr. ABERNETHY. Mr. Chairman, that leads me to one other question. First, let me assure you that I am not against programs for dairying or for any other commodity. I favor them, and for the 25 years I have been on this committee, I have supported many of them. Maybe a few I have not.

I cannot say that I fully understand the very complicated mechanics of all the dairy programs. I have a feeling, though, that they are so complicated; that such has contributed to the reduction of the consumption of milk in the United States and in the long run has mitigated against the producers.

Now, what is your opinion about it?

Mr. TIPTON. I share with you the fact that it is a very complicated regulatory program and we have been working diligently not only with respect to the pricing area but to the sanitation, duplication of inspections and numerous other things.

Mr. ABERNETHY. Consumption is going down; is it not? Per capita consumption.

Mr. TIPTON. Per capita consumption has gone down slightly, of milk.

Mr. ABERNETHY. The production has gone down; has it not?

Mr. TIPTON. Yes, sir.

Mr. ABERNETHY. Gross annual production is less today than it was 5 years ago?

Mr. TIPTON. Yes, sir.

Mr. ABERNETHY. Although we have more people.

Mr. TIPTON. Yes, sir.

Mr. ABERNETHY. What is causing this? Are any of these programs contributing to it or not?

Mr. TIPTON. It is obviously a very complicated answer to what is causing a reduction in our supplies of milk and also what is causing reduction in our consumption. I think that—well, let me say we think we are very much overregulated and that it has, in fact, contributed to a difficult marketing situation. We are overregulated to the extent that it has created difficulties in new product development, research, and the development of new dairy products for sale. To the extent that that has caused a reduction in the consumption, then I think it is attributable to the regulations that are imposed on the industry.

Mr. ABERNETHY. Is the Milk Industry Foundation an organization that represents—do you represent any producers of milk, genuine dairymen, people who own and operate dairy farms?

Mr. TIPTON. No. Our membership consists of those firms who are in the processing business. Now, this does include, however, a considerable number of cooperatives who represent dairy farmers who are also in the processing business.

Mr. ABERNETHY. Then, I really do not think my question should have been put to you. I think it should be put to the producers.

Thank you, Mr. Chairman.

The CHAIRMAN. May I go back to my question? I think the gentleman has put on the record his opinion. I am enticed to put my own on before I get back to the question of the statistics that I would like to have you present.

The gentleman from Mississippi says he feels this program has hurt rather than—

Mr. ABERNETHY. No. I said I am afraid.

The CHAIRMAN. All right. Afraid that it has hurt rather than helped the dairy farmers. As one who stayed in the dairy business for 11 years I would say that I could not stay in it, either, without the program. Dairying is a rough business, even with the best of programs, and without any, I think that instead of producing the 115 billion pounds of milk, we would not be producing 15 billion pounds of milk today.

It is perfectly true that there are areas in the United States without milk marketing orders that are able to operate because of the orders in the surrounding areas. For many years the city of Houston had no milk marketing order, and I think that we in our area sold half of our milk to Houston. It was because Houston had no limit on the amount of fluid milk that you could sell. The question was whether you would sell more milk at a lower price or stay in the marketing order in central

Texas and sell less at a reasonable price and have milk in effect, a surplus. But when you have a large consuming area surrounded by milk marketing orders, it sometimes becomes desirable for them to operate without an order and that is, of course, what forced Houston to do it. What I was asking you, will you furnish us with information as to the cost of—as to the cost of milk to the consumer in and out of the milk marketing areas. That is, the retail price of milk in and out of milk marketing areas, and the price received by the producer in and out of milk marketing areas. You can get that information for us today, can you not?

Mr. TIPTON. We do not collect this kind of information as an association, so we will have to rely upon those sources which are published mainly by the Government, but we will make an effort to accumulate it.

The CHAIRMAN. If you do the best you can and get that for us I would like to have it with your testimony.

Mr. TIPTON. Yes, sir.

(Mr. Tipton submitted the following letter and information attached:)

MILK INDUSTRY FOUNDATION,
Washington, D.C., September 24, 1969.

Congressman W. R. POAGE,
Chairman, Committee on Agriculture,
U.S. House of Representatives, Washington, D.C.

DEAR CONGRESSMAN POAGE: Following my appearance before the House Agriculture Committee last week you requested producer Class I and retail milk prices in Federal and non-Federal Milk Marketing Order areas. That information for selected markets is shown for August, 1969, in the attached table.

Data for the entire United States is published monthly by the U.S. Department of Agriculture in the Fluid Milk and Cream Report.

You can note from the prices shown in Table 1 that handlers in seven of the ten markets under Federal Orders are paying prices over and above those established by the Secretary as being necessary to provide an adequate supply of milk. These prices are demanded by the cooperatives operating in those markets.

About 60 million dollars in premiums are being paid producers under Federal Milk Marketing Orders annually. These payments raise at least two very specific public policy questions which are related to Class I base plan legislation.

First, since the price established by the Secretary of Agriculture is required by law to be *the* price which will provide an adequate supply of milk and be in the public interest, it is questionable how a higher price which is aided and undergirded by the Federal order is also in the public interest. This question, as we pointed out in our statement, is highly pertinent to Class I base plan legislation because the effect of higher prices is to increase production, whereas the purpose of base plans is to reduce production. These two are inconsistent.

The second public policy question regarding premiums evolves from the fact that often only a small proportion of the premium money is actually returned to producers.

In the case of Federal orders, handlers are assured that money paid for milk is actually returned to the dairy farmers who produce the milk, unless they have specifically authorized it to be retained by the cooperative. No such requirements apply to premium payments. If Class I base plans permit restrictions to the entry of milk from other sources, premiums might be further enhanced without direct benefit to producers.

Mr. Chairman, we believe your committee should carefully explore the inconsistencies between a Class I base plan, which has the purpose of reducing milk marketings, and the use of Federal Orders to assist in the collection of premium prices which have the purpose of increasing milk supplies.

Sincerely yours,

E. LINWOOD TIPTON, *Administrative Assistant.*

AUGUST 1969

	Class 1 price	Premium	Prevailing price	Price paid by con- sumers for whole milk paper half gallon	Midpoint of the range of prices paid by consumer converted to cwt.	Gross marketing margin (difference between col 1 and 5)
Federal order markets:						
Boston, Mass.....	\$7.31	-----	\$7.31	\$50-55	\$12.21	\$4.90
New York, N.Y.....	7.34	-----	7.34	51-59	12.79	5.45
Columbus, Ohio.....	6.14	\$0.36	6.50	51	11.86	5.72
Chicago, Ill.....	5.61	.18	5.79	60-64	14.42	7.81
Detroit, Mich.....	6.01	.61	6.62	53-55	12.56	6.05
St. Louis, Mo.....	6.01	.18	6.19	53-55	12.56	6.05
Chattanooga, Tenn.....	6.74	.31	7.05	49-55	12.09	5.35
Corpus Christi, Tex.....	7.39	.50	7.89	49-66	13.37	5.48
San Antonio, Tex.....	7.15	.50	7.65	45-53	11.39	3.74
Houston, Tex.....	7.09	.50	7.59	63	14.67	7.58
Denver, Colo.....	6.57	-----	6.57	41-52	10.58	4.01
State milk control areas:						
Norfolk-Portsmouth, Va.....			7.00	58	13.49	6.49
Charlotte, N.C.....			7.40	63-65	14.88	7.48
Charleston, S.C.....			6.90	58-59	13.60	6.70
Birmingham, Ala.....			6.93	57-60	13.60	6.67
Gulfport-Biloxi, Miss.....			7.00	62	14.42	7.54
Butte, Mont.....			6.15	59	13.72	7.67
Cheyenne, Wyo.....			6.47	58	13.49	7.02
Reno, Nev.....			6.00	57	13.24	7.24
Los Angeles, Calif.....			6.00	50	11.63	5.63
San Francisco, Calif.....			6.00	51	11.89	5.86

Source: Fluid milk and cream report, Statistical Reporting Service, U.S. Department of Agriculture.

The CHAIRMAN. Is there anyone else who wants to ask a question? If not, we are very much obliged to you. We appreciate the opportunity to hear these witnesses today and thank the members who were able to be present.

Mr. TIPTON. Thank you, sir.

The CHAIRMAN. Tomorrow we will meet at 10 o'clock to continue this discussion.

(Whereupon, at 11:05 a.m., the hearing was recessed, to reconvene at 10 a.m., Thursday, September 11, 1969.)

GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

THURSDAY, SEPTEMBER 11, 1969

**HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
*Washington, D.C.***

The committee met, pursuant to recess, at 10 a.m., in room 1301, Longworth House Office Building, the Honorable W. R. Poage (chairman) presiding.

Present: Representatives Poage, McMillan, Abernethy, Stubblefield, Purcell, O'Neal, de la Garza, Vigorito, Montgomery, Alexander, Burlison, Rarick, Jones, Melcher, Belcher, Teague, May, Wampler, Goodling, Miller, Mayne, Zwach, Kleppe, Sebelius, and Mizell.

Also present: Christine S. Gallagher, chief clerk; William C. Black, general counsel; Hyde H. Murray, associate counsel; and L. T. Easley, staff consultant.

The CHAIRMAN. The committee will please come to order.

We are meeting for further consideration of farm and food stamp legislation. We have as our first witness this morning Mr. Patrick B. Healy, who is the executive secretary of the National Milk Producers Federation, which I think we all know. We are delighted to have you with us. Glad to hear from you.

**STATEMENT OF PATRICK B. HEALY, EXECUTIVE SECRETARY,
NATIONAL MILK PRODUCERS FEDERATION; ACCOMPANIED BY
JUDSON P. MASON, DIRECTOR, ECONOMICS DIVISION, NATIONAL
MILK PRODUCERS FEDERATION, WASHINGTON, D.C.**

Mr. HEALY. Mr. Chairman, my name is Patrick B. Healy. I am secretary of the National Milk Producers Federation. I welcome the opportunity to appear before your distinguished committee on behalf of the federation.

In this testimony I am accompanied and assisted by Mr. Judson P. Mason, who is the director of economics division in our National Milk Producers Federation.

The National Milk Producers Federation is a national farm commodity organization organized in 1916. It represents cooperative associations and their dairy farmer members throughout the United States. The cooperatives affiliated with the federation do business in all 50 States of the Nation.

Mr. Chairman, I want to express the deep appreciation of the Nation's dairymen for the initiative and leadership demonstrated by you

and your committee in introducing H.R. 12430, and for your efforts to get action on farm legislation in this session.

In consideration of farm legislation, we suggest, insofar as "dairy" is concerned, that the following items be included:

1. Amendment to the Agricultural Marketing Agreement Act of 1937, as amended, to extend and improve authority for class I base plans under Federal milk marketing orders.

2. Amendment to the Agricultural Marketing Agreement Act of 1937, as amended, to provide authority to use pool funds under a Federal milk marketing order for use in the establishment of research and development projects, advertising, sales promotion, educational and other programs designed to improve or promote the increased consumption of milk and its products; and,

3. Amend the Agricultural Act of 1949, as amended, by striking "butterfat" from the products subject to price support within the mandatory limits of 75 to 90 percent of parity without in any way, changing the price support program as applied to milk marketed by farmers.

In recent months, the National Milk Producers Federation has worked closely with other farm organizations in the development of an omnibus farm bill, which would:

- (a) Reflect the interests of all major segments of agriculture;
- (b) Merit the support of the major farm organizations; and
- (c) Have a maximum chance of receiving congressional approval.

The dairy provisions of this farm bill will be the same as those which we are today recommending to this committee. Although this bill has not yet been introduced in Congress, hopefully it will be completed so that it can be considered by this committee prior to conclusion of the current hearings.

CLASS I BASE PLAN

Authority for use of class I base plans under Federal milk marketing orders was first included in the Food and Agriculture Act of 1965, as an amendment to the Agricultural Marketing Agreement Act of 1937, as amended. This authority was scheduled to terminate December 31, 1969, but this date was advanced to December 31, 1970, by act of Congress, October 11, 1968.

The class I base plan is a method of distributing money resulting from the sale of milk among dairy farmers supplying a market regulated by a Federal milk marketing order. The base plan is incorporated in a market only after public hearing and after receiving approval of dairy farmers voting in a referendum.

Since passage of the Food and Agriculture Act of 1965, a class I base plan has been incorporated in the Federal order regulating the handling of milk in the Puget Sound, Wash., marketing area. Dairy farmers supplying many other marketing areas are anxious to develop class I base plans, but are awaiting passage of the revised authority as contained in H.R. 7996, and similar bills, which were considered by the Dairy and Poultry Subcommittee. Gordon C. Laughlin, Seattle, Wash., appeared before the subcommittee as a federation witness on May 5, 1969. The subcommittee recommended it.

Experience with the class I base plan under the order regulating the handling of milk in the Puget Sound area demonstrates that the

theory of the legislation is sound, but that modifications are necessary if the plan is to operate under current conditions affecting the marketing of milk.

The 1965 amendment has been just too rigid. This has been demonstrated by experience in the Puget Sound area and led to the amendments provided by H.R. 7996.

Under the class I base plan, each farmer or producer, as the term is used in Federal milk marketing orders, supplying a market with milk is assigned a base, determined from his history of marketings during a previous period of time. This base is then adjusted to relate it to the fluid milk requirements of the market.

The purpose of the class I base plan is to enable farmers, within reasonable limits, to know the amount of milk that they can send to the market and receive a price closely related to the class I price, and to know that any milk marketed in excess of base will return the value of milk for manufacturing purposes. Under the class I base plan, the price of milk received by one farmer is not depressed as a result of deliveries of milk by another farmer, which are in excess of his base. Under the plan, however, any farmer can market as much or as little milk as he desires. He can adjust his milk marketings to fit his farming operation and to the requirements of the market for milk for fluid use.

The class I base plan is designed to prevent an artificial buildup of milk production for the sole purpose of obtaining a base of maximum size, which has been experienced in many markets when bases were reestablished each year during a representative period known in advance, and under which bases bore no relationship to the fluid milk requirements of the market.

The class I base plan is not designed to control or to reduce milk production; however, it would remove an artificial stimulus to market milk not needed for fluid use, and this may well tend to reduce deliveries of excess milk particularly in areas of the country where production costs are high.

The federation very carefully reviewed the Agricultural Marketing Agreement Act of 1937, including the 1965 amendment, and fully supports H.R. 7996. Under H.R. 7996, clause (d) reinstates authorization for seasonal base plans not adjusted to reflect the fluid milk requirements of a market. This type base plan is used in many markets under authority preceding the 1965 amendment and should continue to be available in areas where dairy farmers prefer this type of base plan.

Clause (d) also provides authority for seasonal adjustments in prices to dairy farmers, without affecting class I prices charged handlers, as a means of encouraging deliveries of milk during periods when milk normally is in short supply. It discourages unnecessary deliveries during periods when milk is in abundant supply. These price adjustments are now used in many markets and should be specifically authorized, rather than to rely on the general provisions of the act.

Clause (e) contains the provisions specifically providing for the adjustment of bases to reflect the requirements of the market for fluid milk. This is the class I base plan. This authority as contained in

H.R. 7996 is in many ways improved over the authority included in the authority included in the 1965 amendment. The improvements are as follows:

1. H.R. 7996 provides authority under which provisions may be developed on the basis of public hearings to determine methods under which new producers may obtain bases and thereafter participate in the market in the same manner as established producers. There was no such authority in the 1965 amendment.

Neither base holders nor new producers are pleased with the rigid terms of the 1965 amendment. H.R. 7996 includes two sentences covering treatment of new producers:

Provision shall be made in the order for the allocation of bases under this clause (e) to new producers and for the alleviation of hardship and inequity among producers and prescribing terms and conditions under which new producers may obtain bases on an equitable basis with old producers. Producers holding bases so allocated or obtained shall thereafter participate pro rata in the market in the same manner as other producers.

2. H.R. 7996 would allow established producers to share equitably in the benefits of market growth. Under the 1965 amendment, all market growth is set aside for first allocation to new producers and for the alleviation of hardship before any can accrue to the benefit of established producers who had provided the funds for stimulating the increased sales.

The 1965 amendment provided that "any increase in class I base resulting from enlarging or increasing consumption and any producer class I base forfeited or surrendered shall first be made available to new producers and to the alleviation of hardship and inequity among producers." This has been interpreted to mean that all new sales in a market shall be set aside for new producers. Base holders who receive bases under the original allocation are precluded from sharing in market growth. On the other hand, producers who were not allocated bases initially are forever doomed to the status of new producers and may never receive payment for deliveries at the base price unless new sales are present in the market for any month.

3. H.R. 7996 provides authority under which bases may be updated from time to time rather than being limited to a rigid fixed period of time as the Department of Agriculture interpreted the 1965 amendment.

The 1965 amendment has been interpreted by the Department of Agriculture to mean a fixed period of time as the "representative period" for determining each producer's history of marketings. This has resulted in fixing bases on the relationship which existed between producer deliveries and market utilization during the same selected period of time. In the case of the Puget Sound area, the year 1966 was selected as the representative period. H.R. 7996 furthers our intent to keep the total of bases closely related to changing levels of marketing sales, and, therefore, provides that bases may be adjusted and readjusted from time to time to reflect market change. This will enable base holders to participate in market growth which was the original intent of the legislation, but which was precluded by the 1965 amendment.

4. H.R. 7996 provides authority for reducing bases to producers for failure to deliver fluid milk requirements allocated under the class I base plan. It is the judgment of producers, and particularly in the high

class I utilization markets, that a farmer has the responsibility to deliver his share of the fluid milk requirements if he is to be assured of the higher base price for his base allocation.

5. As mentioned, H.R. 7996 does not contain a termination date. A termination date for authority of this type makes the plan almost unworkable. Under the processes for developing Federal milk marketing orders or amendments, including base plans, a great deal of time is required in ascertaining wishes of producers, the development of proposals, the holding of public hearings, the filing of briefs, and the other procedures required by law. No other provision of the Agricultural Marketing Agreement Act of 1937 has a termination date. From the standpoint of the farmer, a termination date precludes him from adapting his farming operation so that he can obtain maximum benefits from the class I base price, as it is intended to operate.

6. H.R. 7996 provides for individual voting by producers in referendums on class I base plans, but allows representative voting by cooperative associations on behalf of their members on all other order provisions, including base plans not related to the market requirements for fluid milk.

The federation subscribes to the principle that individual farmers should vote in referenda on class I base plans, because the use of such plans may have a direct bearing on long-range farm planning, which may affect one farmer in one manner and another differently. The National Milk Producers Federation insists, however, that cooperative associations are entitled to vote on behalf of their members on all other Federal milk marketing order matters, since the board of directors is charged with the responsibility for marketing the milk to the mutual advantage of all members.

The 1965 amendment contained an "antidumping" provision which provided for reduction of a base to the extent that a producer holding a base delivered excess milk in some other market. This is continued under the provisions of H.R. 7996.

It is clearly intended that H.R. 7996 would be applicable to any milk marketing agreement or order issued under the act. This would include what has become known as standby pools.

Enactment of H.R. 7996 applies only to the distribution of money among dairy farmers supplying Federal milk marketing order areas. A base plan incorporated in an order as authorized by H.R. 7996, would in no way change any other part of the Agricultural Marketing Agreement Act of 1937. Specifically, passage of H.R. 7996 is not intended to, in any manner, interfere with the interpretation of section 8c(5)(g) of the act. We do feel that a notation to this effect should be included in the committee report.

The National Milk Producers Federation and its member cooperatives have a vital interest in the Federal milk marketing order program and in the provisions of H.R. 7996. Approximately two-thirds of all dairy farmers supplying the Federal milk marketing order areas are represented by the federation. We strongly support H.R. 7996 and are eager to see its enactment at the earliest possible date.

Class I base plans have been operated for over 30 years under State milk control laws or under voluntary cooperative marketing plans. It is inevitable that producers operating under those plans should acquire

a vested interest in the bases allocated. There has appeared to be a reluctance on the part of the Department of Agriculture in administering base plans under the Food and Agriculture Act of 1965 to recognize the provisions of the preexisting plans. We request that your committee indicate its intent that preexisting plans be considered if base plans under Federal orders are provided for those areas.

We realize that extension of the Food and Agriculture Act to December 31, 1970, was intended to provide time for a full review of agricultural programs. The planning of dairy production, however, is a long-range problem. It took from November 3, 1965, when the Food and Agriculture Act was made law, until September 1, 1967, to get the first and only class I base plan into effect under that law. There is already less time available between now and December 31, 1970, than was required to get the first plan into operation. Time has run out and producers should know the rules under which they are to operate. Therefore, we would appreciate enactment of this legislation.

With regard to the class I base plan legislation, we have been concerned with assertions by some parties that the "new producer" provisions could be overly restrictive and that the base plan in some way would interfere with intermarket movements of milk.

For example, it has been suggested by some that new producers should receive the average prices of the market, pending the time they are allocated a class I base. Such an approach is totally unrealistic and would result in granting new producers higher average prices than many of those who have been supplying the market and were complying with the provisions of a class I base plan. It must be remembered that the class I base plan is merely a mechanism for distributing money among dairy farmers. The base plan does not change the total amount of money due farmers for milk.

A farmer whose deliveries of milk in excess of base, as a percentage of his total deliveries, were less than the average percentage of excess deliveries for the market would receive a per hundredweight price for his total deliveries higher than the average price for the market.

A farmer whose deliveries of milk in excess of base, as a percentage of his total deliveries, were more than the average percentage of excess deliveries for the market would receive a per hundredweight price for his total deliveries less than the average price for the market.

If new producers could receive the market average price for their total deliveries, without regard to the class I base plan, any producer who delivered more excess milk, percentage wise, than the average for the market would relinquish his base, reenter the market as a new producer and improve his average returns. The result, however, would be to destroy the whole purpose of the class I base plan.

We are perfectly willing that the new producer provisions, as developed through a public hearing, provide reasonable rules under which new producers may obtain a base, but in fairness to established producers, they should not receive average market prices while earning such a base.

It is our view that the new producer provisions, much the same as any other order provisions, should be developed on the basis of a public hearing, so that all of the factors having a bearing on marketing conditions may be considered. A rigid rule in the basic legislation should be avoided.

The allegation also is made that established producers would write rules for inclusion in a class I base plan which would make it difficult for new producers to enter a market. This is absurd. Old producers, prospective new producers, and out-of-market shippers all have equal opportunity to appear and present testimony at public hearings on Federal milk marketing orders.

Furthermore, although rules may be proposed by any interested parties, the final decision is left to the Secretary of Agriculture. The record of the Secretary of Agriculture, irrespective of party affiliation, has been one of fairness and one which has given recognition to the public interest aspect of the program.

It also is alleged that established producers would have control of the class I base provisions through the referendum. This, again, is reaching into thin air for an excuse to oppose the base plan, rather than a constructive argument. In the final analysis, producers voting in a referendum can only determine whether the Secretary's proposed order shall be made operative or not. In many cases, producers have approved orders or provisions of orders which they may not have desired, but which the Secretary included as necessary in the public interest.

The only alternative through the referendum is to approve or reject the entire order, or, in this instance, through separate referendum, the entire class I base plan. This they cannot do lightly.

The testimony of the federation is abundantly clear that incorporation of a class I base plan in a Federal milk marketing order would in no way affect intermarket movements of milk. It must be emphasized that the class I base plan is a means of distributing money among dairy farmers which they would receive in any event, with or without the base plan. Adoption of a class I base plan would in no way affect the application of section 608c(5)(G) of the act, which clearly states that: "No marketing agreement or order applicable to milk and its products in any marketing area shall prohibit or in any manner limit, in the case of products of milk, the marketing in that area of any milk or products thereof produced in any production area in the United States." This section of the act is not deleted, changed, or superseded by the amendment authorizing class I base plans.

MILK PROMOTION

The National Milk Producers Federation seeks amendment to the Agricultural Marketing Agreement Act of 1937, as amended, to provide authority to use pool funds of a Federal milk marketing order area for establishment of research and development projects, advertising, sales promotion, educational and other programs designed to improve or promote increased consumption of milk and its products.

This legislation is contained in H.R. 10710 and similar bills, and was considered at a hearing before the Special Subcommittee on Domestic Marketing and Consumer Relations on August 8, 1969. Mr. Eugene J. Vandenberg, Delancy, N.Y., presented the statement of the National Milk Producers Federation at this hearing.

The authority provided by these bills would be used in a market regulated by a Federal milk marketing order only after a public hearing and after a proposed plan had received the approval of dairy farmers

through referendum. The proposal is enabling legislation which farmers may use or not use, market by market. It is a self-help measure for increasing returns to dairy farmers.

For several years, dairy farmers and their cooperative associations have supported efforts to increase milk sales and improve the image of the dairy industry. This need is very great when considered in relationship to the severe competitive position in which milk finds itself, and because of persistent efforts on the part of some to capture the market by substituting inferior products which can be sold at lower prices as replacements for nutritious milk.

The efforts of milk producers to increase consumption of milk have been financed for the most part through voluntary contributions on the part of farmers. The benefits from market promotion accrue to all dairy farmers and thus an unwarranted cost is borne by those who assume responsibility for projects aimed at increasing sales. The larger fluid milk markets have found it very difficult to secure participation on the part of sufficient numbers of farmers to adequately finance milk promotion efforts. The need for money for this purpose is very acute, but any attempt to increase the contribution rate per hundred-weight of milk marketed is met by increased resistance on the part of a minority of farmers who stand to benefit without carrying their portion of the load.

It is for the purpose of insuring full participation among all dairy farmers supplying a Federal milk marketing order area, if approved by two-thirds of the producers, that we seek the amendment authorizing use of producer funds for research, advertising, sales promotion, and other programs designed to improve or promote the consumption of milk and its products.

Passage of this legislation would not require expenditures by the Federal Government but, in fact, may serve to reduce the cost of maintaining the price level to dairy farmers under the price-support program. This is because any increase in milk consumption which the industry might realize as a result of the promotion efforts would leave less milk for manufacture into butter, nonfat dry milk, and cheese, which are purchased under the price-support program to undergird the price structure.

The need for authority such as contained in H.R. 10710 as never been greater. Farmers desperately need higher milk prices and a sales increase of class I milk is the most practical means of increasing average prices paid to farmers without additional costs to the Government. The sales trends for milk are not encouraging. Production costs continue to rise as does the cost of processing, thus necessarily placing pressure on the consumer price structure.

Furthermore, as I mentioned earlier, the dairy industry is faced with severe competition from ersatz products made to appear like milk or cream. These white ersatz products pose a real threat, not only to dairy farmers, but to nutrition as well. With programs such as could be operated under the authority of this enabling legislation, we could keep consumers informed as to the nutritional facts of life when comparing milk or cream with the inferior substitutes, a great portion of which are no more than mixtures of chemicals and water.

The dairy industry, as a public health measure, has accepted rigid sanitary controls on the farms and throughout the processing and mar-

keting system. Quality and sanitation control is expensive and is a factor in determining prices of milk and dairy products which need not be borne by the ersatz products promoted as replacements for milk and cream.

The dairy business must exert every influence to maximize milk sales, both in the interest of dairy farmers, and because milk plays such a vital role in human nutrition, especially among children.

Amendment to the Agricultural Marketing Agreement Act as provided in H.R. 10710 and the related bills would incorporate into the act authority for discretionary incorporation in a Federal milk marketing order of a program to use producer funds for marketing research, advertising, sales promotion, and other means of promoting increased consumption of milk and dairy products. The authority would only be used after the producers had developed a program.

The program envisioned by the amendment would be developed by dairy farmers supplying a Federal milk marketing order area. The proposal would include means of selecting dairy farmer representatives to supervise the operations. Since the funds would be provided through Federal milk marketing order provisions, there would be provisions to insure the proper use of any such money including Government audit.

The funds would be paid to the committee of producers having charge of the program by the market administrator of the Federal milk marketing order. These funds would be deducted from the total amount of money reflected by the producer settlement fund of an order, before calculation of the uniform price to be paid dairy farmers for their milk. Thus, there would be no deduction per hundred-weight taken from funds earmarked for individual dairy farmers.

This method of financing the program would make the cost of operation minimal, and would insure full participation by all dairy farmers supplying a market. Operationally, the market administrator could write a single check to the advertising fund, avoiding computations for each of the thousands of dairy farmers shipping milk to a market, such as would be necessary if the program were set up as a deduction from gross amounts otherwise due individual farmers, which would require computation of an individual amount for each farmer and would appear as an item on his milk check. The program, as we envision it, would simply be a cost of marketing milk under an order and would be paid for in the same manner as any other cost of administering an order provision.

The funds could be used to establish research and development projects, advertising (but not brand advertising), sales promotion, education, and other programs designed to improve or promote marketing and consumption of milk and its products.

To the extent that fluid milk sales could be increased under the program, the results would be higher average prices to dairy farmers at any given level of class prices charged handlers for milk. Thus the program is truly a self-help effort which would involve no cost to the Federal Government and no cost to handlers or consumers above those paid under the present criteria for establishing prices under Federal milk marketing order.

The plan, when developed, would be submitted to the Department of Agriculture as a proposed amendment to a Federal milk marketing

order. Under the regular procedures, the Department would then schedule a public hearing at which all interested parties would have an opportunity to make any appropriate comments. Following the public hearing, as customary, the Department of Agriculture would review the hearing record and issue a recommended decision containing the program, which would provide a second opportunity for interested parties to make comments concerning the conclusion reached by the Department of Agriculture. The next step would be issuance of a final decision by the Department of Agriculture, subject to the same referendum procedure as is applied in the case of Federal milk marketing orders and amendments. If approved through the referendum procedure, the amendment would become operative. If disapproved, the referendum would not in any way affect other provisions of the order.

After such a program were made effective, it could be discontinued at any time by request of 50 percent or more of the producers supplying the market or through amendment to the order.

Mr. Chairman, the dairy farmers of America urgently need the amendment to the Agricultural Marketing Agreement Act of 1937, as incorporated in H.R. 10710 and similar bills. It is important that the amendment be enacted this year, so that farmers can develop programs to spend their own money to improve their own returns in marketing milk.

AMENDMENTS TO AGRICULTURAL ACT OF 1949 TO REMOVE MANDATORY REQUIREMENT TO SUPPORT THE PRICE OF BUTTERFAT

We recommend that the Agricultural Act of 1949 be amended by removing the mandatory requirement to support the price of butterfat. This amendment would not in any way disturb the mandatory requirement to support prices paid farmers for milk within the range of 75 to 90 percent of parity.

The present requirement, to support the price of butterfat, as well as milk, originally was included in the legislation as a means of providing the benefits of price support to farmers marketing farm-separated cream, as well as to those marketing whole milk.

At the time the Agricultural Act of 1949 was enacted, the marketing of farm-separated cream represented a substantial portion of the total available market for dairy farmers. The number of farms marketing farm-separated cream, however, has declined until today, such marketings represent less than 1.5 percent of total marketings of milk by farmers.

In view of the insignificant amount of butterfat now marketed as farm-separated cream, the mandatory requirement to support the price of butterfat can be eliminated without adversely affecting dairy farmers.

The purpose of removing the mandatory requirement to support the price of butterfat is to improve the competitive position of butterfat. Per capita consumption of butterfat has been declining not only with respect to butter, but also in the fluid milk market. For example, per capita consumption of butter fell from 10.9 pounds in 1945 to 4.9 pounds in 1968, or 55 percent. The milk equivalent of butterfat sold as

fluid milk and cream, per capita, dropped from 398 pounds in 1945 to 262 pounds in 1968, or 34 percent.

When considered together, the two outlets, butter and the fluid milk market, provide outlets for about 75 percent of all butterfat sold by farmers in marketing their milk. The decline in per capita consumption of butterfat, therefore, must be arrested and reversed if the dairy industry is to survive and prosper.

If the Agricultural Act of 1949 is amended, as we suggest, the price-support program would operate as follows:

1. The price-support level for manufacturing milk would be announced as at present.

2. The support price for milk, as at present, would be assured through the purchase program of the Commodity Credit Corporation, modified only to the extent that the purchase price of butter would be established at a discretionary level, rather than at a level necessary to assure the mandatory support level for butterfat. Any reduction in the purchase price of butter would be offset by a compensating increase in the purchase price of nonfat dry milk.

The program has the advantage in that it would result in maintaining price-support levels for manufacturing milk, while at the same time, improving the competitive position of butterfat whether sold as butter, in other dairy products, or even as fluid milk. The program would reduce the value of butterfat in milk sold by farmers which, competitively, is losing ground, and it would increase the value of milk solids-not-fat, which is increasing in consumer acceptance. The Government would be relieved of the burdened and cost of accumulating and storing of butter to the extent now necessary. It is anticipated, however, that the Government would purchase sufficient butter for authorized programs, such as school lunch.

The Government would perhaps purchase larger quantities of nonfat dry milk. This is a low cost item for the Government to handle, and is readily adaptable for programs to improve nutrition at home and abroad. Consumers would benefit by more favorable prices for butter than under the current program.

CONCLUSION

In conclusion, the National Milk Producers Federation urges that this committee recommend legislation:

- (1) To amend the Agricultural Marketing Agreement Act of 1937, as amended, to incorporate revised authority for the operation of class I base plans under Federal milk marketing orders as contained in H.R. 7996, and similar bills;

- (2) To amend the Agricultural Marketing Agreement Act of 1937, as amended, to provide authority to use producer funds in a Federal milk marketing order area in efforts to increase consumption of milk and dairy products; and

- (3) To amend the Agricultural Act of 1949 by removing the requirement to support the price of butterfat within the mandatory levels of 75 to 90 percent of parity as a means of improving the competitive position of butterfat.

Thank you.

The CHAIRMAN. We thank you very much, Mr. Healy. You have given us some helpful suggestions and comments on the dairy section of the legislation.

Now, do you want to start around? Mr. Mizell?

Mr. MIZELL. No questions, Mr. Chairman.

The CHAIRMAN. No questions

Mr. Melcher?

Mr. MELCHER. Thank you, Mr. Chairman.

Mr. Healy, can you give the committee some indication of the number of producers that your organization represents?

Mr. HEALY. I have no accurate count, Mr. Melcher, but it is in the neighborhood of 400,000. We have virtually all of the dairy cooperative associations in the country.

Mr. MELCHER. I note that in your prepared testimony here, your statement does indicate that you have membership in all the 50 States.

Mr. HEALY. Well, yes, we operate in all 50 States. There is no cooperative in Hawaii; but some of our people send a product over there. It is the only place where we have a resident cooperative.

Mr. MELCHER. We listened to some testimony yesterday, and sometimes it is confusing, that appeared to be the organization officials' viewpoint, but the testimony that you are placing on record here is representative of your people, or from the producers themselves, the people who are actually engaged in dairying and are supplying the milk for the Nation?

Mr. HEALY. Yes, sir, that is correct.

Mr. MELCHER. That is all, Mr. Healy—and thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Melcher.

Mr. Kleppe?

Mr. KLEPPE. Thank you, Mr. Chairman. I just have one question.

Mr. Healy, I just got your testimony and I haven't been able to study it completely. In regard to H.R. 10710, which is the promotion bill you are talking about, you are interested in making this a part of the farm program?

Mr. HEALY. A part of the agricultural marketing agreement; yes, sir.

Mr. KLEPPE. My question is—and I don't know if it is covered in your statement or not because I haven't had a chance to go over it that carefully—but if this is mandatory, if this is voted on a majority basis in referendum, it is then mandatory for every producer to be part of it?

Mr. HEALY. Well, just market by market. If, for instance the—

Mr. KLEPPE. Within the given market?

Mr. HEALY. Within the given market, then it would become mandatory for all the producers.

Mr. KLEPPE. Is there a way for the producer who is violently opposed to get out?

Mr. HEALY. If it is voted in by two-thirds of the producers in the market then there is no way for him to get out.

Mr. KLEPPE. There is no provision for him to get out if the two-thirds—

Mr. HEALY. No, sir.

Mr. KLEPPE. Thank you very much.

The CHAIRMAN. Thank you, Mr. Kleppe.

Mr. Ed Jones.

Mr. JONES of Tennessee. Thank you, Mr. Chairman.

I have no questions. I just want to thank Mr. Healy for a very informative and constructive statement. Thank you very much.

The CHAIRMAN. Thank you, Mr. Jones.

Mr. Zwach.

Mr. ZWACH. Thank you, Mr. Chairman.

Mr. Healy, I am a member of the subcommittee on dairy and poultry. I was somewhat concerned about a couple of points in your testimony. You say the present 1965 law is too rigid?

Mr. HEALY. Yes, sir.

Mr. ZWACH. That perhaps applies, does it, to the matter of the inflexibility of the base itself, to the fact that it cannot be expanded?

We have testimony that sometimes people sell their base and I am trying to recall now, but I think the sale of some bases had taken place for about \$7 million. Now, this seemed to me, too much value on a base. This must be as costly to get into the dairy business as to buy the herd of cows. You are attempting to correct this?

Mr. HEALY. Yes, sir; we feel that the 1955 act is too rigid in two respects. First, in the method in which bases are established. Under the 1955 act we must pick out one period of time and then we are limited to that period of time, and everything from then on relates only to that within base making.

The amendment that we propose provides for additional methods of establishing bases, including moving averages. The second rigidity which we find in the 1955 act relates to the new producer provisions.

The 1955 act requires that new producers obtain their bases out of market growth. This has been interpreted by the Department that they can only obtain base through market growth. What we say in this legislation is that provision, equitable provision shall be made for new producers. Under this we envision that the Secretary of Agriculture, in writing his decision, could provide for various methods under which a new producer, a new farmer in the market could obtain base. They could provide that he would get for 1 year half a base, for instance, and then a full base the following year, and it could provide that in connection with perhaps a moving average of base making period that bases could be obtained by him under some reasonable method which would allow him to participate on a continuing basis in the market.

Mr. ZWACH. Do you think that that determination of who should come in on additional bases should be made by the present holders of base?

Mr. HEALY. No, absolutely not.

Mr. ZWACH. It would be determined by the Secretary?

Mr. HEALY. It would be determined by the Secretary on the basis of what present base holders and prospective base holders put into a hearing record.

Mr. ZWACH. I recall—and my memory may not be exact—but as I recall there are about 1,800 producers, about 400 or so that are new producers that never under the present law get a base.

Mr. HEALY. Right.

Mr. ZWACH. Would the 1,400 ever really equitably bring in these new men if they made the determination? This is another thing that concerns me.

Mr. HEALY. I think if the determination were left solely to them, no, they would not want them to come in, of course not. But that is why we have set up the system that we have set up in this, to allow in the rulemaking process, to allow not only the current holders of bases, but prospective new holders of bases, consumer interests, the handler group, everyone appears and helps make this record from which the Secretary must draw his decision.

Then, Mr. Zwach, we feel that the removal of these rigid provisions and the substitution of more workable law for them would preclude a lot of this base sale and the establishment of high values on bases.

Mr. ZWACH. I believe that is correct.

Mr. HEALY. We think that this would——

Mr. ZWACH. Now, the other factor that I want again to question you on, you would have no objection to writing into this act the so-called Andresen amendment?

Mr. HEALY. None whatsoever. I think, Mr. Zwach, that what we are doing here, of course, is suggesting the addition of a new subsection to the act. I think that perhaps it might be unnecessary to write it in here because Andresen amendment, the 8c(5)(g) is there. But we certainly have no objection to it. There is no intent on the part of anyone who develops or who wants to operate under this thing to set aside or support in any way the provisions of 8c(5)(g), no matter what anyone tells you. That is not our intention. The bill was not drafted that way and should not do so.

Mr. ZWACH. I am very happy to have that for the record. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Montgomery?

Mr. MONTGOMERY. Mr. Chairman, I have only one question to Mr. Healy.

Your recommendation on the class 1 base plan is a lot like the Meeds bill which this House passed, and I think it was killed in the Senate?

Mr. HEALY. Yes, sir. Our recommendations on the base plan are exactly included in H.R. 7996, which is the Meeds bill, and they represent—that bill represents our total thinking on the class 1 base plan; yes, sir.

Mr. MONTGOMERY. Thank you.

That is a-1, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Montgomery.

Mr. MONTGOMERY. Mr. Chairman, may I make one further comment?

The CHAIRMAN. Yes, surely.

Mr. MONTGOMERY. That was not Meeds, Mrs. May's bill, and I am very sorry that I overlooked that.

The CHAIRMAN. Mr. Miller?

Mr. MILLER. Mr. Chairman, could we go just a little further on H.R. 7996? We have had, at least I have in my office people from the area where the class I base plan has been working, and they sold their

base. Now, undoubtedly when they were in they did not want others in, as you speak of. But at this time, after selling, the man is out. Now he wants back in.

Mr. HEALY. Yes.

Mr. MILLER. Would you comment on the price of a base as it stands now, a unit base? We seem to be into a new business, base brokers.

Mr. HEALY. Well, Mr. Miller, this is just exactly why we are proposing these amendments to that act. The rigidity of the 1955 act provides for that. There is no question about it. Second, I think it should be understood that the situation in the Puget Sound market was such that when operated under the rigid provisions of the 1955 act, lent itself to this trading of bases. The Seattle market was a growing market, No. 1. No. 2, the next market to it, the next largest market to the Seattle-Tacoma market was the Portland market, which had just lost its State quota system. In that area of the country it became profitable for some producers to sell bases, and then enter the market as new producers, having assigned to them all of the market growth. If they could not do this they could ship their milk to Portland.

It was a situation, a marketing situation together with some very rigid provisions of the law which did provide for a lot of movement of bases among producers. Apparently it was at a very high price. I don't deny that under this program that we have developed and placed before you that bases would be assigned a value of some type of level, but certainly the way in which the Secretary handles the new producer provisions, the way in which he handles the establishment of bases themselves, can limit to a very great degree the absolute value of a base. I do not think that under this proposed legislation the bases would ever sell for as much as they might sell under the current law.

Mr. MILLER. But they could be sold even under the proposed plan. Do you also have that information today, how much does a unit base sell for?

Mr. HEALY. I really do not know. I really do not. I can, if you would like, discover that and provide it for the record.

Mr. MILLER. Mr. Chairman, I ask that that be included in the record. Thank you, Mr. Chairman.

(Mr. Healy provided the following information:)

NATIONAL MILK PRODUCERS FEDERATION,
Washington, D.C., September 25, 1969.

Hon. W. R. POAGE,
Chairman, Committee on Agriculture, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: At the time I appeared before the Committee on Agriculture, September 11, 1969, in support of our dairy legislation, I was asked to submit some material relative to prices at which Class I bases had been transferred in the Puget Sound, Washington, market.

In response to this request, I asked Gordon Laughlin, Economist for the United Dairymen's Association, Seattle, Washington, to provide material of this nature. A copy of his letter, dated September 22, 1969, commenting on this matter is enclosed, and may be included in the hearing record of September 11, if that is your desire.

We felt that the hearing was very much worthwhile and we were pleased with the interest shown by so many members of your Committee.

Sincerely,

PATRICK B. HEALY, *Secretary.*

[Enclosure]

UNITED DAIRYMEN'S ASSOCIATION,
Seattle, Wash., September 22, 1969.

Mr. PATRICK HEALY,
*Secretary, National Milk Producers Federation,
 Washington, D.C.*

DEAR PAT: At the meetings in Washington recently you asked me to set down the basis on which producers calculated the value of Class I bases. The value of the base depends upon its earning power which is the difference between base and excess producer prices and the length of time which the base will be effective. In the first month in which Class I bases were effective, September, 1967, Class I base price to producers was \$5.67 and the excess price was \$4.05, a difference of \$1.62 per cwt. or \$.016 per pound of daily base. At that time the base was scheduled to expire December 31, 1969 so that from September 1, 1967 until December 31, 1969 the base would be in effect 853 days; 853 days at \$.016 established the earning power of the base at a maximum of \$13.65. The transfer prices to which the transactions actually occurred are not a matter of official record, but there have been reports of prices as high as this earning figure. As the date of the expiration approaches the earning power goes down correspondingly and there was a secondary surge of reported prices when the Act was extended and this was later confirmed by the extension of the plan under this order.

We hear reports of prices in excess of the earning capacity of the base between now and December 31, 1970 which means that producers offering such prices are gambling that the plan will be continued in some form or another after the current expiration date.

It should be noted that this high transfer value must result, at least in part, from the fact that the Department's interpretation of current law provides no alternative to purchase if a producer is to acquire base to either enter the market or to increase the base which was originally allocated to him. If alternative methods of acquiring base through performance in the market were offered as provided in the Meeds Bill, producers would have that alternative to balance against the transfer value. The rules under which bases might be otherwise acquired would determine the level of transfer value.

Very truly yours,

GORDON C. LAUGHLIN.

The CHAIRMAN. Thank you, Mr. Miller.

The Chair wants to make an announcement and ask a question. I have been trying to follow the policy of calling all those who are here when the witness testifies. We start at the end and work up. It has been reported to the Chair, Mr. Sebelius, that you were here.

Mr. SEBELIUS. I have no questions.

The CHAIRMAN. I have a list of everybody who was here at 25 minutes after 10. I am calling on all those who were here. If I made a mistake I want to correct it; if not, thank you, and I would call next, then, Mr. Stubblefield.

Mr. STUBBLEFIELD. Thank you, Mr. Chairman. I am sure I was here when you called the meeting—

The CHAIRMAN. You were here.

Mr. STUBBLEFIELD. Mr. Healy—

The CHAIRMAN. We have another long witness to testify, that is the reason for this.

Mr. STUBBLEFIELD. I will make it real short.

The CHAIRMAN. I don't want to cut you off, but I want the members to understand why we are not calling on those who were not here.

Mr. Stubblefield.

Mr. STUBBLEFIELD. Mr. Healy, apparently the controversial part of this class I milk plan has to do with new producers. As I have

been listening to your testimony, it indicates that you are going to pitch all those problems to the Secretary. Are there any further recommendations you plan on making as to how new producers will come into the market that could be written into this bill?

Mr. HEALY. Well, Mr. Stubblefield, no. The whole Marketing Agreement Act, Agricultural Marketing Agreement Act, is enabling legislation. It is legislation under which orders are promulgated and none of the provisions of the Marketing Agreement Act are very explicit. The system revolves around extensive hearings, decisions, recommended decisions by the Secretary, briefs and exceptions and final decisions and referendums that have in the past lent themselves quite well and quite effectively to broad authorizing legislative authority for the Secretary to act in various fields.

For instance, we are experiencing right now in the Puget Sound area the disastrous results of attempting to write rigid provisions into the law, the rigid provisions which were written into the law do not lend themselves to the one area where this part of the law was applied.

We have in this type of operation, which has gone on since 1933, what, 36 years, now, under this same type of broad authorization, and it is perhaps the most effective, the most well-thought-of farm legislation under which farmers operate their programs.

We hope, we trust, we believe that this will be a substantial improvement in some rigid provisions, which could be written into the law.

Mr. STUBBLEFIELD. Well, would you envision that these orders, of course, will be worked out largely within the order?

Mr. HEALY. Within the order.

Mr. STUBBLEFIELD. And naturally the old producers are going to be rather hesitant to bring any new producers in under any circumstances. Therefore, somebody is going to have to get rigid with the old producers in order to overcome this situation between the new producers.

Mr. HEALY. May I ask, Mr. Stubblefield, are you asking now concerning new producers within the marketing area or from elsewhere?

Mr. STUBBLEFIELD. Within the area.

Mr. HEALY. Within the area. Well, I feel—

Mr. STUBBLEFIELD. You know, you may recall we had a short hearing on this bill.

Mr. HEALY. Yes; I know.

Mr. STUBBLEFIELD. What seemed to be the controversial part of it is how are new producers going to get in? The testimony brought out that some of the new ones tried to get in that hadn't been in and sold the bases and they were—I think; that is, I heard I don't know—that one of the fellows who was complaining the loudest had sold his base and was trying to get back in. He was the head man leading the new producers' fight.

Mr. HEALY. Right. Well, I know this person about whom you speak, but I would judge that there is always, always a reluctance on the part of people who buy milk from farmers to limit themselves as to the number of farmers from whom they can buy it. They will make certain that the Secretary hears the new producers' side of this thing. I know that the Secretary is always anxious, every Secretary has been, irrespective of who he was or what his party affiliation was, every Secre-

tary has been anxious to make certain that there is an adequate supply of milk available to the market. Every Secretary in the application of the broad authorities now available to him under the Marketing Act has been anxious to work in the public interest. I just have no information that there would fail to be adequate provision in any order which is written to provide for people who really want to come into the market and really have a supply of milk available on a continuing basis, to that market.

We can look at the record which has been made over 36 years on such things as pooling requirements for the market, also a very broad authority which affects many more farmers and of much greater supply of milk than would the new producer provisions of this legislation.

We can look at that record and generally speaking, anyone with a supply of milk, of high quality, which is available to the market, has found a way under the orders to sell that milk in those markets.

I think the record of the administration under how many, six or eight of 10 Secretaries of Agriculture since 1933, has left a history of administration of these regulations which should leave little doubt in our minds that they will be fair, they will be applied equitably to all types of persons who really have milk to market under the system.

Mr. STUBBLEFIELD. Thank you. That is all.

The CHAIRMAN. Thank you, Mr. Stubblefield.

Mr. Goodling.

Mr. GOODLING. Thank you, Mr. Chairman.

Mr. Healy, on page 1 of your testimony you speak of pool funds. We are just establishing research and development projects, advertising, and so forth. What are the pool funds?

Mr. HEALY. Well, the pool funds are the funds which result from the sale of producer milk, producers being defined in the order. Any milk the producers sell to handlers, either as individuals or as members of a cooperative association, those moneys are collected into a pool of funds.

Then, of course, the calculations are made as to utilization and so on, and each farmer, under most orders, is paid a blend price from that pool. We envision that under this legislation that may be 2 cents or 3 cents or 4 cents a hundred pounds of milk would be assessed that pool for use in advertising or promotion or research programs of one sort or another, and that that amount of money, since 3 cents per hundred pounds of milk, would be deducted from this pool before it was distributed to farmers.

Now, we do this for one simple reason: The money is all there. The same money is there which is to be distributed, and we can take it out of there without calculating an amount for each farmer and making a subtraction from his check and imposing a tremendous administrative burden on the marketing administrator.

Mr. GOODLING. Who determines how much shall be withheld?

Mr. HEALY. This would be determined as a result of a hearing and a recommended decision and a vote just as the provisions of the base plan would be determined. There would be——

Mr. GOODLING. Do you feel that all administration costs should be borne by the class I area where the base plan area is in effect?

Mr. HEALY. Yes, they are now. The market administrator's office is supported from the area. But Mr. Goodling, in this instance he would make one calculation which would require just about 5 minutes and write one check. There is no great administrative burden on him to administer this one program. He would merely say there are so many million hundredweight of milk and at 3 cents a hundred that amounts to so much money, and the order would tell him who to write the check to and he would write a check for it. It would not be 15 minutes of his day, once a month, to do this thing.

Mr. GOODLING. Do you have any idea how much a referendum would cost?

Mr. HEALY. Oh, yes. I don't know offhand right now, but we know exactly what they cost, yes, sir.

Mr. GOODLING. It would be interesting for us to have that, also.

Mr. HEALY. We know exactly what it would cost.

Mr. GOODLING. Do you think that should be paid by the producers or by the Federal Government?

Mr. HEALY. Well, I believe that the cost of such a referendum in such a hearing and all things pertaining to it that are now borne by producers under the regular operation of the Marketing Agreement Act should continue to be done so, and that part of it which is currently borne by the Federal Government should continue to be borne by the Federal Government. I don't think that just because we happen to have some producer money in a pool that we should all of a sudden take the dairy branch in the Department of Agriculture and ask producers to start supporting it.

I see no more reason to do that than I see to ask producers to support whole segments of the Defense Department, which deal with other groups of producers or whole segments of the Interior or any department. These functions of the Federal Government, I think—and certainly the provisions of an adequate supply of milk to people in this country under orderly market conditions is something that the Federal Government certainly can afford to provide for all of our people.

Mr. GOODLING. Do you think we should establish a uniform policy for all farm commodities?

Mr. HEALY. Well, I am not sure—well, let me say this: I am a great believer in commodity programs directed to the particular problems of each commodity. I don't think, for instance, it is something that might work for cotton might very well apply to milk, if this is what you are asking.

Mr. GOODLING. I am thinking of administrative costs and referendum costs. We have had requests from various farm commodity groups and we will probably have more.

Mr. HEALY. Well, I would think that when the Congress finds that a program is in the public interest and should be administered by the Department of Agriculture, certainly the Department of Agriculture budget can withstand the cost of that program; yes, sir.

Mr. GOODLING. One more question, very briefly.

I believe both Mr. Zwach and Mr. Miller commented on this, but I am not certain I have the right answer. Let's assume that I want to go into an area where the Class 1 base plan is in effect. How do I get a quota?

Mr. HEALY. Well, first we would have to read the order which resulted from this legislation and from the ordermaking process and see what type of provisions were available in that order for you. We can surmise certain things. We can, for instance, surmise that the order provides for a 3-year moving average base. Under that condition the least you could expect is to have a third of your production the first year and two-thirds the second, and all of it the third year.

We can surmise that maybe the Secretary says in his order that there will be a 3-year moving base, and that a half or a third of new sales in the market shall go in addition to new producers. Then, of course, there would be that added ability to obtain a base. We can surmise that the Secretary puts a 3-year moving average in the market, but that he says in no event would a new producer be required to market less than 50 percent, for example, without a base, 50 percent of his production.

Then, of course, the first year you would have 50-percent base. There are many, many arrangements which could be made, and I am sure that any market which is well supplied, perhaps the conditions would be slightly higher, the pooling provisions or the participation provisions.

In a deficit market or a market for which there were not adequate supply or one which had historically imported milk, perhaps the provisions made for new producers would be considerably lower.

Of course, this is one of the things that we hope to accomplish by these changes in the law, to allow the Secretary and his experts and the people who would operate under the order program and who know of the conditions in the market under discussion to develop a system for that market which is particularly and ideally suited to the conditions in that market.

Mr. GOODLING. It would appear this could not be classified as a free enterprise system.

Mr. HEALY. I beg your pardon?

Mr. GOODLING. It probably wouldn't qualify as a free enterprise system if the Federal Government tells me how much milk I can produce and sell, and whether or not I can establish a dairy herd.

Mr. HEALY. No, sir; this legislation in no way tells any farmer whether he can establish a dairy herd, how much milk he can produce, nor precludes him from selling at any place. It does tell him only how much of it he can sell at the highest class price in that market.

Mr. GOODLING. Well, you are going to starve him out until he gets a quota. I don't know what he is going to live on in the meantime.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Goodling.

Mrs. May.

Mrs. MAY. No questions.

I just want to say thank you for a very good statement.

The CHAIRMAN. Mr. Teague.

Mr. TEAGUE. No questions.

The CHAIRMAN. Mr. Belcher?

Mr. BELCHER. No questions.

The CHAIRMAN. I did want to comment momentarily, at least, regarding what you propose here; there is no basic difference between this and what we have done for all of the basic commodities. I don't see that you make this any more burdensome on a new producer for milk than a new producer of cotton. Obviously, if you are going to limit access to the market, to the most desirable market, if you are going to limit it you have got to limit it. It seems the fairest way is to confine it to those who are already in it, rather than to let them develop the market as something valuable, and then let everybody else come in and take it and destroy it. As far as I am concerned, I support your base plan, and I offer no apologies whatsoever for saying we are going to make it harder, at least I would be inclined to make it harder, for a man to get in and a man to stay in.

I think a man who has been making his living this way is more entitled to the assistance of the Government program than the man who hasn't been making his living this way, to simply horn in on something after it has been developed into a profitable operation.

I don't mean to criticize your statement at all. I think you made a good statement, but I feel you at least halfway apologized for the fact that we have been keeping out some who were not in and who wanted to take a share of the profits away from the people who had developed the market. I haven't any apology at all for it. I think it is a good, sound policy. I think it is working with the three big commodities of the United States, cotton, corn, and wheat. I don't know of any reason why it is any more vicious or reprehensible to keep the man who is not entitled to do so, from getting into the dairy business than the cotton business.

Do you know the slightest reason?

Mr. HEALY. No, sir. Mr. Poage, may I say that the dairy farmers of this country are most appreciative of your support of this and many other programs which we hold to be very important to us.

I would also like to make certain that the committee understands that I do not in any way apologize for any provision of this thing which is here. We, together with many members of this committee, have developed what we think to be a very sound, a very workable, and a highly defensible program to put before the Congress. But I think also that what we have tried to do, Mr. Chairman—the dairy industry is a viable industry, and it is alive and people are going out of it and people are coming into it. There is a 4 to 6 percent turnover every year, and to keep it alive I think we have made provision in this bill so that the real men of honest intentions can come into a market and become a part of that market and supply it, can do so. No; I make no apologies for this bill. I like it.

The CHAIRMAN. I don't mean that you made apologies for the new bill, but you seemed to more or less apologize for the fact that maybe we were too strict on people.

Mr. HEALY. Yes; I think we were in the other bill.

The CHAIRMAN. I just don't think we are too strict at all, and I would point out further that this class I base plan has worked for a long time, and it is not confined to the Puget Sound area.

We have had it in Texas for 20 years—under State law, of course. It has not been in the Federal law. It has been working in a great many places. This is not something that is just confined to one area of the United States. Puget Sound isn't the only place where it has been tried. It has worked where it has been tried.

Mr. HEALY. Mr. Poage, this is a very important reason inherent in the presentation of this bill. There have been many, many of these plans under State law and voluntary—operated by cooperatives in many, many sections of this country. So as this committee is well aware, the State milk control laws have begun to break down. There has been new law established in the Federal courts which have broken them down and now they must have some Federal regulations so that they can regulate milk from outside the State.

The voluntary plans which have been highly successful among many of the cooperatives in this country tend to create excellent marketing conditions which are preyed upon by the nonmembers of the cooperatives, and we must find a way—we think this does it—to make these voluntary plans applicable to all producers who enjoy the benefits of the plan.

Therefore, I think that certainly Puget Sound, we have characterized it as the only class I base plan. It is the only one under the 1955 act, but there are many, many other types of plans quite closely related to this which have been and are still in operation in this country.

The CHAIRMAN. Thank you very much, Mr. Healy. I appreciate your appearance.

Now, the next witness will be Mr. Warren Hageman, who is vice president in charge of Pacific coast production for the Del Monte Corp., of San Francisco, Calif. He is here, however, representing the Chamber of Commerce of the United States, and he is accompanied by Dr. Richard J. Goodman, vice president, Cook Industries, Inc., Memphis, Tenn.; Mr. Robert C. Miller, director of agricultural services, AVCO Broadcasting Corp., of Cincinnati; and Mr. E. Clinton Stokes, senior associate, community and regional development group of the Chamber of Commerce of the United States.

Mr. Hageman is, at least, a resident of California. I don't know whether he lives in the district represented by Mr. Sisk or not, but he was born and reared in San Jose and graduated from San Jose State College.

Mr. Sisk had asked to have the opportunity to present him, but was called away today and he has asked me to present Mr. Hageman and his associates to the committee and to point out the tremendous importance of the Del Monte Corp. in this part of California. I understand that they also have operations—

Mr. TEAGUE. Mr. Chairman, I am very happy, on behalf of Mr. Sisk and Mr. Mathias and myself, to welcome Mr. Hageman here, and I am sure the members of the committee, as most of them know, he is highly respected in California and throughout all of the country.

The CHAIRMAN. We are delighted to have you, Mr. Hageman, and all of you here.

We are glad to hear your statements.

STATEMENT OF WARREN HAGEMAN, VICE PRESIDENT IN CHARGE OF PACIFIC COAST PRODUCTION OF THE DEL MONTE CORP., AND ON BEHALF OF THE U.S. CHAMBER OF COMMERCE; ACCOMPANIED BY DR. RICHARD J. GOODMAN, VICE PRESIDENT, COOK INDUSTRIES, INC., MEMPHIS, TENN.; ROBERT C. MILLER, DIRECTOR OF AGRICULTURAL SERVICES, AVCO BROADCASTING CORP., CINCINNATI, OHIO; AND E. CLINTON STOKES, SENIOR ASSOCIATE, COMMUNITY AND REGIONAL GROUP, CHAMBER OF COMMERCE OF THE UNITED STATES, WASHINGTON, D.C.

Mr. HAGEMAN. Thank you very much, Chairman Poage and members of the committee.

Mr. Chairman and members of the committee, I am Warren Hageman, vice president in charge of Pacific Coast Production for the Del Monte Corp., which has its headquarters at San Francisco, Calif. I am also a member of the agriculture committee of the chamber of commerce of the United States and served as chairman of the policy subcommittee during the past year.

With me are two additional members of the chamber's agriculture committee who will be available to assist me in answering any questions you may have following our statement; Dr. Richard J. Goodman, vice president of Cook Industries, Inc., and Mr. Robert C. Miller, director of agricultural activities for the AVCO Broadcasting Corp., Cincinnati, Ohio. Also with us is Mr. E. Clinton Stokes, who is a senior associate in the national chamber's community and regional development group, and is in charge of that organization's agriculture program.

We appreciate the opportunity to share the views of the general business community on the problems, policies, and program alternatives for one of the Nation's most fundamental industries. Agriculture is a complex industry which includes the business of farming and all of the affiliated service, supply, processing, transportation, and marketing activities that are used to produce our food and fiber requirements.

This congressional committee is to be commended for scheduling extensive hearings here in Washington and observation trips into different commodity and resource areas of the country before attempting to formulate legislation to succeed the Food and Agriculture Act of 1965.

I am sure that after hearing a large number of witnesses, the members of this committee are familiar with most of the basic facts and figures on farm production, marketing, and costs of farm programs. Therefore, we have no intention of taking more of your time to repeat this kind of information.

We have three objectives:

1. To present an additional perspective on the policy problems facing agriculture;
2. To consider alternative solutions to the problems;
3. To recommend programs which will help commercial agriculture and all of rural America more readily adapt available resources to opportunities for meeting the expanding needs of an urban-oriented society.

THE PROBLEM IN PERSPECTIVE

It is not surprising that there is such a variety of proposed solutions to the farm problem. Each of us tends to see the "problem" in terms of his own respective interests.

To the consumer, the "problem" is rising food prices and higher taxes to finance the farm program.

To the urban businessman, the "problem" is an issue of priorities—the extent to which public funds should be used to make large payments to farmers at the expense of critical urban problems.

To the farm businessman, the "problem" is how to reduce farm costs and increase market outlets so he can earn an income on his investment comparable to rates in other businesses.

We must assume that the ultimate will of Congress will come close to representing the interests of the majority of the people. These interests are increasingly and understandably urban, because a vast majority of Americans live and work in cities. Crime, unemployment, poverty, racial strife, and other predominately urban problems draw an increasing share of the national attention. This is reflected in the Congress where, on two separate occasions, the House of Representatives has voted to limit the size of price support payments to producers. Urban interests must be reflected in any agricultural program presented to Congress for its consideration. This is a different country in terms of population dispersal and labor mix than when the farm support program was first designed. New legislation must recognize these changes.

It was with these factors in mind that the national chamber's agriculture committee during the past year studied the adjustment problems in agriculture and related areas. This study led to approval by the chamber of the recommendations we are presenting here today.

At the outset, the chamber recognizes that there are really two different kinds of farm operations: (1) viable commercial production units possessing sufficient size, resources, and management skills to enable the producers to compete in modern agriculture; and (2) marginal production units so limited in their capacity to compete that their operators must supplement their incomes by off-farm employment.

The basic problem

The chamber also recognizes that the basic problem facing agriculture, both now and in the foreseeable future, is excess productive capacity—principally in terms of land and human resources. Modern science and technology have greatly expanded the productivity of cropland. The rapid substitution of capital for labor has increased the size of farming units and reduced the need for labor. It has accelerated rural-to-urban migration and virtually "dried up" many rural communities. On the demand side of the domestic market shows only limited potential for major increases in total food consumption. Increases are expected to be about in proportion to population growth. Much can and must be done in an effort to increase agricultural exports. However, the prospects for food exports to increase in sufficient amount over the next few years to keep pace with increases in farm productivity appear bleak indeed.

Despite the extent to which many farmers have adjusted their operations to expand output, reduce their unit costs, and supplement their income with off-farm employment, there is much need for further adjustments. Economists suggest that the average commercial farm in many areas could probably be doubled in size without running up against increasing costs per crop acre. Last year only 194,000 of the Nation's 3 million farms sold nearly half the total U.S. farm produce marketed. Slightly over 1 million farms accounted for 86 percent of all farm marketings. The inescapable fact is that we have too many acres of land available for basic crop production—particularly in feed grains, wheat, and cotton—and too many farm families unable to make a living from their inadequate farming units.

Alternative programs

Current Federal farm programs are neither compatible with sound economic judgments, nor responsive to the needs of rural areas. For years these programs have attempted to deal with both production and income problems through commodity production and price arrangements administered on a farm-by-farm basis. This is unsound economics. It is costly to the farmer and to the Federal Treasury. The programs have brought us to a paradoxical point. Commercial farmers could operate more efficiently with benefit to themselves and consumers if they were free to use all of their farmland. On the other hand, marginal farmers who lack the investment capital to produce competitively, are encouraged by the price support programs to continue their uneconomic operations. As new technology and increased capital have caused production to expand faster than markets, these programs have become increasingly more expensive and less effective in dealing with the problem of excess production—and for that matter, farm income, as well. We see no prospect that current types of farm programs can solve the problems of excess capacity and structural adjustments in farming over the next decade. We can continue to spend \$3.5 billion on present programs, but a \$35 billion expenditure in 10 years will undoubtedly leave many of the same capacity and adjustment problems still unresolved.

Returning to a completely free market in one move for agriculture would be the quickest, but most ruthless way to achieve needed resource adjustments; however, it would impose severe hardships on many farmers and other people in rural communities.

Another major alternative is a program directed at the excess capacity problem. It is a land-use adjustment program for shifting, on a long-term basis, a massive acreage of the least productive cropland to noncrop or nonfarm uses.

The national chamber supports this basic approach as the most promising in terms of dealing with the fundamental problem and meeting the long-run objectives to our urban-oriented society.

RECOMMENDATIONS

The chamber's recommendations encompass three major program areas:

1. A transition program to phase out major price support programs gradually;

2. A massive long-term land-use adjustment program;
3. Special assistance to people in rural areas suffering from the impact of the land-use adjustment program.

Before discussing each of these recommendations more fully, I want to emphasize that we do not presume to know all of the details about how each phase of these recommendations should be implemented. But we do regard each of these program phases as an essential component of the total package. All are needed if we are to:

Achieve lasting adjustments in commercial agriculture so as to return to a market-oriented system;

Assist many farmers to make necessary adjustments to more remunerative occupations;

Avoid further compounding the adjustment problems of many nonfarm people living in rural communities, dependent on the present farm economy; and

Gain the support of the urban as well as the rural interest groups.

Now for more information about each of these basic recommendations which we offer for your consideration.

1. *Transitional program to phase out major commodity price support programs.*—The national chamber recommends the gradual termination of commodity price support programs as a means of achieving specific farm price and income objectives, or for the purpose of limiting production of major storable commodities. This means the eventual end of acreage allotments, marketing quotas, and price support and acreage diversion payments.

The objective is to cut down gradually, or phase out the price support programs over a period of time during which commercial farmers could adapt their farming operations to produce for markets without supplemental payments from the Government.

The length of time required may need to vary for each major commodity, depending on the amount of carryover stocks, cost-price differentials, and so on. The phaseout should first apply to those commodities which are in greatest supply—principally wheat, feed grains, and cotton.

We should emphasize at this point, however, that the national chamber does favor some system of standby assistance designed to provide price stability in crop years with unusually large supplies that could lead to disastrous price declines.

One way to implement the transitional program would be to require direct annual appropriations to fund the commodity programs. Under the present method, the commodity stabilization programs are financed out of the Commodity Credit Corporation's Fund, which is then reimbursed through subsequent appropriations. This committee is well aware of the fact that Congress has limited control over the expenditures for the commodity programs under the present method of funding. With annual appropriations, Congress could provide enabling legislation which would require a progressive reduction in the amount of funds available each year from the present level until the phaseout is completed.

2. *Long-term land-use adjustment program.*—The Chamber recommends a massive land-adjustment program of sufficient duration to

achieve more lasting diversion of cropland used to produce crops in substantial over-supply—principally wheat, feed grains and cotton. We believe the program should include the following features:

- Retirement of whole farms;
- A duration of at least 10 years;
- Emphasis on the marginal or least productive land;
- Voluntary participation on a bid basis;
- Limit on the amount of cropland that can be retired in any one county per year; and

Discretionary authority to permit the diversion of cropland to less intensive uses (trees, grass, recreation), where appropriate.

With emphasis on whole farms and marginal cropland, the cost to the Federal Government could be substantially less than the present cost of diverting each year a part of the cropland of many thousands of farms, many of which are highly productive. One study estimates that the long-term land retirement approach will cost only about half as much as current programs.

We support a land rental approach to encourage land retirement. Under such a system, a farmer could offer to retire for a period of substantial duration his entire farm at a certain rental rate. The Federal Government could either accept his price or reject it. An important consideration should be the competitive bids being received from other farmers in the same area.

We urge that Congress authorize the Secretary of Agriculture to permit using some of the retired cropland for less intensive uses such as recreation, grasslands, and trees. In cases where a farm makes such use of retired land, the rental paid by the Federal Government would be less than for a farm whose land is left unused. Therefore, putting some of this land to less intensive but nevertheless productive uses that meet market demands would help defray the costs of the program.

The Secretary of Agriculture would need sufficient authority to coordinate this type of retirement program with the phasing out of the price support programs.

The most important reason for implementing the land-use adjustment program is to provide a more lasting solution to excess production. By retiring the least productive land, and by adapting the land to uses which are economically sound, the program is less costly and opens the way for other kinds of programs that can be more helpful to marginal farmers.

The land-use adjustment program will bring obvious benefits to commercial agriculture; but it will impose difficulties on other sectors of the rural community. The third phase of our recommendations deals with this important matter.

3. Special assistance to rural people and communities.—Both farm and nonfarm families in many rural areas have felt the effects of the rapid flow of new technology and capital into rural areas. The economy of many rural areas has changed drastically since World War II. The members of this committee are familiar with the effects this has had on hundreds of thousands of Americans whose jobs have either been replaced by new technology and new methods of farming or have been reduced to part-time employment and inadequate income. Price support programs have encouraged some farmers to continue producing

price-supported commodities in order to keep their acreage allotments and the "right to produce," without regard to changing cost factors. They have prevented many farmers from producing at minimum production costs by virtue of the diverted acreage requirement for price supports. The result is that we have a large number of farmers who would seriously feel the impact of phasing out the price support programs.

Many commercial farmers will feel a different impact from the new programs. They will have to expand or otherwise improve the efficiency of their farming operations in order to survive profitably without continued dependence on Federal price support payments. Federal credit programs are available in the Department of Agriculture, as well as from private sources, to assist producers to acquire capital for farm enlargement. These may have to be studied in light of the new demands that could be placed upon them.

The combined effect of the gradual phasing out of the price support programs and the building up of the land-retirement program will be felt most, however, by the farmers who elect to retire their farms and by the businessman and others who serve them in rural communities.

Some of the farmers who choose to retire their farms will have sufficient resources to retire from farming. Some will be eligible for social security and other retirement benefits. Others will have sufficient training to find employment elsewhere.

But for those farmers who are not old enough to be eligible for retirement, but are without adequate income and skills to become employable, special assistance will be needed to supplement their limited land rental income. President Nixon's proposed welfare program, along with State and local benefits, could provide supplemental assistance.

The chamber would support direct one-time cash payments to help relocate farm operators and workers whose farm employment has been terminated, when no opportunities for local employment are available, employment is available to them elsewhere, and adequate training is provided to assure employment upon relocation.

We recommend that vocational-technical education be expanded to provide job training and employment for displaced agricultural workers. To accomplish this, the administration and the Congress should consider the feasibility of expanding regional vocational schools with programs especially designed for rural adults. Also, careful consideration should be given to the President's new Manpower Act proposals. Hopefully, the administration and Congress will make sure that the President's programs, if enacted, will provide training for rural workers and extend the proposed JOBS bank to rural areas.

Another source of assistance would come from a Federal revenue sharing plan if States were to allocate some of these funds to help meet the adjustment problems rural people will face during the shift from price support programs to land retirement.

There are a number of existing Federal programs designed to assist economically depressed communities. The administration, in cooperation with the Congress, should carefully review these, eliminate or revise those that may be ineffective and determine how best to utilize those programs that can be of greatest help to rural people and communities adversely affected by a land retirement program.

Examples of programs that should be carefully reviewed for possible assistance include the following:

In counties designated as "redevelopment areas" because of relatively low levels of employment and income, the Economic Development Administration, U.S. Department of Commerce, makes available:

Grants for public works installations;

Loans to aid and finance the purchase or development of land and facilities for industrial or commercial usage; and

Guarantees for private borrowers to obtain working capital loans to support existing businesses.

Presumably, if a substantial amount of cropland is retired within any one county, an additional number of counties in rural areas may become designated as "redevelopment areas."

The Small Business Administration also makes:

Loan funds available to individual small business firms by guaranteeing up to 90 percent of the loan from private lenders;

Loan funds available to local development corporations to promote development and expansion of small business concerns with the objective of providing maximum employment and buying power;

Equity capital and long-term loan funds available to small business concerns through privately organized and operated Small Business Investment Companies (SBIC's).

Loans are provided by the Office of Economic Opportunity through the SBA to assist in the establishment, preservation, and strengthening of small business concerns and improve the managerial skills employed in such enterprises. The U.S. Department of Agriculture provides a referral service to insure the use of these loans primarily in rural areas. They are used to encourage the development of small manufacturing and service industries, to bolster the economy of small towns and cities in rural America, and to provide employment.

The Department of Commerce and Department of Housing and Urban Development provide assistance for comprehensive planning for economic development on a multicounty, district or regional basis. The plans developed through these organizations can be effective "stepping stones" to the various economic assistance programs cited above.

Appropriate incentive programs should be supported to encourage sound business investments in rural areas suffering from excessive resource adjustment problems.

The chamber recommends that a bipartisan commission be authorized, or an appropriate research project be authorized, to investigate and analyze the basic factors affecting the geographic location of population and industry. Many companies have relocated plants in rural areas. There is reason to believe that many more would do likewise if the necessary facts and advantages were better known. This commission could study the costs of providing public services to cities and communities of different population densities. It could review the effects of Government programs on the location of population and industry. It could identify programs and policies needed to neutralize or offset tendencies to centralize economic activity and employment.

The National Committee on Urban Growth Policy has recommended Federal assistance in creating 100 new communities averaging 100,000 population each, and 10 new communities of at least 1 million population each to meet the needs of housing 100 million new Americans during the next 30 years. Where should these cities be built? What types of industries would they attract? How will they affect commercial agriculture and the availability of productive farmland and rural communities? The answers to these and many more questions are needed. Wise research and planning today will help solve problems which are of vital interest to both the rural and urban leaders of the country.

A further substantial reduction in the farm population is in prospect regardless of what program Congress adopts. People, business firms, and service institutions will continue to face substantial adjustments and relocations in rural America. Public programs can ease the impact and alter the rate of adjustments to the forces of new science and technology; but they cannot and should not attempt to circumvent or reverse these forces.

CONCLUSION

The National Chamber's recommendation, if geared appropriately to the transition period, can (1) help marginal farmers become more productive; (2) enable commercial farmers to achieve a profitable farming structure consistent with future technology and demand; (3) encourage regional adjustments which are more consistent with economic growth; (4) provide an eventual termination of treasury outlays directed toward supply control, and provide orientation of production to the market; (5) require less public cost to support farm programs over the next 10 years than continuance of present programs; (6) represent an equitable means of adjusting agriculture to the current demand and technological setting.

We must somehow convince urban America that urban interests in agriculture go far beyond the cost of farm programs and the assurance of an adequate supply of food at reasonable prices. All of us must be aware that:

- there are rural roots to many urban problems;
- agriculture has a key role in the competitive strength of the United States in world trade;
- the problem of finding a place for the next hundred million people to live and work and play will involve rural America; and
- the future demands on the supplies and quality of land, water, and the air we breathe will be staggering and will fall largely on rural America.

We have little choice but to come up with a more acceptable program for agriculture or risk further erosion of urban support and understanding of farm problems. It is, therefore, imperative that we look beyond past programs and policies and adjust our efforts to more effectively meet today's needs and those of the next decade.

Thank you.

The CHAIRMAN. Thank you, Mr. Hageman. We appreciate your statement. I want to commend you on the last paragraph or so. It

was a very fine general idea. I want the record to show that I certainly disagree with most of your conclusions, that it seems to me that you are operating from a complete failure to understand the realities of agriculture, and yet I know you have been in the business. I don't want to take the committee's time, but I do want to ask you specifically about what your program will do in cotton and wheat. I don't think anyone believes that we can grow cotton, even in the magic valley of California, and sell it on the world market at 18 cents. Do you think we can?

Mr. HAGEMAN. No, sir.

The CHAIRMAN. I don't either. Yet, it will have to be sold at something close to that figure if it is going to exist in the kind of situation that you described.

Are you willing to write off the cotton crop in California and over the United States?

Mr. HAGEMAN. That is not our intent, Mr. Chairman.

The CHAIRMAN. I know it is not your intent. Are you willing to do it?

Mr. HAGEMAN. Our intent is to try to point out that urban United States will very probably not continue to support the present Federal farm programs. We are very concerned that if agriculture does not come up with a program which will serve their needs urban Congressmen may present a program which could be very unpalatable to farmers, and business people associated with agriculture.

We sincerely and honestly feel that the excess productive capacity in agriculture must be recognized in one way or another, and that in this process there will be some segments of agriculture that will be hurt worse than others. But for the good of all, including consumers, farmers, and agribusiness, this must be faced up to and must be done.

The CHAIRMAN. I agree with all of the fortuitous statements—I find myself fully agreeing with them, and I know that urban people are likely to impose a program that they don't understand and we can't live with. I understand that full well.

I am asking you specifically. Of course, we can't pass legislation simply by platitudes. We have got to approach specific crops, and cotton is an important crop in your State, and an important crop in my State and an important crop in Mr. Abernethy's State and an important crop in the Nation. For 150 years it balanced the foreign trade of the United States.

I think you will agree that you can't grow cotton and sell it in the United States at the world price, which is today not much above 18 cents. You know it can't be grown in California for that. Your growers in California have the right under existing law today to grow cotton and sell it on the foreign market without limitation as to the amount of acres. There is an over-all limitation, but I mean as to the individual. We have the right to grow cotton and sell it on the world market in excess of these allotments. They didn't avail themselves of that opportunity, did they—except for about 40,000 acres in the United States, which was mostly in Arizona; am I not right?

Mr. ABERNETHY. I don't really know. It wasn't too many acres.

The CHAIRMAN. About 40,000 acres.

Now, if these businessmen felt there was any possibility of making a dime selling that cotton on the world market they would have grown it. The plain fact is you can't do it. Of course, the ordinary urban Congressman immediately jumps up and says: "Well, fine, we ought to be able to import that cotton from Guinea, New Guinea, or Pakistan, or somewhere else." Why should you grow something that is going to cost you more than the world price, and yet he doesn't seem to realize that the real reason cotton is selling so low is the competition in synthetics. The minute you take the United States out of supply cotton, where do you think the price of synthetics is going?

There are, I believe eight concerns which handle 95 percent of all the synthetics in the United States. Where do you think the price of synthetics is going when it faces the competition of natural fibers?

Mr. HAGEMAN. In a supply-and-demand economy, Mr. Chairman, if synthetics rise that rapidly, cotton will come back into production and compete.

The CHAIRMAN. No, sir. I think you are dead wrong on that. Once you have destroyed the overall plant that produces the cotton, I mean the farmers who are producing it, who are equipped, who have the investment now, who bought the water in your country, who have the facilities to produce that cotton, once you have gotten them out of production, it is not coming back overnight nor in one operation.

Once you have destroyed completely that productive ability, yes, once you have destroyed our ginning capacity and our marketing system, there isn't any way of that cotton coming back, as you suggest. The investment of hundreds of millions of dollars in gins, cotton presses, and so on, once it is gone, is not coming back. No, the people are not going to pay the price, and if they don't realize that the thing that is keeping the price of synthetics down today is American cotton production, they are not too smart. I don't want to belabor this point, but much of the same thing is true on wheat. We are not needing any more wheat than we did 50 years ago. Our population is approximately three times as great.

Our grain production must depend in large part upon exports.

Mr. HAGEMAN. Right.

The CHAIRMAN. And when you export wheat to many parts of the world, you can get about a dollar a bushel for it. Now, of course, I know you don't grow much wheat in your State, but do you think that Mr. Kleppe's State can produce and sell substantial quantities of wheat at a dollar a bushel and pay present prices for his machinery and his labor and his transportation and everything that goes into it? Do you think he can?

Mr. HAGEMAN. I did not say that he could, Mr. Chairman.

The CHAIRMAN. I know you didn't, but do you think he can?

Mr. HAGEMAN. In our policy statement—

The CHAIRMAN. I didn't ask the policy. I asked you the simple question, what you thought about producing wheat at a dollar a bushel. I didn't have to have a policy, and you don't have to read me one to give me an answer.

What do you think about it?

Mr. MILLER. I will say, Mr. Chairman that he may be able to in the near future, in looking at what some of our land development and land

research is doing and with the breakthrough in hybrid wheat just around the corner. In our own area, Arthur wheat, a new variety, which is coming in, will increase yields 20 percent.

In Kentucky the new variety is expected to go over a hundred bushels to the acre. It may well be that we will see some breakthroughs coming within the next few years where that cost of production per bushel will be much lower.

The CHAIRMAN. We all hope we can reduce the cost of production of all our commodities, and we are striving all the time.

Our colleges are doing fine work, but our colleges are not the ones producing the wheat to feed the Nation, it is the farmers.

I come to the question, do you think that the farmers in Kentucky can produce and sell wheat at a dollar a bushel?

Mr. MILLER. I think they are on the brink of doing it, sir.

The CHAIRMAN. With this so-called Gaines wheat or some of the varieties that have been produced, sure, they have grown in Mrs. May's State years ago 182 bushels of wheat an acre, but it is not the kind of wheat you need in your bread. It is not the kind of wheat we are selling you at a dollar a bushel.

Well, Mr. Belcher.

Mr. BELCHER. No questions.

The CHAIRMAN. Mr. Teague?

Mr. TEAGUE. Just this, Mr. Chairman. I want Mr. Hageman and his associates to know that we have one member of this committee, at least, perhaps some more, who is in basic agreement with the recommendations they have made, and I commend them for making what I consider to be some very constructive suggestions and certainly not drastic or foolish in the way they are projected.

Thank you.

The CHAIRMAN. Thank you.

Mr. Abernethy?

Mr. ABERNETHY. Mr. Hageman, I followed your statement with considerable interest. I find myself more or less in agreement with Mr. Poage.

I would like to ask you a few questions which I think are fundamental in view of the philosophy which you reveal here today.

I realize that the farm programs are subsidy programs, but that doesn't scare me away from them. We have so many subsidies in this Government that if they were all printed in volumes I doubt if this room would hold them.

The minimum wage is a subsidy. Would you repeal that?

Mr. HAGEMAN. No, sir.

Mr. ABERNETHY. And you regard it as a subsidy? It is a direct subsidy, isn't it?

Mr. HAGEMAN. To a certain extent.

Mr. ABERNETHY. What about our tariffs, our exports, are they not in the form of direct subsidies?

Mr. HAGEMAN. We recognize, Mr. Abernethy, that there are many segments of business that enjoy subsidies of one kind or another.

Mr. ABERNETHY. Would you recommend a phaseout of our tariff system?

Mr. HAGEMAN. I would certainly hope in the future that agriculture

could get better agreements with some of the countries that we export to.

Mr. ABERNETHY. You are not responding to my question. I am speaking of all areas and all quotas incidental to all business in the United States. Would you recommend a phaseout and let everything go on?

Mr. HAGEMAN. No.

Mr. ABERNETHY. You wouldn't recommend that?

Mr. HAGEMAN. No.

Mr. ABERNETHY. Would you recommend, or do you support the repeal of the investment credit?

Mr. HAGEMAN. We took no position on that.

Mr. ABERNETHY. How do you stand on it?

Mr. HAGEMAN. Personally?

Mr. ABERNETHY. Yes. Do you feel that it should be repealed?

Mr. HAGEMAN. Yes.

Mr. ABERNETHY. Did you complain when it was enacted?

Mr. HAGEMAN. No.

Mr. ABERNETHY. Do you regard it as a subsidy?

Mr. HAGEMAN. Yes.

Mr. ABERNETHY. What about depletion allowance?

Mr. HAGEMAN. It is a subsidy.

Mr. ABERNETHY. Did you recommend they be repealed completely?

Mr. HAGEMAN. I have no interest in depletion allowances.

Mr. ABERNETHY. I know, but do you recommend their repeal?

Mr. HAGEMAN. No, as long as the depletion allowance is for the best interests of the United States I do not feel they should be repealed, but I believe the best interests of the United States should be considered first.

Mr. ABERNETHY. But you didn't recommend repeal of the farm programs on that basis. You recommended repeal of these farm programs on the basis that somebody might repeal them for us if we don't do it ourselves?

Mr. HAGEMAN. Mr. Abernethy—

Mr. ABERNETHY. Wasn't that your recommendation?

Mr. HAGEMAN. That is part of our recommendation. Our other recommendation is that the Federal Government redirect its programs in order to provide more meaningful assistance to agriculture. The program we are recommending actually is a subsidy.

Mr. ABERNETHY. You suggest that these farms be retired on the bid basis. I agree that that might be something that we should add as a supplement to current programs. That might be a good idea. Our Government purchases a tremendous amount of material on a negotiated basis, first, to assure that the Government gets it at a reasonably fair price and at the same time to insure the person that sells it a reasonable and fair profit; that is true, isn't it?

Mr. HAGEMAN. That is correct.

Mr. ABERNETHY. All right. Now, do you recommend that all purchases by the Government now move to a bid basis?

Mr. HAGEMAN. In this particular case, on land rental, we recommend that that policy be followed. I am not in a position to make any recommendations on other commodities.

Mr. ABERNETHY. Mr. Poage mentioned cotton. I don't know how many cotton farmers there are. I used to know. But there are many of them who just disappeared and there have been so many consolidations, and there will be more. I don't think there are too many people still growing cotton who are unsubsidized farmers. There are subsidized business firms who belong to the U.S. Chamber of Commerce. I think the chamber is a fine organization. I pay dues directly to it through my own chamber of commerce, in my own State. But, you know, I think one of the things that the business people in this country overlook, is the fact that there are literally tens of thousands of people producing a particular crop such as cotton. These people can't sit around a table like eight synthetic fiber producers, as Mr. Poage mentioned, and fit production to demand. Cotton is having trouble now, not because of its lack of quality as a good fiber, but for many other reasons. If it goes out of production and these six or eight producers of synthetics take over, don't kid yourself they they won't produce a pretty expensive cost-of-living item to consumers.

Now, they can sit around a table and fix prices.

Mr. HAGEMAN. That is against the antitrust laws.

Mr. ABERNETHY. They do it, though, don't they? They do it, don't they? I am not saying these particular people, but it is done. There are only three or four automobile industries in this country and they never overproduce. But a half million cotton farmers can't meet and agree on production.

Mr. HAGEMAN. The automobile industry, Mr. Abernethy, faces a somewhat different problem than agriculture.

Mr. ABERNETHY. You didn't answer my question. It seldom overproduces, does it?

Mr. HAGEMAN. No, they don't overproduce.

Mr. ABERNETHY. They have a pretty good idea how many cars they can put out and sell?

Mr. HAGEMAN. They do not plant acreage in the spring and do not experience the effects of weather as does agriculture.

Mr. ABERNETHY. Right. That is one reason for the program. You anticipated it. That was to be my last question, not a question, but a submission of a thought to you. They don't have those hazards. They do have the hazard of strike.

Now they are proposing that farmers also have visited upon them the problem of strikes. You have seen these bumper stickers going around, "Boycott grapes," haven't you?

Mr. HAGEMAN. I have no sympathy for that whatsoever.

Mr. ABERNETHY. It originated out your way, didn't it?

Mr. HAGEMAN. I have no sympathy whatsoever for it.

Mr. ABERNETHY. And it has been recommended we make this strike business applicable to agriculture.

I do think you made a good statement, and I think some of the points you made are very good, but I just can't go along with your ideas that the thing to do is just repeal the whole kabash and say that small business loans and relocation of people and these other things will solve this problem.

It just won't do it. I don't think it will. I wish I knew that it would. I have a lot of people that would like to get out of it—I mean, get into that type of agriculture if it were possible.

Mr. BELCHER. Will the gentleman yield?

Mr. ABERNETHY. Yes.

Mr. BELCHER. Did you vote for the reform tax bill?

Mr. ABERNETHY. Yes.

Mr. BELCHER. Then you cut the depletion allowance, whether we liked it or not.

Mr. ABERNETHY. Did you vote for it?

Mr. BELCHER. No, sir.

He cut the depletion allowance whether we liked it or not.

Mr. ABERNETHY. The gentleman, I don't think, gets my point. I voted for the depletion allowance, as unpopular as it is with many of my constituents, and I will vote for it tomorrow.

Mr. BELCHER. You voted to cut a tax?

Mr. ABERNETHY. No; there was 400 pages of that bill.

Mr. BELCHER. There were a lot of other bad things along with depletion.

Mr. ABERNETHY. Indeed, there were a lot of other bad things. There were a lot of good things, too; but I had only a single choice and it wasn't my fault I had only that choice. I never voted for the gag rule. I never voted for gag rule and I don't—I think the Members of the House ought to have the right to vote for each item in that bill. I thought the good in the bill outweighed the bad, and I had to choose between hundreds of items on one side against hundreds of items on the other. I chose on one side and you chose on the other, which is all right.

Mr. BELCHER. I chose for a lot of other things, too, but I would also say that Mr. Hageman's statement recognizes the fact that there are a lot of bad things about the farm program and a lot of good things about it, and he has just to take a choice. That is exactly what you did with the tax bill. You thought there was more good things about it than there were bad things.

I thought there were more bad things than good things, so I am one of the 30 that voted against it.

Mr. ABERNETHY. I didn't interpret Mr. Hageman's statement to indicate that he thought there was a lot of good things and bad things about the farm program. I thought he thought it was all bad. I interpreted his statement that we should gradually, softly, with the least brutality possible, get rid of it entirely.

Mr. BELCHER. I wish you had done the same thing to the tax bill, but you don't see fit to do it. I would rather you just cut my depletion allowance off 1 percent at a time rather than just chop off $7\frac{1}{2}$ percent.

Mr. ABERNETHY. I appreciate the compliment of the gentleman that I had the tax bill under my personal control. I didn't know I had reached that zenith in my service here.

Mr. BELCHER. You did exactly what you are criticizing Mr. Hageman—

Mr. ABERNETHY. I am not criticizing him at all. In fact, I complimented him. I don't agree with him, but—

Mr. BELCHER. I am glad that you complimented Mr. Hageman. I am not going to compliment you for voting for that tax bill.

The CHAIRMAN. Mrs. May has the floor.

Mr. BELCHER. Now, wait just a minute. Don't take the floor away from me. I sat here 5 days and this is the first time that I have made

any comment. I would like to have at least equal time with the chairman.

The CHAIRMAN. Well, you were given time and you didn't use it.

Mrs. May is recognized. The time is nearly up, and if you don't use it, I will go to the next one.

Mrs. MAY. Mr. Chairman, I will use my time. I would like to have a little time to compliment Mr. Hageman in my own way, not in the way some others may have supposedly complimented him.

I think it is a good statement, Mr. Hageman, and I do thank you, in behalf of the chamber, for recognizing the need for some type of continuing subsidies. I think this is quite a step forward from previous statements we have had from the national chamber.

May I ask you a personal question? What is your background? Do you have an agricultural background, Mr. Hageman?

Mr. HAGEMAN. Yes, Mrs. May.

Mrs. MAY. Do you recruit for your Del Monte Corp., for some of your key people, from business entirely, or do you recruit from agricultural colleges?

Mr. HAGEMAN. Most of the young men, I would say 75, 80 percent of the young men that we recruit in our corporation are recruited from land grant colleges.

Mrs. MAY. Now, having been given a chance to present your credentials, is it not true, for the record, that you present this statement as a member of the National Agricultural Policy Board for the National Chamber of Commerce and not as a citizen of California; right?

Mr. HAGEMAN. Yes, Mrs. May.

Mrs. MAY. I think that should be made clear, because some questions have indicated a presumption that you were reflecting only a California agriculture view. I believe your agricultural background was elsewhere than California?

Mr. HAGEMAN. Yes; that is right.

Mrs. MAY. On that basis, then let's go on.

Will you give me your definition, as you have used it in this statement on behalf of the agricultural policy committee of the chamber, of a commercial farmer?

Mr. HAGEMAN. We regard a commercial farmer as a person or family whose primary business is farming and derives his income primarily from farming and directly related enterprises. This could be one man, this could be one man, his wife, his sons and daughters, it could be two brothers working together.

In other words, they are people who obtain their income from agriculture, and that is their primary business enterprise.

Mrs. MAY. In other words, when you refer to your concern for them, under any changed farm program, you are not referring to what has become kind of a dirty term, it seems, around here, to corporation farming?

Mr. HAGEMAN. No, Mrs. May.

Mrs. MAY. I would like to verify that for the record, because so many times the question is raised. We do have another term this committee and some others call "family farm program," which isn't precise in this definition, but I think it is more to your commercial farm rather than corporate farm.

Mr. HAGEMAN. I would certainly agree with that.

Mrs. MAY. One statement, and I will make it briefly.

I would like to compliment the chamber for recognizing the necessity for a companion or complementary program to help with what could be tragic economic impact of the wrong kind of a land-use adjustment program. We have a number of witnesses who have recommended in their program some form of land adjustment, but almost without exception they have failed to recognize, if this approach were taken under a new farm program, that we obviously would have to cushion the economic shock for people in certain areas of our United States. I do compliment your committee for having studied this problem and come up with some specific suggestions as to potentials for help.

Now, just one last question. The chamber of commerce, I imagine, has a chamber in almost every city of every size in the United States. I come from a rural area where we have nothing but many, many small cities, and I know almost all of them have a chamber of commerce.

So I have always assumed that the chamber and your committee would have access to some grassroots feeling and what the people out in the area, whether they be rural or urban, what they are saying and feeling about, per se, the American farm program.

I also am aware that you have a national office here in Washington, D.C., staffed by a number of competent men in various fields who are very close or pay very close attention to all the Members of Congress and what they are doing. So I assume that people on that staff have a pretty good idea of what is being said within these Congressional Halls about the farm program.

Now, based on the assumption of that knowledge on your part of the men with you, I would like to go back to the point you made in your statement which is really the most crucial question that faces us. When you say we have little or no choice but to come up with a more flexible program for agriculture or risk further erosion of urban support and understanding of farm problems, you are very correct.

Now, we have just heard some very eloquent and factual arguments on what some of the members of this committee think is needed or would want or would like to have in a cotton program.

I gather it is something far different than a phaseout. I could, if we had the time, review some of the very same types of arguments for wheat, which I represent. Those arguments have been made by me and others on cotton and wheat, in the Congressional Halls, back home, out in the country, wherever we have a chance.

Tell me, based on the experience I referred to, do you think the American public and its Congressional Representatives are buying those arguments? Is there any change in public feeling that would indicate increased support for extension of the present programs at the present cost?

Mr. HAGEMAN. We have talked to many people in many areas of the country. We have the feedback from the many chamber of commerce offices which you mentioned scattered throughout the United States. We are absolutely convinced that the urban American will not support the present farm programs and the staggering cost in the future.

Mrs. MAY. Thank you, Mr. Hageman. That is all.

The CHAIRMAN. Thank you, Mrs. May.

Mr. Purcell.

Mr. PURCELL. Yes. I think I will get back to complimenting you in a more realistic manner than we started out. I am trying to be funny, and I appreciate your grinning when I say that.

Now, your company deals with a lot of farm producers I take it, you buy your products from producers, whatever it is, and Del Monte processes and sells them?

Mr. HAGEMAN. That is right.

Mr. PURCELL. None of your producers are under any kind of a farm program that I am aware of; is this correct?

Mr. HAGEMAN. That is correct, Mr. Purcell.

Mr. PURCELL. Therefore, they are not encumbered with all these total failures that the Government has been involved in in the last 30-odd years; correct?

Mr. HAGEMAN. Yes, sir.

Mr. PURCELL. Are those producers growing in number? What is the situation of your suppliers in regard to their prosperity?

Mr. HAGEMAN. In all honesty, Mr. Purcell, I would say that our suppliers are in much better financial condition than suppliers of the federally supported crops.

Mr. PURCELL. And you have a contract with them whereby they know basically what they are going to get?

Mr. HAGEMAN. Yes, sir.

Mr. PURCELL. So therefore they are not like the hundreds of thousands and into the millions that are having to go to the market and say, what are you giving me for my product, are you?

Mr. HAGEMAN. No, sir.

Mr. PURCELL. Therefore, they relate very little to the commercial producer, call it whatever definition you want, of our three basic commodities, feed grain, wheat, and cotton?

Mr. HAGEMAN. There are certain areas where we might contract tomatoes with a man, say, in California, who grows wheat and also might grow cotton. There is that fringe area, but generally the people that we contract with are either fruitgrowers or vegetable growers.

Mr. PURCELL. Yes. If you remember correctly, Mr. Hageman this is the second time the chamber has brought someone other than a man more familiar with the problems faced by the producer of our three basic commodities to be the spokesman for the chamber. I find that interesting.

Now, then, are you familiar with what the chamber is doing, if anything, to gain support from the rural and urban folks to understand the producer's problems or perhaps to better sell to the consumer what a great job the American farmer has done for him?

Mr. HAGEMAN. Mr. Purcell, I am familiar with those programs. However, I think Mr. Stokes would be in a better position to give you more accurate details.

Mr. PURCELL. All right.

Mr. STOKES. I would just comment briefly in that regard and give two or three examples. For example, at the annual meeting this year the national chamber sponsored a forum on agriculture. Our speakers

included the Under Secretary of Agriculture, three members of the chamber's agriculture committee, and a national vice president of the Future Farmers of America, all addressing themselves to the problems of agriculture and consideration for dealing with these problems.

This is in communications primarily with the chamber membership, with representation from all of the urban areas, so that there would be a better understanding. In addition we are in constant communications with local chambers and participate in many programs which focus attention on the farm problems.

Mr. PURCELL. Have you any ongoing program directed toward urban people to educate them, give them information or show in any way the problem that American agriculture is facing?

Mr. STOKES. Yes, sir; our most recent effort is a publication called "Farm Problems, Programs, and Policies." I will be glad to make this copy available for the record. Our regular series of "Here's the Issue" and "Washington Report" reports information on farm problems—labor markets, production, and income.

Mr. PURCELL. And it goes to your members in the cities?

Mr. STOKES. Yes, sir; all over the country.

Mr. PURCELL. You don't have any program or public plan to educate the general public in the cities?

Mr. STOKES. Not a continuing program exclusively for this purpose. The September issue of Nation's Business has a feature story on the problem that American agriculture is facing.

Mr. PURCELL. Well, you have a meeting and you talk to your members, that is what you said a while ago. You have a big meeting and you have the Under Secretary of Agriculture and some other people make speeches to your members.

Mr. STOKES. That was an example, yes.

Mr. PURCELL. You have not told me about any program that you have in any way that educates the public, I don't mean just writing a newsletter to your members, but something I would hope would say what a good job the American food producer has done for the American public.

Mr. STOKES. I would like to call your attention to the membership on the national chamber's agriculture committee which includes many competent spokesmen in behalf of agriculture. We will be glad to leave a copy of this committee for the record, to show how broad the coverage is.

Mr. PURCELL. Have you got any grain people serving on these committees?

Mr. STOKES. Yes, sir.

Mr. PURCELL. Why didn't you bring some of these people up so we can see what they say about getting rid of—

Mr. STOKES. There is one at the table now, Dr. Goodman is a grain man.

May I also add, in response to your previous question, that the chamber sponsors a weekly radio program known as What's the Issue. It is carried by about 500 radio stations and serves to inform the public as well as the chamber's membership. The problems of farmers and related agricultural issues have been featured on this program a number of times.

Mr. PURCELL. What do you do with them? Get rid of all these programs so you can get rich together?

Mr. STOKES. We provide interviews with people, and I believe, sir, you were on this program with respect to a wheat issue some time ago; more recently we discussed on this program the pros and cons of the international grains arrangement. We will be having more discussions on agriculture in the near future for public information.

Mr. PURCELL. You didn't ask me the facts, or I didn't say what you wanted me to? I just wondered.

Mr. STOKES. Give us an opportunity.

Mr. PURCELL. I am here almost every day.

Mr. STOKES. OK.

Mr. PURCELL. In your plans, I don't know whether you ought to respond to this about retiring this land, but you use the term "recreation" and two or three other things, and grassland. I take it by that that you would suggest the use of this retired land for grazing purposes; is that correct?

Mr. HAGEMAN. No, sir.

Mr. PURCELL. What do you talk about when you say grasslands?

Mr. HAGEMAN. It would be planted to grass, Mr. Purcell, to prevent erosion.

Mr. PURCELL. And not use it for anything except grasses, bugs, and grasshoppers?

Mr. HAGEMAN. It could be used for recreation. I would like to also mention one point in our testimony; namely, that the Secretary of Agriculture should have certain authority in such a program. Speaking personally and not for the chamber, it would seem that if there were a shortage of beef in the United States, some land could then be used for grazing so long as it did not penalize the beef producer.

I personally would not want to see an agricultural policy put millions of acres into grazing thus ruining the cattleman as a result. The land should be used only for grazing if there is a shortage of beef in the United States and if cattlemen can use this land to their advantage.

Mr. PURCELL. So, then, you would start subsidizing them if there was a shortage of beef? How would you determine what was a shortage of beef?

Mr. HAGEMAN. That would be left either to the Congress or the Secretary of Agriculture. I would certainly not go to the extent of subsidizing cattlemen. If some of this land were to be grazed, cattlemen would pay the Government for the use of that land.

Mr. PURCELL. You wouldn't let the man who owned it graze it. He would have to rent it out to somebody else?

Mr. HAGEMAN. I would personally have no objection to the man that owned it renting it back from the Government if that was considered to be feasible and for the best interest of the United States. However, some of these details would have to be worked out, Mr. Purcell.

Mr. PURCELL. All right. Will one of you briefly tell me now, in your opinion, whether agriculture has a key role in the competitive stream in the United States and world trade? Very briefly, what is the chamber doing to sell American agriculture products in foreign markets?

Mr. STOKES. I will make a general comment here, and perhaps others can add more specifically with information in their companies and areas. The chamber's international group has primary responsibility for trade programs, trade regulations, and policies for the chamber. The major thrust of the chamber's international program is to increase foreign trade through the support of legislation to remove trade barriers. This is why we opposed ratification of the International Grains Agreement, and why we are currently opposing efforts by the EEC to impose a tax on oilseed products imported by the EEC.

The international chambers of commerce and the American chambers of commerce abroad are assisting us in informing the European countries of the serious impact this would have on the American economy. The national chamber insisted that agricultural products be included along with industrial products in the GATT negotiations. So the chamber is trying to be as effective as possible to protect the American agricultural interest in foreign markets.

We don't have all the answers, but we will be glad to be an active part in this program.

Mr. PURCELL. Well, what I am getting at is, I realize that sometimes you respond to these difficulties as they come up. Are you doing anything to sell anything anywhere except when they have these big meetings that have to do with taxes or import quotas?

Mr. STOKES. I will have to consult more with our international group who is responsible for this, Mr. Purcell, and will be glad to submit it for the record.

Mr. HAGEMAN. I think, Mr. Purcell, I might add one point. The chamber has taken a very strong position with our Government on strengthening agriculture's bargaining position in world trade and specifically exports. We do not feel that in past negotiations, U.S. agriculture has had a fair shake, and we think our position should be improved.

Mr. PURCELL. By that, you mean you jumped on the Government employees and representatives, or are you doing anything to get out and sell the American products?

Mr. STOKES. Mr. Purcell, if I might mention, the makeup of our committee is of men who have been working on this, such as Mr. Pearce, who actually participated in the negotiations in the development of the International Grains Agreement.

Rotation of the committee membership over the years constantly brings in the background of individuals who through their companies or through their organizations are deeply involved in this along with the committee right now, such as Don Lerch, who has been doing a great deal of work in Japan and the Orient.

So, represented on the committee is the background of individuals who personally are involved in this very thing, working in international areas, developing trade, getting American commodities moving.

Mr. PURCELL. And they are in the field working to sell American food products?

Mr. STOKES. Yes, sir.

Mr. PURCELL. Well, Mr. Hageman, let me just say we do appreciate your interest, and I know that you have a great background and sincere interest in agriculture and have devoted a great deal of time in work-

ing with people in that area. We don't mean to be mean, but I don't agree with what you said, at least in your introduction and two or three parts of your conclusion.

But we do appreciate your interest and hope that you will continue to work.

Smoky, sometime you find an old boy in the grain business and bring him up here and have him talk for you.

The CHAIRMAN. Thank you, Mr. Purcell.

Mr. Goodling.

Mr. GOODLING. Thank you.

I want to associate myself with the remarks of Mr. Teague. I am another member of this committee who does not subscribe to the thinking that our agricultural programs have been successful in the past. I realize cotton is a sacred word in this committee, and my heart goes out to cotton growers. I wish I knew the answer to their problem.

We were in Texas a few weeks ago and I think the chairman's home State has the potential to grow all the cotton that this country needs and for a lot of our foreign countries also, given some water.

To get back to the cotton just a minute and the fact that I say programs are not working or have not worked in the past. The statement was made right from where you sit a year or two ago that we are subsidizing cotton almost to the full value of the crop.

I submit that any program that does this is not working, and I wish, as I said, I knew the answer to the cotton problem, but I simply do not.

I think we have got to come up with an answer. I do not think we can continue to subsidize any crop to almost the full extent of the value of that crop. I personally do not think that is good business.

We have a difficult problem, and I hope all of us can get our heads together and come up with a sensible answer. But, as I said at the outset, I do not believe that our farm programs in the past have worked. I hope we can come up with something that will work better than they are working at the present time.

That is all, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Goodling.

Mr. Kleppe?

Mr. KLEPPE. Thank you, Mr. Chairman.

I am a little bit at a loss to know exactly how I want to proceed on this comment. I have the highest regard for the four gentlemen at the witness table and for the organizations which they represent. In the short period of time I have been in Congress, I have found myself in almost complete accord with the positions taken by the U.S. Chamber of Commerce and its committees. Today is different. Our ways are quite separate and diverse regarding your testimony today. I think the views expressed in your concluding paragraph make a lot of sense, but how we go about accomplishing the objectives is much different. I know you have tried, and I know I have tried, but in this area of farm programs and the economic plight of our agricultural industry, our views do not coincide.

Nevertheless, I appreciate your appearance at our committee and thank you for your presentation.

The CHAIRMAN. Thank you, Mr. Kleppe.

Mr. Burlison?

Mr. BURLISON. Thank you, Mr. Chairman.

I would like to commend Mr. Hageman and his colleagues for coming into the kitchen here this morning. I would, at this time, like to associate myself with the remarks of the gentleman from Mississippi, Mr. Abernethy, and the distinguished chairman of the committee.

I would like to go into some of the ramifications that they touched upon, but time doesn't permit that.

I would like to ask Mr. Hageman this question, though: What familiarity you may have with the proposal of the American Farm Bureau Association?

Mr. HAGEMAN. I have general familiarity with their program and recognize that it is somewhat similar to ours, in that they recommend a long-term land retirement.

Mr. BURLISON. I would say, Mr. Hageman, that the Farm Bureau proposal is not somewhat similar, from what I understand of it and what I have seen of it. It is practically identical. Can you point out to me how your program differs from the Farm Bureau proposal?

Mr. HAGEMAN. I would like to refer that question to Dr. Goodman.

Dr. GOODMAN. The Farm Bureau program doesn't go as far in two ways that this statement suggests. First of all, I think you have to do as we have attempted to do in our statement; that is to place substantial emphasis on programs to assist adjustment of both people and communities.

I am not familiar that the bureau has gone that far in their proposition. Also, there are certain specifications in the resource adjustment program, including the land retirement that are not the same as the Farm Bureau's.

Mr. BURLISON. Would it be a fair analysis to say that your program differs only in degree from the Farm Bureau's proposal, the basics of your program identical with the Farm Bureau program?

Dr. GOODMAN. No; I don't think you could state the difference is only a matter of degree in what we are proposing be done with regard to helping people and communities in adjusting areas. The Farm Bureau doesn't say anything about that that I know of.

Mr. BURLISON. No; I don't believe they mentioned the President's new welfare program was going to be utilized for the benefit of our farmers, \$4 billion that it is projected that our welfare program will take. And I suppose maybe a fair conclusion on why the Farm Bureau didn't propose that was that their appearance before this committee was before the President's new welfare program was announced.

Thank you, gentlemen, very much. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Burlison.

Mr. Miller.

Mr. MILLER. Thank you, Mr. Chairman.

Mr. Hageman, I wish to commend you on the statement you made. I agree in part. I disagree in part. But I think what you have is exactly what we need; namely, different ideas and different views in order to come up with a program that we hope will work. As I see the member's plan, it would shift from price-support programs to land retirement.

Now, it would also shift the cost from the farm program to other Federal programs. This, in turn, would be moving more people off the smaller farms.

Now, what I am wondering, have you given thought to the cost of moving people off the farms, taking up that cost in the cities? Is it comparable to what the farm programs would cost today?

Dr. GOODMAN. There have been some estimates made in varying research projects about both the costs and the benefits that take place in the movement of people out of agriculture, both historically and for the future. It doesn't necessarily follow that all of these people in the past that have moved out of agriculture have gone to the large cities.

Some of them have gone to the large cities, but many of them have gone to smaller growing cities and towns. The reason that they have made the move at all is because of underemployment.

They have not been assisted in the past and they have had some great difficulty in making that transition. They have tended to move to places where there were supposedly job opportunities. But too often they couldn't find a job, or lacked the needed skill for off-farm employment.

One of the things that you can get out of a program designed specifically to assist these people is to help them prepare for employment and either commute or move to a place where by their mere existence in that place, new opportunities can be generated. In other words, you get development of rural nonfarm areas; that is, towns in rural areas can be somewhat stimulated in this fashion by a program that would improve education, job training, small business investments, and so on.

I can't quote the figures, but this all costs money and it will cost over and above current programs that are presently on the books. It may be something close to the savings from shifting from present commodity programs to land retirement, at least for a while. But there is a big payoff to the economy. You get fruitful employment out of these people and greater production and productivity generally in the economy because you are moving away from underemployment to full employment of workers and growth and development of those communities.

Mr. MILLER. Thank you.

The CHAIRMAN. May I point out the second bell has rung, and we are going to have to get to the floor. That is the second bell, you understand?

Mr. MILLER. I understand.

You have with you the man on the chamber's agriculture committee, Robert Miller, the director of agricultural activities from the Farm Department of the AVCO Broadcasting Corp. of Cincinnati, Ohio.

There was a question as to whether we were trying to get a message to the people in urban areas. I can personally say I have heard what is being done by the AVCO Broadcasting Co., attempting to get the idea to the urban people that there are problems on the farm, in agri-business, and in the economy where today the farm people are receiving less for what they are producing.

I believe Mr. Miller has been the mainstream in attempting to put this message over to the people. I thought this should be brought out at this time.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Jones.

Mr. JONES of North Carolina. Mr. Chairman, in view of time, I had better forgo any statement.

I would like to say this: I appreciate what you said, Mr. Hageman, and the committee representatives here. I find myself in disagreement with a lot of what you did say.

In all deference to my good friend Smoky Stokes—and I like him very much—but I can't buy all that you offer here. Simply, gentlemen, I cannot understand why you would propose that we phase out all farm programs when you have many members of the U.S. Chamber of Commerce who are the recipients of some sort of a subsidy just like the American farmer is. This I can't buy. I think we are wrong about this philosophy. I would like to associate my feelings and remarks with the chairman's remarks, too.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Jones.

Mr. Melcher.

Mr. MELCHER. Thank you, Mr. Chairman.

I would like to be advised, since you think that \$3.5 billion from the Treasury is a high figure, on what limit per year you would put on new farmer legislation?

If you think \$3.5 billion is high, what would you suggest be the limit?

Mr. HAGEMAN. I would suggest the limit be established by what is considered, in the best judgment of the administration and Congress, to be the figure that could be acceptable.

Mr. MELCHER. Then what you are proposing is less than \$3.5 billion for land retirement, planting grasses, moving the people off the land onto the welfare rolls, and developing recreational areas on the retired land; is that true?

Mr. HAGEMAN. Yes, sir; in the long run.

Mr. MELCHER. You think it would be cheaper?

Mr. HAGEMAN. I would like to make one point.

Mr. MELCHER. But if it is not cheaper, if it is not less than \$3.5 billion, would you still recommend it?

Mr. HAGEMAN. The key point is that we can go on for another 10 years the way we are now and spend, say, \$35 billion. At the end of that 10 years, we will undoubtedly face the same problems we face today.

Under the program which we have recommended we feel that less money would be expended over a 10-year period and at the end of that 10 years we would solve at least a major part of the problems which we face today. In other words, it is not a short-range, but a long-range proposal to solve many of our farm ills with less expenditures by the Federal Treasury over a 10-year period; and at the same time accomplish the more important objective of more lasting adjustments in the use of farm land.

Mr. MELCHER. I would like to point out to you and for the record that everyone else who has testified in detail concerning a land retirement program, the type of program that you have envisioned, has admitted to this committee that it would cost more than \$3.5 billion to do it and to phase out the program.

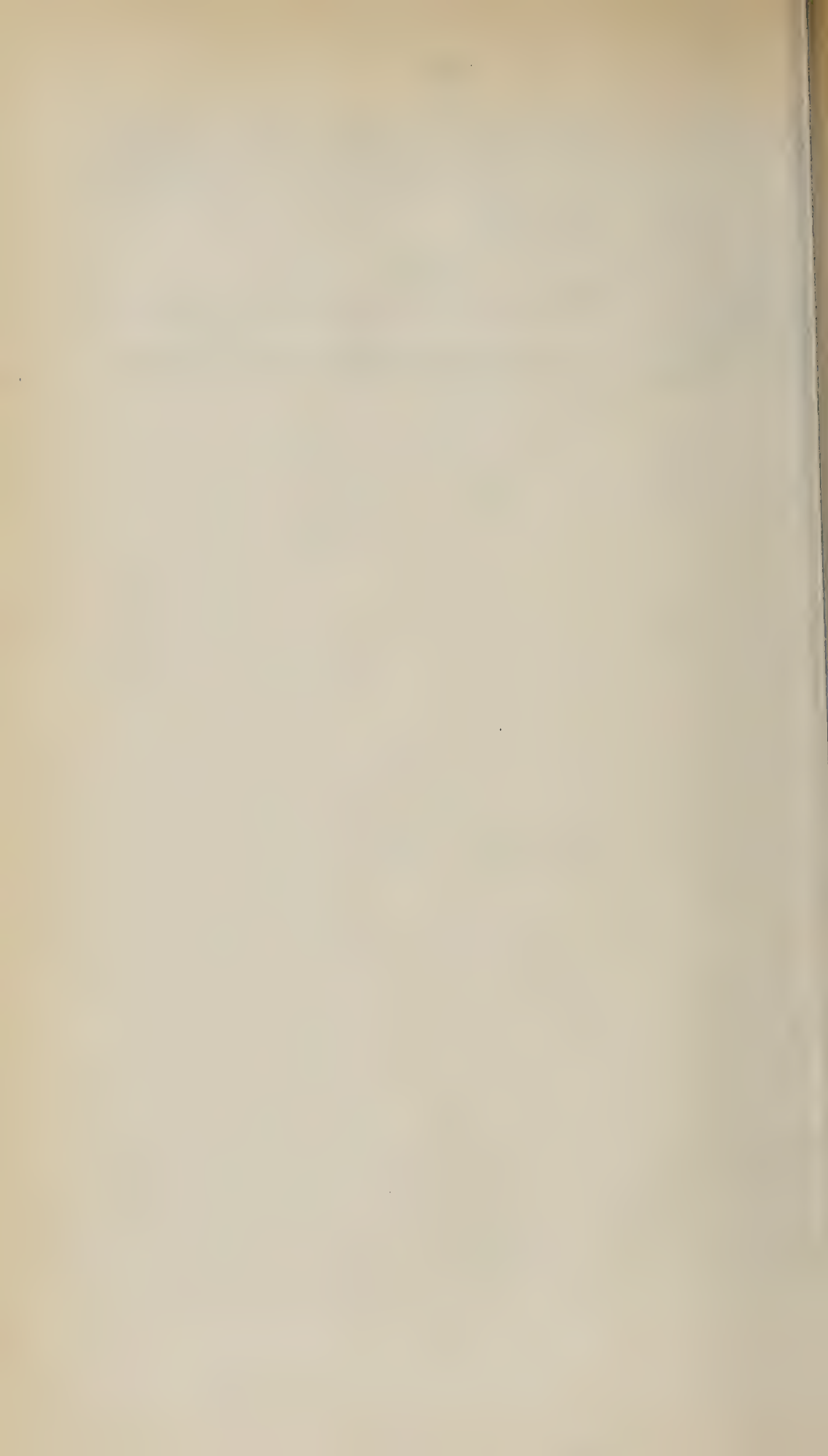
Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Melcher.

Thank you, gentlemen.

The committee will stand in recess until 10 o'clock, Tuesday, the 16th of September.

(Whereupon, at 12:40 p.m., the committee adjourned, to reconvene at 10 a.m., Tuesday, September 16, 1969.)



GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

TUESDAY, SEPTEMBER 16, 1969

**HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
*Washington, D.C.***

The committee met, pursuant to recess at 10 a.m. in room 1301, Longworth House Office Building, the Honorable W. R. Poage (chairman) presiding.

Present: Representatives Poage, McMillan, Abernethy, Stubblefield, Purcell, O'Neal, de la Garza, Jones of North Carolina, Montgomery, Burlison, Jones of Tennessee, Melcher, Belcher, Goodling, Miller, Mayne, Zwach, Kleppe, Price, Myers, Sebelius, McKneally, Mizell, and Resident Commissioner Córdova.

Also present: Christine S. Gallagher, chief clerk; William C. Black, general counsel; and L. T. Easley, staff consultant.

The CHAIRMAN. The committee will come to order. We have met this morning to continue our discussion of the farm and food stamp legislation.

Our first witness will be introduced by our colleague, Congressman Zwach.

Mr. ZWACH. Mr. Chairman, this gentleman represents the Cargill industry. Cargill, as you know, is one of the oldest processing industries in our area. It has grown from a one-man operation to an operation now that has developed throughout our country and much of the world. I have to share him with Kansas because he is a graduate of Kansas State University and a Kansan by birth.

He now lives in Minneapolis. He was chairman of the National Soybean Processors Association, and has been with Cargill since 1940.

It is a great pleasure to introduce a fellow Minnesotan who is well informed in this industry.

The CHAIRMAN. Thank you, Mr. Zwach. We are delighted to have you with us.

STATEMENT OF M. D. McVAY, GROUP VICE PRESIDENT OF CARGILL, INC., MINNEAPOLIS, MINN., REPRESENTING THE NATIONAL SOYBEAN PROCESSORS ASSOCIATION

Mr. McVAY. We appreciate the opportunity you have given us to present our views on national agricultural policy.

We speak on behalf of the National Soybean Processors Association; however, in making these remarks and recommendations it is our purpose to speak in the interest of the entire soybean complex—a complex that encompasses farming, transportation, processing, feed manufacturing, poultry and livestock production, and the manufacture and distribution of consumer products.

The interest of all these segments of the economy as well as the interest of the U.S. consumer and taxpayer are intertwined and inseparable.

The soybean processor knows that his future is directly related to the future of the soybean producers. But, he also knows that the future of the soybean producer is dependent upon the ingenuity of the processor to process and market the crop efficiently and aggressively, to develop new products, to build new demand, and also upon the feed manufacturer and the feeder and upon the consumer.

It would be difficult to overstate the importance of the growth of the soybean complex in the last 30 years to the farmer, the laborer, the feeder, the consumer, and the taxpayer. Soybeans now make profitable use of 44 million acres of land; they add \$2½ billion to farm income. Soybean meal has been the foundation of the growth of the livestock feed industry which has led the revolution that has halved the cost of producing meat, milk, and eggs.

The consumer in the United States spends but 16.8 percent of disposable income for food.

The producer receives but 32 percent of the consumer food dollar.

Twenty years ago these percentages were 23.4 and 44 percent.

Certainly there are other factors and other entities that have contributed to the consumers' improved diet at low cost, but since soybeans are the backbone of an efficient livestock and poultry production, they are a major contributor to these gains.

Soybeans add \$1,160 million to the U.S. balance of payments, the largest contributor of any agricultural crop, and agriculture in total is our most important export industry.

And lastly, the economic burden to the taxpayer of maintaining a sound agriculture which is essential to a national well-being has been greatly lessened by the development of markets both at home and abroad for soybean products which has made use of agricultural resources which would otherwise have laid idle.

Soybeans are the one major crop, complimentary to other crops, which the farmer has been permitted to produce in unlimited volume, responding to the demands of the marketplace and the needs of his individual farm operation. This single fact has been of immense benefit to American agriculture. The profound adjustments which have occurred in agriculture during the past generation—the loss of cotton markets, the reduction in peanuts, tobacco, corn, wheat acres; the spread of animal agriculture into the Deep South; the reclamation of large tracts of formerly unproductive lands—these changes have been possible only because an alternative, soybeans, was available.

That we may better understand the reason for this tremendous development in the last 30 years, let us mention some of the reasons for the industry's growth.

There has been a growing demand for protein foods and for vegetable oils.

The consumption of soybean meal in the United States in the last 20 years has increased from 4,178,000 tons to 11,275,000 tons.

The consumption of soybean oil has increased from 1,646 million pounds to 5,750 million pounds.

The exports of soybeans have increased from 23 million bushels to 284 million bushels, exports of soybean meal have increased from 151,000 thousand tons to 3 million tons, and exports of soybean oil have increased from 83 million pounds to 876 million pounds.

This increase in demand for protein and vegetable oil is brought about because of a change in eating habits—and desire for more meat, milk, and eggs, and less carbohydrates. It occurs in essentially every country as they have the economic means to acquire the types and quality of food they desire. The demand continues to grow in developed countries and there exists a great unfilled need for protein in the diets of a large part of the world's population.

While there is a growing demand there is also vigorous and varied competition. Russian sunflower, soybeans from Brazil, rape seed from the EEC and Canada, palm oil from Nigeria and the Far East.

As surpluses in feed and bread grains have developed over the world, many governments have made an effort to divert production from these crops to oilseeds. This has been accomplished in many countries by the payment of substantial subsidies resulting in prices to producers double U.S. prices. Chemical products have developed to compete with natural proteins.

The growth of the past has not come in an untroubled steady progression—it has come by facing and meeting one challenge after another. Detergents replace soap and release great quantities of fats and oils forcing the development of new markets for these products.

Urea replaced much of the soybean meal used in the fattening of cattle.

Fishmeal from Peru replaced much soybean meal in poultry rations.

Russia developed sunflower varieties that doubled the oil production per acre and went from exports of zero vegetable oils to exports of 655,000 metric tons in the year 1968.

Soybeans have met these challenges in the past. They certainly will face others in the future. High lysine corn and protein from petroleum are but two that concern us now.

Another characteristic of the soybean economy is that the demand for soybean products is price elastic. Consumption is related to price.

Over the years for the most part, soybean prices have been determined by the supply of soybeans and the demand for soybean products.

Three times in the past 20 years it has appeared that the production of soybeans exceeded the demand for soybean products, and that a surplus of soybeans was in sight. This happened first when the production was 225 million bushels and again when production was 450 million bushels and again when the production reached 1 billion bushels.

In the early cases, market price adjustments increased demand and encouraged expansion of production and supply and demand were balanced and production grew in step with demand. Recently, the support price was raised to an uneconomic level which curbed demand and stimulated production and use of competitive items.

The use of soybean products stagnated and, in fact, appeared to be on the verge of declining as competitive producers expanded their production and sales in traditional soybean markets.

However, the support price has been reduced and soybean products are once again competing for the increasing protein and vegetable oil demands.

The market is available to use current production and to gradually dispose of present Government stock of soybean products are permitted to compete vigorously.

Another peculiarity of the soybean industry is that agriculture is a major buyer as well as the seller. Livestock feeders are the primary market for the products of the soybean grower.

An expansion of demand helps not only the soybean producer but the livestock feeder as well. If consumption of soybean meal is curbed because of high prices—which causes the consumer to restrict the use of meat, milk and eggs—both feeder and soybean producers are damaged.

We believe that a strong, viable, competitive agriculture is essential to the national interest—the benefits to the consumer, the balance of payments and the general economy we have previously mentioned.

We here speak of the 1 million farmers who produce 87 percent of the agricultural goods marketed. This group must be adequately financed, must be backed by the best in research and technology and in long-term agriculture as a life, must return adequate income to attract and hold some of the most able in our society.

As in the past, the farm community must be led by the inventive, the ingenious, the industrious, so that U.S. agriculture will continue to be the most efficient in the world. To achieve and assist in the development of such an agriculture, Government policy must permit flexibility and must provide and encourage fast response to change.

We have mentioned previously some of the many changes that have occurred in the last 20 years in the soybean section.

Most of these changes could not have been, and were not generally foreseen. Detergents, urea, Russian sunflower, Peru fishmeal, all required immediate response.

This need for flexibility causes us to believe that farm legislation to be most effective, must be considered on a commodity-by-commodity basis.

The attempts to rationalize, to make internally consistent basic policies for wheat, corn, tobacco, cotton, soybeans and all other cash crops raised in this country seem to us to be doomed to failure in this rapidly changing world.

Acreage restriction coupled with direct payments, may be the best solution to the problem of some commodities, but the application of this principle to all manner of other crops, regardless of their basic nature and the condition of their use, seems inappropriate.

In short, then, the soybean complex is characterized by:

- (a) Growing demand for protein and oil;
- (b) Hard and vigorous and varied competition;
- (c) A demand response to price; and
- (d) The farm sector is the major buyer of soybean products as well as the seller.

Considering these factors, we propose that farm legislation for soybeans should embody the following five principles:

1. Soybeans should remain free of Government acreage restrictions.

No direct allotment or acreage diversion program should be used for soybeans; nor should soybeans be included in any proposed general base acreage of food grains, feed grains, or other major crops.

World demand for soybean products is a complex matter and difficult to anticipate. It is influenced by a multitude of factors including population growth, economic development, nonagricultural competition, emergency of a livestock economy in developing nations, and government action all over the world and in every sector of the world economy.

World demand for U.S. soybeans and soybean products ebbs and flows with changes in world acreages of competing crops. Weather changes have a profound influence on production of both beans and competing crops.

The result of all this is a world demand for U.S. soybeans which develops through time in unpredictable surges. To meet these demand surges, U.S. soybean production must be flexible, free of restrictions and able to respond rapidly.

The U.S. farmer is faced with shifting restrictions on allowable planted acreage for wheat, corn, grain, sorghum, rice, oats, cotton, and tobacco.

Many farmers' operations have survived because they could turn to soybeans as an alternative crop. In a sense, the farmers' freedom to turn to soybeans has made the farm program for other major field crops workable. It would be wise to retain this safety valve.

There is a demonstrated growth in world demand for soybeans. To risk losing our share of this growth by restricting production at this juncture would defy logic.

2. Soybeans must not be legislatively excluded from farm acres by other commodity programs.

We assume that in the years ahead, soybeans will be grown and marketed within a general environment of excess farm production capacity for food grains, rice, cotton, peanuts, tobacco, and other field crops.

In such a setting farm policy will no doubt seek to control the production of these crops, as it has in the past. This in turn forces us to be concerned with the effect these programs will have on acres available for soybeans.

The 44 million acres now used for soybeans, have come largely from land which was no longer needed for the production of oats, pasture, or hay.

In the years ahead, as the market for soybeans continues to expand, and demand is created for 50, then 60 million acres of production, it will be necessary to draw into production acres now held idle under bread grain, feed grain, and conserving programs. Therefore, the Secretary of Agriculture must be given authority to make the set-aside acres available for soybeans as needed.

3. Soybean pricing must be market responsive:

This industry has demonstrated several times in the past that a flexible price broadens demand when supplies exceed current use, and increases supply during periods of strong demand.

The demand for soybeans responds to price. An industry which is actively building a market by capitalizing on growth in demands needs price elasticity.

We do not recommend a completely free market price system for soybeans. We believe this is unrealistic in a highly complex, economically interdependent system such as ours.

In times of excess supply or sudden contracted demand, the Government should provide a temporary market. But legislation can be structured so that the Government purchase price will be related to market values.

In times of extra production, prices must adjust downward to simulate use, and in times of shortage must advance to encourage production.

The Government soybean purchasing program should be insurance for the U.S. producer, not an umbrella under which competitors throughout the world increase production to serve protein and vegetable oil markets. Only a market responsive pricing system can accomplish this objective.

4. Soybeans should be backed up with an aggressive Government market development program. Every economic system must have a focal point toward which the participants in that system may direct their best efforts.

It is our belief that agriculture legislation for all commodities, but particularly for soybeans, must be keyed to the principle of market expansion.

Congress has been supportive of and responsive to this idea. The result has been a variety of programs which are structured to move agricultural products into use rather than storage.

There are three elements, to successfully expand a market. Products must be priced competitively, they must be readily available, and their quality must be high when compared with their competition.

Market expansion at various times requires concentration on one or more of these elements but if any of them are ignored over a period of time the inevitable result will be the contraction rather than the expansion of available markets.

We believe any farm program developed through this session of Congress must contain elements which encourage and strengthen this effort.

There are some specific areas of market expansion where work is needed on a substantial basis:

A. The desperate human need for more protein and oil should encourage us to support and expand successful programs which are meeting this need.

Public Law 480 encompassing sales for foreign currency, donations distributed by charitable agencies, sales for long-term credit school lunches, are outstanding examples of the type of initiatives which can be taken. The country must, if it is to maintain its leadership of world opinion, take new initiatives to cancel out the disparity between human need and effective economic demand. We can do better.

B. Our access to foreign markets, particularly in the developed areas of the world, is under attack. There are, at present, strenuous efforts being made on the part of some of our trading partners to exclude soybeans from their markets.

The Secretary of Agriculture should be encouraged in every manner in his efforts to counter other countries establishment of trade barriers—quotas, import duties, internal taxes, and all manner of nontariff restrictions.

C. We believe free world trade and a market responsive economic system are desirable goals for world trade in fats and oils.

There are efforts being made to establish a world fats and oils trade agreement. Such an agreement will prevent U.S. soybean farmers from competing for world oil and protein demands.

The Secretary of Agriculture must be encouraged by Congress to take the initiative for our Government in combating such an insidious device.

D. The issue of trade with countries behind the Iron Curtain has a long, controversial history. We recognize the intensity and severity of the public debate which has been carried on in this particular issue.

We urge that it be given adequate public exposure and suggest that resolving it in favor of liberalized trade will be a direct benefit to the agricultural sector of our country. It is obvious that as countries with centrally planned economies continue their economic advance, their citizens will demand better diets.

This, in turn, will translate itself, and is translating itself, into demand for soybean products. We would like to compete for that market. Our failure or inability to compete means that others will seize the opportunity.

E. Centrally planned societies pose a threat to private trade in world oil markets.

Russia has moved large quantities of sunflower seeds and oil into world markets trading on a government-to-government basis. Apparently an attempt is made to relate the sale price with the cost of production.

We can only speculate on the purposes of such action. But regardless of purpose, private industry is obviously not prepared to compete with such a formidable opponent.

The administrative branch of this Government should be provided with tools to combat such market losses when it is necessary and in our national interest to do so.

5. Soybean production and utilization research should be fostered and encouraged. The thrust of research in a soybean area should be in two areas:

- (1) To increase per acre yields of soybeans;
- (2) To broaden the uses of soybean products.

The research which is currently under way is useful and should be continued.

Production research to increase per acre yield is of utmost importance to aid the U.S. farmer in achieving and maintaining maximum efficiency. The benefits of such efficiency, to the extent they do not interfere with a larger public interest or purpose, need no exposition before this group. We see no conflict of interest in efforts to improve farm efficiency.

Soybean utilization research is essential if soybeans are to compete successfully against the chemical laboratories of the world. We can avoid the kind of market losses synthetic fibers have inflicted on

cotton, resins, on linseed oil, and urea, on proteins from vegetable and animal sources.

Effective research can lead to broadened usage for soybean products in such areas as protein for human consumption—a field of great need with a promise of huge potential—and provide alternative markets as old ones slip away.

To conclude, the soybean complex is anxious that any new legislation drafted, should encourage rather than discourage the soybean complex in supplying growing demands—to produce more soybeans and produce more soybean products for both domestic and world markets.

Make no mistake, the soybean complex faces a turbulent but promising economic future. The markets we developed have attracted the interest of foreign competitors. The chemists have set their sights on capturing the demand on which we have capitalized so well for the past 30 years.

Unless we are prepared to meet these competitive threats, soybeans will go the way of other major cash crops in this country—wheat, cotton, tobacco, and peanuts.

If farm policy stimulates and encourages increased productivity, provides for vigorous competitive agriculture, permits flexibility of production and market response to competition, seeks out new markets and vigorously defends access to old markets, assists in the development of new products, then soybeans can and will continue their growth and their contribution to the welfare of the farmer, consumer, and the taxpayer.

I thank you.

The CHAIRMAN. Thank you very much.

I wonder if you would give us just a little bit of a background about soybeans. We haven't had too much about soybeans in our discussions in the last few weeks, and you have pointed out something about the tremendous growth of soybeans in the United States.

Of course, from my viewpoint, I am interested in knowing what you think about the possibility of still further expansion of this area. Do you think we will develop a bean that we can grow in the Southwest?

Mr. McVAY. Are you speaking in terms of the irrigated land?

The CHAIRMAN. No. I know you do grow a large amount of soybeans up on the Plains, but I am talking about Texas and Oklahoma.

Mr. McVAY. Soybeans, generally, have not done well in areas where annual rainfall is in the low 20's. I would suppose that wheat and some winter crops that are adapted for that area will continue to be better crops for that area than soybeans.

The production record for nonirrigated land in western Kansas, western Oklahoma, and eastern Colorado, has not been very promising.

The CHAIRMAN. And you don't see much promise for development?

Mr. McVAY. Not on dry land farmland.

The CHAIRMAN. What about sunflowers? You mentioned the Russians developed a sunflower. What does Russia have that we don't have? What enables them to develop sunflowers when we don't do that?

Mr. McVAY. There are two parts to that question. First, the Russian scientists did do an outstanding job of developing new varieties

of sunflowers. The other part of the question is that I think Russia had a substantially greater need for oil seed crop in the last 10 years than the United States. Soybeans has been our oil seed crop, and Russia up to a few years ago was short of vegetable oils.

However, they developed the sunflower crop and went from a shortage to a surplus.

There are sunflower developments in the United States. Sunflowers are produced in northern Minnesota and northeastern North Dakota. There is experimental work and test plots being grown throughout the South. Sunflowers have some future.

But I would point out that sunflowers are an oil seed crop, or an oil producing crop; a major part of its value is from vegetable oils; whereas soybeans are a protein crop, the major part of soybeans' value is protein and, therefore, it seems that soybeans meet the needs of the United States and the needs of the world better than sunflowers.

The CHAIRMAN. Now, what are the relative production capacities of sunflowers and soybeans? How do they compare? You do get some oil from soybeans, of course, and you do get some protein from sunflowers, but how do they run?

Mr. McVAY. Well, in rough terms soybeans are 20 percent oil and 80 percent meal. Yields per bushel are more or less 11 pounds of oil and 48 pounds of meal.

Sunflower, the new varieties, run as high as 50 percent oil. The more common yield is 45-percent oil. But sunflower has an important quantity of hull, which has very little value. So, more or less 45 percent is sunflower oil, 20 or 25 percent of sunflower is hull and the balance is protein meal. But that meal is, because of its amino acid content, less useful than soybean meal.

The CHAIRMAN. About the yield. How does sunflower and soybean compare in yield, in bushels?

Mr. McVAY. That is very difficult to answer because sunflower yields in the United States vary so much. We do not yet have the experience, our cultural methods—

The CHAIRMAN. What has been the Russian experience?

Mr. McVAY. The Russians grow up to 1 ton per acre. Translated in bushels, that would be more or less 33 bushels.

The CHAIRMAN. It would be roughly about the same as bushels?

Mr. McVAY. No, we don't average that. Our national average is 26, but our good areas produce 33 bushels and more. I would suppose some place between half and three-quarters of a ton would be more near the Russian sunflower average. As you know, our best yield in the United States, the exceptional yields run well over a ton.

The CHAIRMAN. Now, how widespread is the sunflower head moth in the United States? Does it bother your crop up in Minnesota and in the Dakotas?

Mr. McVAY. Not as bad as in the South. It is known in the Dakotas, but our hard winters apparently keep it under control. That is one of the reasons that soybeans—excuse me, the sunflower for birdseed over the years has been grown in the area of Minnesota and North Dakota.

The CHAIRMAN. How far north are the Russians growing the sunflowers, I mean, how far north and south, or just where are they growing the sunflowers, I should say?

Mr. McVAY. Well, my impression is that the primary sunflower producing area is the good agricultural region of the Ukraine.

The CHAIRMAN. That is black soil?

Mr. McVAY. It is their best area.

The CHAIRMAN. That has about 30 inches of rainfall?

Mr. McVAY. That is my impression, but I am not certain.

The CHAIRMAN. The winters are not quite as severe as yours are in Minnesota, I take it?

Mr. McVAY. But I believe they are severe. They have a hard winter.

The CHAIRMAN. Well, one further thing, you did mention soybeans were needed for the oil, and you had competed with others. What is the oil situation now? I was under the impression that oil was plentiful in the market these days.

Mr. McVAY. Excuse me?

The CHAIRMAN. I had been under the impression that the oil is difficult to market these days. Is there a market for oil?

Mr. McVAY. There is a surplus for vegetable oils in the world, and oil prices at the present time, and for the past 2 or 3 years are at essentially post-World War II lows. Soybean oil must fight for markets. They must compete with sunflower oil and with the rape seed oil that is grown in Canada and the Common Market. There is a great abundance of vegetable oils.

The CHAIRMAN. Do you see any prospect of developing enough market to take care of that oil?

Mr. McVAY. There is a steady growing demand for fats and oils throughout the world. It comes in two ways: First, as the world population increases; and second, as the purchasing power of the world's people increase.

That world demand is adequate to provide for a rather substantial increase in soybean production. However, it is a question of how large a share soybean oil fills of that increasing demand.

In the 10 or 15 years between 1950 and the early sixties, soybean oil filled a major part of the increasing world demand for oils. There was not any major development of increased oil seed production in other areas, but in the mid sixties we have seen a number of areas, sunflowers of Russian being the dramatic one, but also rape seed in the Common Market, rape seed in Canada, all these developments are competing with soybean oil for this growing market.

The CHAIRMAN. Thank you very much.

Mr. Abernethy.

Mr. ABERNETHY. Mr. McVay, I certainly share your view about the control of acreage. We should exercise every effort to see that this crop is not brought under any type of control, and that the farmer be allowed full freedom to produce this crop. It is true that soybeans are having some slight trouble now, but I think more troubles would arise if it would be brought under acreage allotments.

You made reference to two points in your statement, in one instance you said, speaking of exports, "Efforts are being made to exclude soybeans from their markets," speaking of foreign areas—of what areas?

Mr. McVAY. At the present time the Common Market, the European Economic Community, this is the greatest threat. Soybeans by agreement in an early round of negotiations during the development of the

farm policy of the Economic Community were bound to no duty as was soybean meal. Both could enter the EEC with no duty, and there was a 10 percent duty agreed to for soybean oil.

This opened their market to the entry of soybeans. They, the Common Market, now choose to increase the production of rape seed.

Incidentally, they support rape seed prices to their farmers at about double the world market for rape seed. They chose to expand this production, to lessen production of wheat, and bread grains, which are in surplus in the Common Market. There are some other reasons for doing it, but since they are bound, since they cannot raise the duty, they now seek to put on taxes \$60 per ton on soybean oil and \$30 per ton on soybean proteins.

Mr. ABERNETHY. That has been avoided up to now?

Mr. McVAY. Yes, the Government takes a hard position. A good job has been done in fighting that move so far.

Mr. ABERNETHY. I am familiar with that. I know a number of us have tried to avoid it, but still the danger exists.

Now, at another point in the statement you said, "Efforts are being made to establish a world fats and oils trade agreement."

What do you have reference to?

Mr. McVAY. It comes from the same general area except it has not only the support of some segments of the Common Market, but also the support of the African producers, also supported by some Philippine copra producers, and Indonesia copra producers. They all seek to raise the price of fats and oils artificially and to enter consumer markets by quota and not by competition.

Mr. ABERNETHY. I was familiar with the activity of the Common Market in these fields, but I asked the question thinking probably there was some other areas beside the Common Market, and you have named some African countries.

Mr. McVAY. I believe that is a subject that is being discussed under the auspices of FAO in some of their deliberations.

Mr. ABERNETHY. I think Secretary Hardin and his people in Agriculture have done a very good job on the soybean situation in the Common Market.

Mr. McVAY. I share your view.

Mr. ABERNETHY. They moved rather rapidly, and effectively.

The CHAIRMAN. Thank you very much.

Mr. Mayne.

Mr. MAYNE. Mr. McVay, along the same line you state that the Secretary should be encouraged in every manner in his efforts to counter other countries' establishment of trade barriers. I wonder if you could be more specific in your recommendation as to what you feel he should do, and what we should do in that respect.

Mr. McVAY. Well, I think that it is important that the Secretary know it is the will of Congress to defend markets that the purpose of the country is to market as much—to build as large an export market for agricultural products as we can.

In terms of how one does this, it becomes, in my judgment, a matter of horse trading, but most of all a matter of valuing our market and not trading it off or giving it off for some—trying to make or affect world opinion by giving away our access to agricultural world markets.

Mr. MAYNE. That is a pretty general statement. Is there anything you specifically recommend that the Secretary do that he hasn't done, or isn't doing now, or anything you recommend he stop doing that he is doing that would help in this regard, getting into the mechanics of the problem?

Mr. McVAY. I would urge the continuation of the present efforts to oppose the position of the taxes in the EEC, or any other new taxes or duties that may be imposed by other countries.

Mr. MAYNE. Well, if some more specific suggestions, of specific action do occur to you, I am sure that the members of the committee would appreciate hearing them later.

Mr. McVAY. Thank you. We will work at that.

Mr. ABERNETHY. Mr. Chairman.

The CHAIRMAN. Yes, sir.

Mr. ABERNETHY. I overlooked a very important matter a moment ago. I would like to call attention to the fact that accompanying Mr. McVay is a very distinguished gentleman from my State. He is not my constituent, but he and his company have statewide influence and benefit farmers all over Mississippi. I am sure Mr. Montgomery joins with me in extending Mr. Hilby, of Marks, Miss., a warm welcome.

The CHAIRMAN. The chairman was specifically notified that Mr. Hauck and Mr. Hilby would not accompany Mr. McVay, but would be available for questioning.

Mr. Purcell.

Mr. PURCELL. I have no questions.

The CHAIRMAN. Mr. Zwach.

Mr. ZWACH. Mr. McVay, you have operations in many places in the world and undoubtedly have a tremendous background and knowhow with regard to soybeans.

You stated in your testimony that some countries support the soybean producer at about double the American price. What are some of these countries?

Mr. McVAY. Well, I have mentioned the EEC should seek to divert production from bread grains to oil seed crops, which is rape seed. The rape seed is an oil-producing crop, but it doesn't meet their needs for higher quality protein for their feed industries. But, nevertheless, that is their policy.

Mr. ZWACH. You do find that other countries protect their agricultural producers with a vengeance through devious methods. Would that be a correct statement?

Mr. McVAY. That is certainly a correct statement.

Mr. ZWACH. That is a correct statement?

Mr. McVAY. Yes.

Mr. ZWACH. Now, let's come to the American soybean producers. The soybean producer here has basically, except for a reduced Government loan, no support. Do you think that the soybean producer is in a healthy position with the present structure of soybeans? Do you think he is getting a fair return on his investment and time, input, knowhow, and risk involved at the present price of soybeans, the world price?

Mr. McVAY. That question is very difficult to answer.

Mr. ZWACH. The other day, just to point this up, the other day on the floor we passed a piece of legislation that subsidized the ship-

builders up to 55 percent because they couldn't meet the world situation.

The cotton people say they cannot compete at a world price.

The wheat people say they cannot compete at a world price.

Now, would it be possible that the soybean people can produce at this level, or do you think, for instance, we ought to have a domestic type certificate for soybeans so that the soybeans used at home and where the producer has the terrific high cost input, that for them we can get a parity price, what is generally known as a fair price?

Mr. McVAY. Well, if Congress concludes that the farmer must, that his income from soybeans must be supplemented, then this scheme of a direct payment is the best of the schemes that I am familiar with. However, it is our belief, as the statistics and the history have indicated that the soybean producer has been, that the market price has been adequate to compensate him for his production costs, and I will not comment whether it is a fair return, but it has been a reasonable return. At least a sufficient return that he has continued to increase production of soybeans over the years.

Mr. ZWACH. That is basically because soybeans have not been in surplus? Now, we go into the era of soybeans in surplus; what about the producer?

Mr. McVAY. It is our belief that if the soybean price is given reasonable flexibility, that soybeans will not be in surplus, and the producer will over a period of time receive prices about the same as soybeans have averaged in the past.

Mr. ZWACH. You know that just recently the loan level of soybeans was reduced because of a fear of a surplus.

Mr. McVAY. I must remind you that the soybean support price was raised first from around \$1.90 to \$2.20, and \$2.25. And then to \$2.50. Now, the use of soybean products continued to expand after the first increase to the \$2.25 price, but the demand for soybeans could not continue to grow at the \$2.50 price.

So, recognizing this, recognizing that soybean products could not be marketed in large quantities at a \$2.50 price, it was reduced to \$2.25.

Mr. ZWACH. What if it cannot be marketed at—adequately at \$2.25, would that mean you expect to make further reductions in loans to producers? You see, on these reductions the processors, the shipper, the importer, all benefit, the exporter benefits, everybody—as you reduce prices—but the poor producer who gets less and has no way to pick up increased costs.

Mr. McVAY. We are not recommending supplemental soybean payments because it is our belief at this time it is not necessary. But if Congress feels that supplemental income is necessary, we would certainly recommend a policy that permitted soybean prices to reflect market values, and if more soybeans are produced at \$2.25, than can be marketed, then the market should be permitted to move downwards where demand is stimulated and more products can be marketed. If that necessitates supplementing farm income then we would favor it be done by direct payment of some sort.

I would like to mention to you, you made a point, and it is certainly true, that most other countries protect their producers.

However, their experience with fixed support prices is exactly the same as ours.

Mr. ZWACH. They are having problems?

Mr. McVAY. Great problems. The Common Market pulled itself together only a few years ago in terms of an agricultural policy, and they established what appears to us to be a very high support price for bread grains and rapeseed, and most of all for dairy products.

The result has been they now have a surplus of butter of 350,000 tons, and growing rapidly.

Mr. ZWACH. This is just the European market itself?

Mr. McVAY. Yes; and it is estimated within a year that surplus will be as much as a half million tons. They are just now starting a program to feed butter, make butter available for livestock feed. They are coloring it different colors so it cannot get into domestic markets.

Mr. ZWACH. Do you think if we had free trade, as we have talked about so long, that the American producer in his near miraculous capacity to produce could compete in the world price?

Mr. McVAY. No question about that.

Mr. ZWACH. Now, the greatest miracle in America has been the agricultural producer; he could perhaps do it if we do not have these other barriers, but we have to be realistic.

Mr. McVAY. Therefore, complete free market, and complete freedom of production in the total agricultural economy; as I mentioned, we are not recommending that, and we assume there will be some sort of program developed to adjust supply to demand. But it is our belief that soybeans, if given a chance to, can take care of themselves in the years ahead, just as they have in the past 30 years.

Mr. ZWACH. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

I want to ask the indulgence of the members—we have spent half of our time on one witness, and we have four more. I am wondering if it wouldn't be all right to start on those other witnesses, and then let me start down at the bottom and work back so those who did not have an opportunity to ask questions could have such an opportunity now.

That seems the only way we can get through with the witnesses, and we do have the astronauts visiting the House, so we can't stay in session long here. Does anyone object?

Mr. KLEPPE. I have an awful good question for this witness, Mr. Chairman, but I will accede to your suggestion.

The CHAIRMAN. We will let you question the next witness.

Thank you very much, Mr. McVay.

Now we will call Mr. Alfred Schutte, of Guide Rock, Nebr.

I am going to ask each of the four witnesses to remain and we will not question any of these witnesses until we have heard the testimony of all of them. Then we will question all of them en bloc.

I am afraid that is the only way we will be able to do it.

STATEMENT OF ALFRED SCHUTTE, WEBSTER COUNTY FARMERS ORGANIZATION, GUIDE ROCK, NEBR.

Mr. SCHUTTE. Mr. Chairman, my name is Alfred Schutte of Guide Rock, Nebr. I appear before you as president of the Webster County Farmers Organization. We were the former Webster County Farm Bureau before we were expelled from the parent organization in 1964.

So that the committee does not get the wrong impression about our organization versus the Farm Bureau, we were expelled because we opposed their farm policies. This is by their own admission in the papers they had drawn up when we were expelled. The exact statement can be found in the Congressional Record of the 88th Congress, May 6, 1964, volume 110, No. 90, by the Honorable Senator Maurine Neuberger, of Oregon.

Farm Bureau policies on the national level are not in line with the thinking of the majority of the farmers. They can accomplish this because their policies are not created through democratic process even though it may appear to be so.

In 1960-64 our county Farm Bureau revealed to the public through news media some of the things that the organization stood for and were promoting which were antifarmer. Their membership loss in Nebraska was 19,623 members in 4 years. During this time their membership dropped to a new low of 12,973 members. They have never recovered their membership to this day.

We endorse in general the farm program as adopted by the 17 other farm organizations on July 8, 1969.

We are very much opposed to the land retirement program as the Farm Bureau has proposed. This program will only benefit land-owners: first, the large landowner who does not do his own work, and, second, the farmer who is ready to retire his farm, as these would bid the lowest.

This would do nothing for the young, hard-working farmer who has the know-how and ability to produce for the Nation's consumer; it would actually eliminate the young farmer who owns no land. The seriousness of this kind of action which will eliminate the young and efficient farmer under this program cannot be stressed too strongly.

In our county the average age of the farmer is 58. Much of the Nation would average the same. This Nation will be in serious trouble if Farm Bureau's land retirement and gradual phasing out of the wheat and feed grain is made into law. There is no easy way of starving to death over a period of 5 years. In the early sixties the report of the Committee for Economic Development or the CED was made public. This propaganda program was to eliminate 2 million farmers from the farm by bringing farm prices to unbearable levels.

We recognized this as the blueprint of the American Farm Bureau policy. We wrote Mr. Charles Shuman, president of the American Farm Bureau Federation, at that time concerning this. In a letter of August 20, 1962, Mr. Shuman pronounced the CED report sound and in accord with Farm Bureau's policy.

At this time, Mr. Shuman was also president of the National Food Conference, consisting of 64 of the largest food chains and others. When this became public, Charles Marshall, president of the Nebraska Farm Bureau, explained in a letter to county officers the unbelievable statement that this organization was formed to promote increased use of food for the good of the farmer. We have photocopies of both above letters here for proof and your inspection.

Mr. Shuman has been trying to convince the public that the present farm programs haven't worked. This is one of the most untruthful propaganda statements ever invented. No country has progressed more

rapidly than we have to provide reasonable food prices for the consumer since Government programs were written into law in the 1930's.

We know farmers want some changes but the majority don't want Farm Bureau's land retirement. This program may be cheaper to run but in the end it is like many cheaper things. It is high priced because it does so little for the benefit of people. It is like investing your money by burying it into the ground.

Mr. Shuman says the U.S. farm population has dropped 33 percent from 1960 to 1968, so the farm programs have been a failure. To us this shocking fact only shows that many farmers did not receive enough income to stay on the farm. What Mr. Shuman does not tell you is that under his program most farmers would face financial ruin. Their entire program adds up to just one thing; namely, the man with money must have the right-of-way.

A man with incentive and know-how cannot make an honest living under their program, although in their publications they tell you differently. Our farm programs must be written to help the working farmer more. The past programs have helped the man who owns the land as he has received most of the benefits.

This, again, has given him more money to buy more land, eliminating the hard-working, efficient smaller farmer who under most conditions bears most of the actual case expense. This has also caused land prices to increase far above their actual producing value. The impression is sometimes given that the small farmer is an inefficient farmer. As a whole, there is nothing farther from the truth.

These farmers, who have to work to make a living, know what goes on in their farming operation. The only reason they might not be operating to the fullest of efficiency is because he is not given enough for his product to farm and feed his family.

Under the same circumstances, the large operator who has to hire his help becomes inefficient but he can still stay in business because in the past he has drawn so much more from the Federal Treasury. Too often, the bigger landlord has disposed of his renter, taken the Government payment for himself and has done the rest of his farming by hired help. This often brings efficiency of farming to the lowest degree.

Much has been said about the efficiency of collective farming as it is practiced in Russia. The mechanics of corporate farming operate exactly the same way. For this reason we should avoid corporate farming in this country as the worker has no incentive in this situation.

We feel the old farm history and acreage allotments are outdated and very detrimental and unfair for some farmers. The farmer knows best what crops are most adapted and profitable to his operation. A percentage of land retired from each farm is the simplest program to control. Supporting noncompliance farmers as has been done in the past is wrong and defeating the farm program for which it was intended.

We endorse the \$20,000 limits on Government payments. We don't believe it is morally right to subsidize some big landowners with large sums of money just to make a program work when so many in the world go hungry and don't get help. More must be done for the smaller farmer who has been going out of the farming business because of low prices. In the future the American consumer will need these men.

Farmers in general will rather have the \$20,000 limit than no program at all or much less Farm Bureau's program. These limits are a must or the big landlords will eventually eliminate all the efficient and working young farmers in the Nation who have not inherited their farming enterprise. If we had Farm Bureau's program, in 2 years many of the Nation's farmers would be bankrupt. Without the limits in our present farm program, farming and landholdings will become a monopoly with the big getting bigger and the small farmer moving from the rural areas to the already overcrowded city.

Farm Bureau's program is a sugar-coated instrument to help get the farmer to the city a little faster when they say they want to supplement the small farmer until he can get a job in the city.

The whole matter of limits brings up two questions: Are we going to have a farm program for the benefit of making a program work, where the bigger draw the most benefit, or are we going to have a program to benefit people, the family farmer and the country in general? The latter program certainly will cost much less.

We think an informed American public will support a necessary farm program where the help goes to the working farmer who needs this help to stay in business for the good of the country. This kind of money is not wasted because selling agricultural products abroad is the one way we get the biggest share of American dollars returned to this country. Agriculture is important.

The urban public should understand that when we get the Nation's commodities on supply and demand, as Farm Bureau suggests, money forces who speculate and gamble on the board of trade make huge profits, which the consumer pays in higher food prices. The present wheat price should prove that supply and demand has produced the lowest price for wheat since the 1930's. After we voted out the wheat quotas in the referendum in 1964, the price of bread still did not drop.

Consumers have had protection against runaway prices since Government programs have been in effect. This will come to an end when we get Farm Bureau's supply and demand. Too large of a margin between Government supports and Government selling price as supported by Farm Bureau will also cause big gambling profits on the board of trade. Gambling with the Nation's food supply should be outlawed and grain bought at the board of trade should be used by the buyer in his business or in his trade.

We want to commend Chairman Poage for trying to keep the food stamp and farm program in one package. It will help urban people who do not understand the farm problem. To separate this is nothing but a scheme by Farm Bureau to help defeat any good farm legislation. Secretary of Agriculture Hardin and all who work for a good food stamp program should be commended for trying to bring this food in abundance to hungry people, but at the same time let's not force the lower income farmer into the food stamp bracket.

We should give a few more facts about the American Farm Bureau. Although they are continually shouting freedom and democracy, it appears their own organization has taken billions of dollars of farmers money under their control through the Farm Bureau enterprises and have taken our own money, to sometimes lobby against the farmer's welfare. No county Farm Bureau knows better than we do how undem-

ocratic this organization can become to keep the power within its leadership.

We know the abuse that can be yours if you start opposing them with honest facts. It generally condemns by insinuation at least, that everything that is not in accord to their policies is socialistic or communistic. They have had policy stands of 50 percent parity for farmers and that farmers wish to raise their own R.E.A. interest rates, and at the same time they favored the 27½ percent oil depletion allowance for the rich oil industry.

The deception and right-wing activities carried on by Farm Bureau has been carried in many newspapers such as the Omaha World Herald, Wall Street Journal, the New York Times, the Kansas City Star, and the Nation.

The Nation carried "The Harvest of Scandal" by Robert Sherril, exposing Farm Bureau; also "The Right Wing in Overalls," in a Wisconsin paper, along with many others. The public is becoming better informed as we have sent thousands of copies of the latter two articles to almost every State in the Union.

We have been told many times that we have the largest file of records on Farm Bureau in the Nation. All of this does not seem to stop or change Farm Bureau. In the business world, people are protected with many laws against this kind of dealings, but not us farmers and consumers against the Farm Bureau. We are talking of and about the American Farm Bureau only.

They have controlled the thinking of the American public by shouting supply and demand and condemning everything else as socialism or communism. Their program became so vile against the U.S. Government in 1964 just to defeat the wheat referendum, that we became so concerned about this that we appeared before the Senate Committee on Agriculture and Forestry that year. We felt Washington lawmakers needed to know why the wheat referendum failed. This, then, led to our expulsion from the organization.

The following is a list of the National Food Conference members of which Charles Shuman was president:

Allied Mills, Inc., American Bakers Association, American Bottlers of Carbonated Beverages, American Can Co., American Dairy Association, American Farm Bureau Federation, American Feed Manufacturers Association, Inc., American Meat Institute, American Medical Association, Armour & Co., California Packing Corp., Campbell Soup Co., Carnation Co., Cereal Institute, Inc., Chicago Board of Trade, Chicago Mercantile Exchange, Cooperative Food Distributors of America, Corn Products Co., Creamette Co., Florida Citrus Commission, Frito-Lay, Inc., General Foods Corp., General Mills, Inc., Gerber Products Co., Great Atlantic & Pacific Tea Co., Green Giant Co., Grocery Manufacturers of America, Inc., H. J. Heinz Co., Hygrade Food Products Corp., Independent Grocers' Alliance Distribution Co., Institute of American Poultry Industries, Jewel Tea Co., Inc., Kellogg Co., Kraft Foods, Thomas J. Lipton, Inc., Oscar Mayer & Co., John Morrell & Co., National-American Wholesale Grocers' Association, National Association of Food Chains, National Biscuit Co., National Canners Association, National Dairy Council, National Livestock and Meat Board, National Livestock Producers Association,

National Tea Co., Pillsbury Co., Poultry and Egg National Board, Procter & Gamble Co., Quaker Oats Co. Ralston Purina Co., Rath Packing Co., Safeway Stores, Inc., Salada Foods, Inc., Sunshine Biscuits, Inc., Super Market Institute, Inc., Super Valu Stores, Inc., Swift & Co., Universal Foods Corp., Visking Co., Wheat Flour Institute, and Wilson & Co.

It has been about 10 years now since we have been in conflict with Farm Bureau and we are sure things will change in the future as we have engaged a reliable constitutional law firm and as soon as the finances are available, we will start court action against them. They use our money to lobby against us, and the majority of the farmers have no control over them. This stranglehold shall be broken. Their farm membership is as deceptive as some of their policies.

Many legitimate business and insurance companies are becoming aware that Farm Bureau is not an ally, but a monopoly against them.

We wish to thank the committee for hearing us out. We have tried to give only facts as we know them and can prove them. We are sincerely convinced that the people of America should be very careful of American Farm Bureau policies. There are powerful forces out to get control of the Nation's food supply which could affect our children for generations to come.

We will be glad to answer any questions.

Thank you.

The CHAIRMAN. Thank you very much.

We will now call the next witness, Mr. Herschel C. Ligon, Registered Farmers, Inc.

When we have finished all these witnesses, we will then question them en bloc.

Mr. Ligon.

STATEMENT OF HERSCHEL C. LIGON, REGISTERED FARMERS, INC., OLD HICKORY, TENN.

Mr. LIGON. Mr. Chairman, gentlemen of the committee, I don't have a prepared statement because if I had a prepared one it would have been exactly like the one I gave you last year, and I know all of you had a copy in front of you.

I think I am following the wrong man here today because I agree in what he has said. This morning I am on the side of you gentlemen. Nobody knows how anybody else feels, but to have an idea, and I have an idea what you gentlemen here go through, when all your farm leaders come up here and one wants one thing, and one wants something else.

We have one that wants collective bargaining for farmers. We have one that wants an extension in the Agricultural Act No. 165. We have one that wants to pay farmers not to plant.

Well, what I have in mind—well, I will say this. I am a little bit different than these other farmers. I am different in two respects. In the first place, I represent the only organization in the world of which you have to be a farmer to be a member. And in another respect, I am sure that a number of them come up here on salary, and they are going to get their salary whether or not they get anything done or not.

Well, I am up here on my own. The organization gives me a few dollars to get up here. Congressman Jones, I have almost enough money to get up here, I don't know how I will get back. But this is exactly the way it stands. I admit I am—I guess I am a little more stupid than the others, because they were smart enough to get them a job and keep the farm up, and I haven't been that smart.

I admit it would be a lot easier to get along with my wife. She is tired of keeping me up with that part-time job.

Just to give you an idea, I think that Tennessee is a perfect example of what our present farm situation is. Last year the average income of the farmers of Tennessee—now this is net income—was less than \$2,000. That is in the poverty class, including Government payment.

This year they estimate Government payment for the farmers in Tennessee will be \$61 million. I just can't see continuing to bleed the Nation's average taxpayer with a farm program that is putting me out of business.

Now, we have discussed our proposed solution to this problem with people from all walks of life, and we can find nobody that can find anything wrong with it. Our proposal is this: that 100-percent parity price to registered farmers. Now, a registered farmer is one that earns 75 percent of his total income from the sale of agricultural products produced and finished by him.

Step. No. 2, we don't think nonregistered farmers should be allowed to participate in the farm program.

Step No. 3, we don't think that nonregistered farmers should be allowed to use it for tax writeoff purposes. We have discussed it with people from every walk of life, and we have found nobody that can find anything wrong with it.

Now, we think it is a very simple program. The person can be determined as registered or nonregistered from his income tax return for that year. If he got at least 75 percent of his total income from the sale of agricultural products produced or finished by him, he is registered. One year you can be registered and another year nonregistered.

We think it is the simplest and fairest solution to the farm problem.

I would like to say one thing, when it comes to paying farmers not to plant. I just can't see paying farmers not to plant when we have hungry people in the world.

Mr. Chairman, I will be glad to answer any questions.

The CHAIRMAN. Thank you, Mr. Ligon. Just stand by and we will finish these witnesses.

Mr. Kleppe will introduce the next witness.

Mr. KLEPPE. Thank you, Mr. Chairman.

Today there are with us several members from North Dakota to testify on the farm bill. I would like to introduce two of them.

John Scott is a substantial farmer from the east district of North Dakota—the Red River Valley. He also is a banker and a businessman and has truly been successful in his endeavors.

The other gentleman I want to introduce is Russell Kleppe. You will note that he has the same last name that I have. His first name has six letters in it similar to mine. He is the second son of his family and I am the second son of our family. But the dissimilarities after that become more pronounced. Russell is a farmer and ranches specializing in

Polled Hereford cattle. Not only is he a constituent of mine, but he is also my first cousin; and more than that, he was one of my opponents in the election last fall.

**STATEMENT OF JOHN SCOTT, GILBY, N. DAK.; ACCOMPANIED BY
RUSSELL KLEPPE, DAWSON, N. DAK.; AND G. J. LANG, DAWSON,
N. DAK.; AND FRANKLIN HANSEN**

Mr. SCOTT. Mr. Chairman, on my right is Franklin Hansen, a farmer from North Dakota, and Russell Kleppe, Dawson, N. Dak., and Mr. G. J. Lang, Dawson, N. Dak.

The CHAIRMAN. We are glad to have all of you, and we will be glad to have your statements.

Mr. SCOTT. First, I want to thank you for this opportunity, and I will go ahead and read my statement.

It is admittedly useless to attempt, in a few minutes, to expose all of the mythology and dispel all of the fallacies that have been used as justification for the 40 years of farm programs that have brought American agriculture to the brink of total ruin. The repetitious belaboring of so many things that are not so has established a cult of socialistic meddling and control that has dominated our legislative halls for 40 years.

The first fallacy that should be corrected is the misconception that our "farm programs" began in 1933. Actually, the farm problem—as well as our continuously disastrous farm programs—began in 1929 when Congress authorized the purchase by the Federal Government of wheat stocks to bolster the market.

The entry of a new customer into the wheat market did, of course, have an uplifting effect. Then came the inevitable consequence. The 257 million bushels of wheat, acquired by the Federal Government during the acquisition period, were dumped on the market in 1931 and 1932. I found out the date the Farm Board decided to not go any further; it was June 1929.

The market broke to the lowest level in U.S. history. It was December 27, 1932, that registered the low on grain in North Dakota. Government disruption of the functioning of the free market created a crisis for agriculture. Congress sought, in the 1933 farm legislation, to correct the situation with the same meddling that had created the crisis.

Many farmers—unable to believe that their Government would break the market—held their wheat in storage until the storage charges exceeded the value of the wheat—and they lost the entire crop as a direct result of Federal Government meddling with the free market.

These facts are history. They cannot be denied. They provide an excellent introduction to the decades that followed during which the proponents of a socialistically managed economy induced the Congress to enact scheme after scheme to further tamper with the Nation's agriculture.

Supply management programs on grain have led to international grain agreements and these grain agreements have destroyed our markets worldwide. American farmers and ranchers have had their hands tied with world trade agreements. As with most international agreements of the past few decades, our trade agreements have restricted

this Nation while other signatories have either conformed or violated the agreements as their selfish interests dictated. The most vicious world trade agreement of all is unquestionably the one ratified by the Senate July 1, 1968. I find that date is off. I believe it is July 8, 1968.

And right here I would like to make a further comment about the trade agreements, and I would like to read it from the article entitled "A Troubled and Destructive Influence." This comment is by the Southwestern Miller, the publication, on July 8, and the grain magazine said:

The IGA is not only a dismal failure, but more importantly a destructive influence in world markets. The impact of the IGA has been particularly severe insofar as the United States is concerned, contributing in no small measure to the sharp reduction of wheat that was experienced in the pact's first year, and the rather dismal outlook that is widely acknowledge in the 1969-70 crop season that is just begun, unless the United States moves in all possible vigor for the rewriting of the pact in many areas, including the level of minimum prices, or take unilateral action to disregard the pact as an influence in export pricing. This country for two more years, through June 1971, will have its wheat export policy guided by an agreement that has absolutely no chance of meeting its objectives under the current world supply demand conditions. In fact, continuation of the pact in its present form intensifies the present unfavorable market outlook.

While there is no justification for the Federal Government to handle commerce in farm commodities under any circumstances, the situation is even worse when the handling is on a basis unfavorable to the country or to the country's agriculture.

The results of this continuing program of farmer regimentation and control are inescapable. The farmer has been driven from the land. Huge tax resources have been squandered. The free market has been destroyed. The Nation has become dependent upon agricultural imports. Our ability to survive depends upon the whim and caprice of the will and desire of friendly and enemy countries to supply us with the food and fiber necessary to sustain us.

Unfortunately, much of the statistical data disseminated by the Federal Government and its Department of Agriculture during the 40-year agricultural holocaust has been unreliable at best and a perversion of fact at worst. Consequently, both the Congress and the public have been induced to believe much that was and is not so.

A scattered few examples should suffice.

COTTON

In 1929, southern farmers grew 55 percent of the world's cotton; in 1968, only 21 percent. It would require approximately 3 million additional acres to grow the cotton we import annually, to say nothing of potential exports. The destruction of the American cotton industry by Government interference is an incredible story in itself.

"King Cotton" has been made a pygmy by Government meddling.

Claimed replacement of cotton by synthetics can never account for the fact that we import tremendous quantities of cotton to supply the domestic demand. At the same time, we desperately strive to reduce the cotton surplus in the hands of the Federal Government. From August 1, 1965, to August 1, 1969, the carryover was actually reduced somewhat—at a cost—in only support and diversion payments—of \$222 per bale.

SUGAR

Since the Federal Government moved into our national sugar picture in 1937, over 2 billion tax dollars have been paid to growers to control production. Yet, in this period of 1937 to 1968, the American people have consumed over 240 billion pounds of imported sugar. Over 2 million acres of sugar beets would be needed to produce our annual importations of sugar.

The need for sugar importation is invalid. Recently, North Dakota farmers were denied the right to extend their production of sugar beets because political considerations resulted in allocating processing plants to Maine and New York. The mere fact of "allocation" by Government is an indictment in itself. When this Nation is forced to depend on imports from friend and foe while denying its own citizens the right to produce for the domestic demand, we can no longer accept the principle that "farm programs" are enacted for the "benefit" of American farmers.

BEEF

In 1900, American farms carried 785 head of cattle for every 1,000 of total population. In 1928, only 475 head per 1,000 population—a decrease of 39 percent.

Yet, in the face of this truth, the 1933 Farm Control Act was largely built around a campaign to reduce our cattle numbers.

In 1933, we imported 82,000 head of live cattle. In 1968, we imported 1,039,000 head—an increase of 1,100 percent.

From 1961 to 1968 we imported 980,000 tons of beef. An annual average of 246 million pounds.

In 1968 beef imports equaled the dressed weight of 3.8 million head of cattle. The United States has become the largest beef importing nation in the world. To presume this condition accrues to the benefit of American farmers and ranchers is to pursue a mad hatter logic.

WHEAT

The fallacy of Government supply management becomes crystal clear in the case of wheat. Political manipulation for reasons and causes entirely detrimental to the welfare of the American farmer glares at us from the recorded history of our national efforts to socialize wheat farmers. Secretary Freeman's decision to increase grain production in 1967 with the resultant farm price depression was the grossest attempt to gain politically from detrimental market manipulation.

Today the Department of Agriculture reports that our Nation's stock of wheat has reached the highest level in 4 years, while, at the same time, they report the price of wheat stands at a 27-year low.

Reducing the carryover of wheat since the certification plan went into effect with the 1964 crop has been at the rate of \$19.19 per bushel. The information on that amount has been raised in companies on competition. And still the market has plummeted to a 27-year low and our carryover is again increasing.

The American farmer realized many years ago the disaster built into our wheat control program. In 1963, under the referendum provided in wheat legislation, they rejected the wheat control program.

The result was not a change in the course by the Congress but a renewing of the patently ineffective programs of the past under new names but without the right of the wheat farmer to vote in referendum.

The record of disastrous failure can be recited in the case of every commodity and product which Congress has attempted to control and regulate during these 40 years of experimentation with socialism of agriculture. From 194 milk cows on the farms per 1,000 population in 1929 to 69 milk cows in 1969—a 62-percent reduction; from 485 hogs per 1,000 population in 1929 to 281 this year—a reduction of 42 percent—the United States is rapidly nearing the status of the world's No. 1 pork importing nation; from 397 sheep per 1,000 population in 1929 to 104 this year—a decline of 73 percent. Feed grain, integral to the above, was reduced as to carryover under our feed grain programs which went into effect in 1961 at a cost of \$225 per ton—or \$6.30 per bushel of corn equivalent.

There is no evidence to suggest that under a free enterprise, free market system under which U.S. agriculture became the world's leader, the imbalances produced under a supply management regimentation would not be rectified by American farmers operating under and reacting to the wisdom of the marketplace. Neither is there any shred of evidence to suggest that the wisdom of an Agriculture Secretary, commissar, or Congressman is superior to the wisdom of that marketplace.

With the farmer freed from restrictive and destructive control and regimentation, imagine, if you will, the benefits to all segments of our society from the addition of 90 million more sheep, 3 million more hogs, 2 million more acres of sugar beets, 44 percent more milk cows, 15 million more tons of feed grain, and 4 or 5 million additional acres of pasture to the farms of America. That expansion of our agriculture would only replace the present unnecessary imports produced by 40 years of misguided control legislation.

In 1929, 75 percent of our population resided in cities and towns. As of July 1, 1969, 95½ percent are crowded into urban life and only 4½ percent remained on the farm—many working only part time in agriculture. Imagine what it would mean to all segments of our society to see a return of 20 million people to the farms to produce the beef, pork, cotton, sugar, et cetera, et cetera, needed to meet the domestic demands of the Nation.

We critically need Congress to stop all Government interference in farming.

It is suggested that to immediately cease Government controls and subsidies would cripple the American farmer. We suggest that he has been almost fatally crippled by 40 years of interference.

So long as the United States continues to subsidize the agricultural economy of foreign nations—including our Communist enemies—this Nation should provide tariff protection for its own farmers.

If the Congress is so conditioned as to be unable to accept the facts of 40 years of disastrous failure of its farm programs, we suggest that the least that Congress can do would be to reinstitute the referendum feature of its wheat legislation.

The American farmer certainly should be given the opportunity to have a voice in his own future.

Gentlemen of the committee, we who remain on the farms and ranches of this Nation are fighting for survival. We simply cannot endure a continuation of the restrictions, regulations and meddling arrangements that have beset us for these 40 years. We earnestly beg relief. We desperately need an end to Federal farm programs.

We appreciate this opportunity to testify in our own behalf. Realizing that we cannot, in this short appearance before you, bring all of the facts to light, we have arranged for each and every Member of this Congress to receive a copy of the book, "Ill Fares The Land" by Dan P. Van Gorder. We recommend it to your intense study.

By the way, that book will be mailed to all Members of Congress this coming week. In fact, the end of this week.

We have also arranged for each member of this committee to receive a copy of the revealing book, "Mainline", by former Senator Malone of Nevada. Senator Malone's research has produced some startling information germane to this issue.

We also most earnestly recommend a reading of Representative Paul Findlay's recent exposé entitled "The Federal Farm Fable."

As Charles B. Schuman, President of Farm Bureau, has repeatedly said, "The one thing wrong with Socialism is—it doesn't work."

Thank you very much for this opportunity.

The CHAIRMAN. Thank you, Mr. Scott.

Now, I understand you have with you three gentlemen or associates who want to file a statement; is that correct?

Mr. SCOTT. Well, two of the gentlemen have prepared statements. They are very brief. I would beg that in their coming this distance that they would be allowed to read them, and also Mr. Hansen has an off-the-cuff statement.

The CHAIRMAN. The Chair cannot entertain those requests because our schedule is made out. We have a Mr. Yeakley, from Bringham, Ind. We have Mr. Yeakley to testify. We must give the members some opportunity to ask questions, but we will be glad, if these gentlemen want, to insert their statements in the record.

I have a statement by Mr. G. J. Lang. We will make that a part of the record.

I have a statement by Mr. Russell Kleppe, who I understand ran for Congress as the "good" Kleppe.

We also have what we consider to be a "good" Kleppe. He is on this committee. He doesn't belong to my political party, but he is an excellent Member of Congress and a good man.

Mr. SCOTT. Can I state there are more good Kleppes than the Congressman realizes.

Could you excuse me just one second, please. We want to release this time to Mr. Lang.

The CHAIRMAN. It isn't a matter of releasing time. We have five witnesses scheduled this morning, we don't have time to add a sixth or a seventh.

Mr. SCOTT. Please, Mr. Chairman, his testimony is real brief and to the point.

The CHAIRMAN. Mr. Scott, the witnesses were assigned and the witness list is announced. We have five witnesses that are now here, and Mr. Yeakley, we will be glad to hear from you.

Mr. SCOTT. Thank you.

(The complete prepared statements of Mr. G. J. Lang and Mr. Russell Kleppe, above-referred to, follow:)

STATEMENT OF RUSSELL KLEPPE, DAWSON, N. DAK.

I am an active cattlemen, a firm believer in the law of supply and demand. This is what made America great, to rely on God and ourselves for our own livelihood, and not on our government to steal from all of the people to subsidize us.

Without any government checks, taxpayers' money, the cattlemen today are enjoying a favorable market. It is because of many years of not much direct interference from the federal government. In spite of the meat imports that are way above the allowable quotas, no doubt being subsidized by our taxpayers, and in spite of the indirect interference in the feed grains and retired acreage programs of the government, the cattlemen have been producing for the market of supply and demand. That is the reason that they today are better off than the grain farmer, who under all of these federal farm programs, has been controlled and nearly destroyed.

But what is the real situation in the over all cattle industry in America today? We are the dumping ground of the world and it has been going on for years. We lead all other nations in imports of beef and veal, and we are rapidly reaching first place in imports of pork. In 1968, beef imports equalled the dressed weight of 3.8 million head of cattle, an increase of over 1,000 percent since 1933.

We welcome honest competition, but not tax-subsidized competition which puts the American cattleman out of business, and which floods our own markets with foreign and many times inferior products. The taxpaying American consumer pays ever higher and higher prices for his meat for his family.

The federal government control programs have wrecked the grain market and now they are trying to wreck the cattle market with so-called retiring farm acres. While farmers are forced to quit, in the cost-price squeeze of tax subsidized non-production and tax subsidized foreign imports and higher and higher inflationary spending of tax dollars by the government, that same government continues to force more and new big controls on the farmers and cattlemen. Not only the farmers but the small businessmen dependent entirely on the farming income have been forced to quit.

How much longer can this nation survive with fewer than 5 per cent of our tired acres if allowed to do so? What would the addition of 90 million more sheep, 3 million more hogs, 44 percent more milk cows, 15 million more tons of feed grains, and 4 to 5 million more acres of permanent pasture to produce in America the beef and veal we import, do to our sagging farm economy? What would 20 million people now crowded in towns and cities, back on the land and working the land, do for our sagging economy?

How much longer can this nation survive with fewer than 5 per cent of our people living on and farming the land?

Supposedly, the federal farm programs have been designed to "help the small farmer", but the exact opposite is the truth. They have destroyed the small farmer.

According to the United States Department of Agriculture reports themselves, the price the farmers can now get for grains is the lowest it has been for 30 years. The cost of what we buy, farmers and everyone else, is the highest it has been in history, and there is no hope of costs going down or prices going up until we stop this inflationary-tax dollar socialist spending and controls from Washington. The farmers are caught in the low price-high cost-high tax pressure worst of all.

Since 1929, farm taxes, personal and property, increased 830 per cent per capita of farm population.

The whole agricultural federal farm program theme song, sung to us since 1929, is a fraud.

These federal programs are, and always have been, where the greedy have been stealing from the needy. These are socialist-communist tactics.

It is no accident that the 1933 Agricultural Adjustment Act took form in the same unit of the United States Department of Agriculture where the first known and exposed Communist cell was formed among government employees, so-called experts and planners, the infamous Harold Ware cell. Communist Alger

Hiss and many other identified Communists, started their careers making policies for the control of the American farmers through the federal government programs in this same Communist Ware cell in the USDA.

Communist Harold Ware and his Red helpers did much work and spread their evil influence for controlling the farmers, in North Dakota and the whole upper Midwest area, and they moved that influence into the key positions in the co-operative farm movements and all the way up to Washington in top-level jobs. That influence is still there today. These farm organizations now are pushing a bigger-than-ever farm control program.

We need Congress to stop all government interference in farming. Congress must give the farmers and cattlemen constitutional tariff protection against the flood of imports. This is *all* we ask for—freedom—to run our own farm business for a free market of supply and demand.

To permit our United States production of food to fall to a dangerous low and to rely on foreign imports—to force the farmers to produce and reduce their acres for the government planners instead of for the market—to allow our government to use tax money to buy and trade the same commodities from our Communist enemies—to continue price supports and imports and controls which have dried up markets, caused phony over-production and so-called surpluses and lowered farm income by an estimated 2 billion dollars a year—to permit our leaders to deliver our machinery, equipment, animals, chemicals, people and know-how to the enemy on credit and for free—

Is to set up the conditions for famine and to threaten our national survival.

STATEMENT OF G. J. LANG, DAWSON, N. DAK.

You have been presented with undeniable facts that the federal farm program has been a dismal failure. There is only one solution. The free market system must be allowed to work again. It is what is left of the free market that enables our country to function at all.

Our only problem is government meddling. Government, instead of being the referee, got into the game. The taxpayer pays for subsidizing agricultural imports on one end, and the taxpayer pays for subsidizing the American farmer on the other. The death of American agriculture in the market place is the result.

The only solution for you to consider is to return Congress to the supreme law of the land, the Constitution of the United States. Your power under our Constitution is limited, as it should be. The Constitution is our law over you, our Congress, by which we retain our freedom. You were all sworn in to uphold and defend the Constitution of the United States of America.

The federal farm programs, along with the taxpayers' subsidizing, have no constitutional authorization by any stretch of the imagination.

An overall program that this Committee and all of Congress should be working on to enact, to bring our federal government back to sanity under the authority of our Constitution, is The Liberty Amendment. It is introduced in Congress as a House Joint Resolution. The Liberty Amendment is an amazing document. It would not change our original Constitution in any way. It would strengthen it giving it full force and effect.

Until we, the people, can get true representation in Congress to get this done, you, who are here today, should free the farmer before American agriculture is destroyed beyond repair.

The free market works. The free market and free enterprise system in America is the most forward looking, progressive and successful system that ever evolved in the whole world. It must be allowed to work again.

Congress must take immediate steps to remove every trace of government interference from the production and marketing of farm commodities. The farmer must have restored to him his constitutional rights to grow what he wants to grow and to sell it unhindered and unrestricted.

I believe that my views represent generally a cross section of the wishes of all honest farmers and ranchers.

Congress must get the federal government and all of its bureaucracy out of farming.

The CHAIRMAN. Mr. Yeakley, we will be glad to hear from you. Is Mr. Yeakley present?

(No response.)

The CHAIRMAN. Mr. Yeakley is not present.

We will now ask all of those who have testified, all of the witnesses who have testified, to come back to the front and I will be glad to include Mr. Kleppe and Mr. Lang. Come back up and we will allow them all to be questioned together, because it is the only way we are going to be able to get through. We do have the astronauts today, and the committee is going to have to adjourn at 12 o'clock.

Mr. Meyers, do you want to ask any questions?

Mr. MEYERS. No.

The CHAIRMAN. Mr. Melcher?

Mr. MELCHER. Mr. Scott, I would like to know if you are aware of the Farm Bureau's proposition for massive land retirement, are you not?

Mr. SCOTT. In a general way, I am.

Mr. MELCHER. Do you favor that type of legislation?

Mr. SCOTT. No, I do not.

Mr. MELCHER. You mentioned 2 million acres of increase in sugar beets. I presume we would not import any sugar, is that correct?

Mr. SCOTT. I think that is reasonably accurate.

Mr. MELCHER. And you mentioned increases in hogs and beef cattle too. We would not import any pork or beef?

Mr. SCOTT. That's right.

Mr. MELCHER. How would you propose we do this, Mr. Scott, in laws that stated we would not import any of those products?

Mr. SCOTT. No; I wouldn't recommend that drastic a statement or procedure at all.

Mr. MELCHER. Mr. Scott, if we stop importing any of these products, just how would we go about stopping it?

Mr. SCOTT. I believe that under the freedom of the marketplace in all of our agricultural commodities we would have adequately taken care of our production within very close requirements. There would always be an interchange, and should be, but for our country and our Congress to pay taxpayers' money out to not produce and then to allow the imports, I think there is something you should do about it. One or the other.

Mr. MELCHER. Mr. Scott, I am just wondering if you are recommending tariffs, or just what your procedure would be to prevent imports?

Mr. SCOTT. Well, in the sugar instance—and there are men who have studied it much more than I have who recommend a very simple import tariff on sugar and they say—the one I am attempting to quote is Congressman Paul Findley, that that would leave it up to the American producer of sugar, be it cane sugar, beet sugar, or either one, and wherever or whenever and do away with this lobby that comes to our Nation periodically.

Apparently it causes the Congress to continue to import. That is the kind of tariff I would recommend.

On the other hand, as I have stated, in my prepared statement, that as long as we, through foreign aid and other operations, subsidize other countries in that instance, I would recommend some protection.

Mr. MELCHER. You are recommending, Mr. Scott, to be definite, that tariffs should be enacted to prevent any importation of these products?

Mr. SCOTT. No; I am not. You misunderstand. I am not recommending that.

Mr. MELCHER. Thank you, Mr. Scott.

The CHAIRMAN. Mr. Ed Jones.

Mr. JONES. No questions.

The CHAIRMAN. Mr. Burlison.

Mr. BURLISON. Mr. McVay—

The CHAIRMAN. I wish all of you gentlemen who have testified would come up to the front row.

Mr. BURLISON. I share some of the concern expressed by Congressman Zwach in the earlier questioning, and I also would like to express some reservation to the views expressed by my distinguished friend from Mississippi, Mr. Abernethy and Mr. McVay, relative to the soybean acreage support program or acreage allotment program. As I understand from your statement, Mr. McVay, it was your feeling that we probably should continue our programs in such troublesome areas as cotton and wheat and feed grains, that is, our acreage allotment and payment support programs. Is that a fair statement of your viewpoint and that of your association?

Mr. McVAY. It is our belief that each of these commodities have special problems and that they must be considered separately. That soybeans are different from wheat and cotton, and so forth. I would not like to make the general statement that production of all those other crops shall be controlled. We didn't speak to those points. I think we should consider them separately.

Mr. BURLISON. And we should continue the concept of permitting acres diverted in those other programs to go into soybeans, all of them, as many as the producer wished.

Mr. McVAY. No, sir, we do not say that.

Mr. BURLISON. You did not say that, Mr. McVay?

Mr. McVAY. We say, as the acreage is needed from the other crops the Secretary of Agriculture should have the authority to make them available.

Mr. BURLISON. Then, under certain conditions you would favor acreage allotments or limitations as to soybeans?

Mr. McVAY. No, sir.

Mr. BURLISON. How can you reconcile those two things? How can you reconcile the statement that diverted acres could go to soybeans, and the statement that there should be no soybean acreage allotment? In view of the soybean stocks now on hand and the projected increase, the proposal does not make for a sound program.

Mr. McVAY. Let's assume that the farm program provides for a feed grain base and a bread grain base, and a conserving base as a present program. The present program permits soybeans to be grown on all other acres. We believe we should continue to have that freedom and flexibility.

However, as the acres presently free for soybeans are used, we believe that in time soybeans can be marketed from some of the acres that are being held from production under bread grains and feed grain programs.

When that time comes the Secretary should have the authority to make those acres available because if produce from those acres can be marketed it will be an increase in farm income and a reduction of cost to farm programs, to make use of that acreage in that way.

Mr. BURLISON. It seems to me, Mr. McVay, that the program presented by your association could have no other results than to make the price of soybeans to the processor as low as possible, and at the same time find the producer of soybeans producing at the lowest possible price, producing below cost. I just entirely disagree with your approach, but I do want to compliment you on the vast knowledge that you have in your field, and the very articulate way in which you presented your program.

Mr. McVAY. Thank you very much. I would only want to say that we believe we have 30 years' experience, and 30 years' record in which soybeans have been free of acreage restrictions, and in which the demand for soybeans has grown year by year, and that the price received by the farmer for soybeans production has been adequate to encourage them to increase the production to meet this growing world demand.

Mr. BURLISON. I would like to make one final comment on a different subject that in my judgment you are somewhat distorting.

The supporting price on soybeans now, you spoke in terms of \$2.25. The loan support on soybeans is not \$2.25, it is \$2.25 for No. 1 bean, which is a very small percentage of the beans produced. Most of them fall in No. 2, which is reduced to \$2.19.

This was not explained to the farmer by the administration when it was done, and I don't think it helps for you to talk in terms of \$2.25 for soybeans now when it is really \$2.19. I don't believe that the American farmer can produce soybeans at \$2.19 under the present conditions, with cost of production increased and continued spiraling interest rates. And it seems to me that your program certainly is not going to give any alleviation to the problems of the soybean producer in the foreseeable future.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Burlison.

Mr. Price.

Mr. PRICE. No questions.

The CHAIRMAN. Mr. Walter Jones.

Mr. JONES of North Carolina. No questions.

The CHAIRMAN. Mr. Zwach, did you have a question?

Mr. ZWACH. No.

The CHAIRMAN. Mr. Purcell.

Mr. PURCELL. Mr. Chairman, no questions in the interest of time, but I want the record to reflect that as far as I am concerned, I would like to have had the opportunity to question some of the statements Mr. Scott made. I do not agree with his analysis.

I read Mr. Kleppe's statement and I particularly found myself amazed that an American citizen made the comments he has made. I totally disagree. I don't want to take the time to question. I don't have the time, but I didn't want the record to be totally unchallenged.

The CHAIRMAN. The record will show your disagreement.

(The following statements were also submitted to the committee:)

STATEMENT OF ROBERT E. BRANSON¹ COORDINATOR, TEXAS AGRICULTURAL
MARKET RESEARCH AND DEVELOPMENT CENTER AND PROFESSOR, DEPARTMENT
OF AGRICULTURAL ECONOMICS AND SOCIOLOGY, TEXAS A&M UNIVERSITY

A NEW DIRECTION FOR AGRICULTURAL POLICY

Emerging trends in the nation's food and fiber industry offer an opportunity to introduce a new phase, and direction to national food and fiber agricultural policies and programs. The purpose of this statement is to identify these changes and identify the new direction now open and available to us.

Emerging trends in U.S. agriculture

For more than two decades, U.S. farmers have been essentially dependent upon price supports and production controls to assist them in adjusting to the effects of a monumental technological revolution in production methods and organization. Unfortunately, the programs have become, in many respects, ends within themselves. Agricultural producers appear to give more time to obtaining fair treatment from price support and production control programs than they spend upon endeavoring to solve the basic underlying problems themselves. Thus, a change is called for in this direction of attention and emphasis in national policy. Such can be achieved by introducing a new dimension in government agricultural programs that will be outlined shortly.

Another significant set of trends are now at work in the agri-business sector of the U.S. and it is these trends that set the stage, as it were, for a new policy direction. For sake of clarity and brevity, these are enumerated herewith.

1. The technological revolution in production methods will continue and these are now generally accepted forces of change.

2. Matched with the above technological production changes is now emerging a revolution in food and fiber marketing that will have, and is having, equally significant repercussions.

3. The marketing changes, if not being developed within agriculture, are being forced by outside interests. For example LTV entering meat packing and Purex entering vegetable production. And more specifically, perhaps, is the fact that major risk capital is looking at opportunities to better organize food and fiber production and marketing, and especially the latter.

4. Farmers are evidencing, if Texas is indicative, a renewed and sincere interest in mastering the problems of markets and not just those of production.

5. Vertical and horizontal integration in food and fiber production is inducing changes in and formation of new production-marketing systems.

6. The example of the broiler industry has revealed a path that much of agriculture can follow. Production, processing, packaging, product improvement, new product development, pricing and market development and promotion based on sophisticated market research is all being wound into one major coordinated enterprise. For sake of brevity examples will not be cited here.

7. The integration of production and marketing now emerging can come from two directions—a) outside from corporations or risk capital groups that are newly entering the food and fiber markets and bring with them organization, marketing and management know-how or b) from farmers who are interested in maintaining a measure of control over their destinies and therefore integrate forward into marketing or processing and marketing themselves.

There are substantial, successful examples of the latter—the farmer forward approach—and it would seem that those interested in the welfare of farmers and ranchers would prefer this farmer-forward solution. The alternative is for farmers to become employees of outside business corporations. Some may prefer the employee route. My own position is to provide the farmer and rancher an equal opportunity at the business organization, marketing and management role.

Examples of Farmer-Forward development

A number of groups of aggressive farmers have organized Farmer-Forward business organizations. Most, if not all, are cooperatives—a point that needs special consideration later. Again in the interest of brevity only a few are cited.

1. Arkansas Rice Growers Cooperative Association has developed over time 20 different corporate entities. Facilities owned are valued at \$71 million. Sales

¹ Brief vita attached, see p. 608.

in 1966 totaled \$29 million. Members totaled 23,000. It is estimated that this organization has brought its members \$59 million of extra income over the past 21 years.

2. The National Grape Cooperative Association, Inc. owns the Welch Grape Juice Company. It has 2,500 members, operates 30,000 acres of vineyards across the nation, and has assets of \$48 million. Membership in the association is said to represent added value of \$1,000 per acre to vineyards.

3. Cotton Producers Association, Atlanta, Georgia had sales of \$245 million in 1967, assets of \$91 million and net worth of \$46 million. In 1966 it ranked 328 in the Fortune list of 500 leading U.S. corporations.

4. Agway, Inc., Syracuse, New York, is a farm supply and food marketing enterprise owned by 1,000 farmers. It has 75 manufacturing plants and 40 processing and storage facilities. Sales in 1967 were \$500 million, assets \$246 million or \$2,460 per member.

5. Milk Producers, Inc. is an amalgamation of producer milk cooperatives that markets milk from first a five state and now from approximately a fifteen state area. Successful marketing policies have increased prices to members by 50 cents per hundred weight above the Federal Order price for Grade A fluid milk.

The major difficulty with this group of examples is that the cooperative form of enterprise has been followed without apparent equal opportunity to follow a straight forward corporate enterprise business organization method.

Examples of Business-Outward development

Numerous examples of Business-Outward development into agriculture are now evolving. For lack of time, again to research the matter further and for sake of clarity, a few examples are cited some of which are local and thereby better known.

1. Neuhooff Packing Co. Dallas, operates a major feedlot enterprise in order to supply its needs and is integrated forward into supplying selected food chains.

2. The Kroger food chain in the Southwest has integrated production operations for broiler and egg supplies.

3. Minute Maid owns extensive citrus groves in Florida for its frozen orange concentrate production and marketing operations.

4. The Purex Corp. is entering vegetable production and marketing as a conglomerate enterprise endeavor by offering innovative marketing services needed but not presently provided by others.

5. Ling-Temco-Voight, an aerospace-electronics firm, purchased one of the major packing companies as a conglomerate operations move into an industry badly needing to up-date its operational and marketing methods.

The compelling need for integration and national risk without it

All of the foregoing integration examples point the way to the introduction of U.S. agriculture into the mainstream of the U.S. free-enterprise-competitive system. But the compelling need is not that simple. The need arises from the consumer market requirement that better and more consistent quality products with new and improved services be provided. The lesson taught in the successful corporations of today is that markets change and products must change with them.

Cotton sat on its traditional production-marketing mold and failed to modernize its product and thereby was undermined by market-oriented, aggressive synthetics. Now cotton is endeavoring to "get with it" by offering stay-pressed fabric, soil release and so on.

Packers integrate outward into feeding because consumers demand consistency in food products and this cannot be achieved by willy-nilly feeding practices of uncoordinated farmers and ranchers. The same motivating principle applies to most, if not all forms of Business-Outward integration into agriculture. The Ford Motor Co. cannot buy wheels or gears for cars from a multitude of producers with different tolerances and structural strength and expect to sell customers automobiles. It is foolish to think food companies can operate differently in this day of mass media communication.

It must be recognized, therefore, that the compelling economic forces are present. They will succeed notwithstanding any federal acreage control or price support devices and programs. The question is can we help those in agriculture, take advantage of this last opportunity to emerge from a government semi-socialized or paternalized program to one of economic independence. No group in the U.S. inherently desires that opportunity more.

The impelling need for a positive program for farmers also arises from the fact that unless producers of natural foods and fibers have the facilities and opportunities to adjust their products to markets only the synthetics will. It will be a travesty for a nation so abundantly blessed with natural food and fiber resources, to end up eating and wearing synthetics simply because we overlooked the opportunity for farmers and ranchers to be competitive in a dynamic economy with free market choices. The R&D (product research and development) and MR (market research) activities of the major corporations creates a dynamic marketing environment. The market for no natural food has a guaranteed market in perpetuity.

Outline of an action program for agricultural progress

Proposed as a new direction for agricultural programs is one to support an agriculture-forward endeavor. The objective is to provide technical, professional and financial assistance to producers and agricultural groups in specific geographic areas to enable them in organizing into business entities that can proceed to analyze their product market alternatives and needs, and how they can fit their production facilities, as farmers and ranchers, into a more profitable coordinated operation.

For years we have had a Small Business Administration that aids and implements efforts of people in the non-agricultural sector to become a part of the on-going stream of our capitalistic competitive economy. Why should we not provide the same implementation to the agricultural segment of our economy? Contact with agricultural groups and leaders in recent years has revealed a sincere interest in considering and solving their own problems. Thus the environment is there for success.

There has not been sufficient time to develop the administrative format for implementation of the proposed program. However, it would possibly assume the following features.

1. An Agricultural Production-Marketing Systems Act. This act would provide federal funds apart from the present ones, to provide grants to university market development teams, or to industry groups directly, to be used by them for the marketing systems research through universities or private research organizations. Such studies would have to qualify in a project proposal approval by the agency administering such funds. This has a forerunner in the Small Business Administration. These latter agencies, however, have been directed essentially to non-agricultural sectors of the economy. Furthermore, they are not preceded by the extension education and research effort necessary to establish the initial groundwork required before meaningful studies can be undertaken, with groups capable of implementing them.

2. Establishment of the Agricultural Finance Corporation. This agency would underwrite loans to agricultural groups with sound economic and production-marketing feasibility plans. Such financing may be used to establish new, or purchase existing processing and/or marketing facilities.

In all instances plans for a feasible production-marketing system strategy would be required of the applicant group. These usually would take the form of contracts with other marketing and processing agencies or food chains or the strategy may be to go into a private brand product program on their own.

Financing could be direct or on a guarantee basis somewhat as FHA serves for residential housing.

Analogies of progress that support the new Farmer-Forward Program can achieve

In response to the above noted conditions, and needs a new concept was developed at Texas A&M University—The Texas Agricultural Market Research and Development Center. This Center provides the type of service outlined or proposed here, but without any financial assistance for facility development to the groups concerned. Provided through an educational-research service is the incentive to organize into business groups and to consider marketing problems and opportunities. Provided is professional research and consultation toward a greater knowledge of marketing problems and opportunities and how to set a production-marketing strategy to profit from market changes.

Also provided is an economic and market analyses and consultation service on a contract basis.

The Center, although only designated in February, 1969, is already serving seven producer groups and has ten research contracts currently in operation.

A special staff was recruited to operate as the core task force. Included are five agricultural marketing economists with training and interest in market development research. Associated are agricultural extension service and agricultural experiment station personnel. Food technologists or other specialists become part of the team as needed for specific projects.

Program limitations

The proposed action program to aid agricultural producers in staying competitive is not a panacea. Yet, it opens the door to a way out of our present dilemma and one that meets the desirable operational criteria of the U.S. economic system.

Solutions for commodities other than cotton and major grains will come first and easier. However, those for cotton and grains can be obtained given time to adapt the program to those commodity problems. There is no reason why contract production cannot be extended to cotton and grains, if it can be used for potatoes, milk and chickens.

VITA

ROBERT E. BRANSON

Robert E. Branson received the B.S. degree in business and economics from Southern Methodist University, Dallas and the M.A., and Ph. D. degrees in economics from the Littauer School of Public Administration as well as the MPA degree in public administration from Harvard University. Experience includes over ten years of service in various branches of the U.S. Department of Agriculture in a Dallas regional office and in Washington, D.C. and nearly fifteen years experience in state and regional market development research at Texas A&M University. Experience also includes twelve years of economic and market research consulting experience as President of Branson & Associates, Inc. Publications include the authorship of over one hundred research reports and related articles.

STATEMENT OF G. A. HALE, HALE SEED FARMS, BURDETTE, ARK.

1. DOMESTIC AND FOREIGN MARKETS

Much of recent legislation has been written to favor the production of increased amounts of farm products without regard to the effect of surpluses on farm income. Much of this surplus has been dumped on foreign markets without regard to depressing farm prices in receiving countries and discouraging foreign farmers to produce needed commodities. I have visited most of the free-world cotton-growing countries and observed the extremely low standard of living and the very low cost of producing cotton and other crops. With enormous amounts of idle labor and land available in the under-developed countries, it is unrealistic and unfair to expect us to compete in many foreign markets.

We should concentrate our efforts on the increase and improvement of our American markets as cotton and other crop farmers are doing by contributing money for more research to lower costs and promotion to increase domestic consumption of our crops.

2. PRICE SUPPORTS

Until the time when farmers can receive profitable prices for their products like manufacturers and other businesses, as a result of bargaining power in the market place, price support by the government will be necessary to supply consumers with adequate amounts of farm commodities. Price supports should be set at levels which result in price equal to at least 85 per cent of parity with provision to gradually increase this amount to 100 percent of a fair price for farm products. Cotton farmers are indebted to Senator Ellender for writing into the 1965 Act a provision that the loan value and the direct payment must be equal to 65 percent of the parity price for each cotton crop. This has saved thousands of cotton farmers from bankruptcy. If this value could be raised to 85 percent as provided in the laws before 1965, the need for direct payments to supplement loan and sale prices of cotton would not be needed and much of the objection to the present law would be eliminated. No new law and a return to the old one would be better for cotton farmers than an extension of the 1965 Act.

3. QUOTAS AND ACREAGE ALLOTMENTS

Our government is having to spend unneeded money holding farm elections to let farmers vote on whether or not they want crop programs with acreage allotments and price supports. With one exception, in recent years, farmers have voted overwhelmingly for the provision whereby they can attempt to produce only the amount of crops that the market will take at above-cost-of-production prices. Claims have been made that acreage control have not prevented surpluses, but where this has happened it is usually caused by administrators of the program being too generous with those who profit from high-volume production regardless of the consequences to farm prices. In the case of cotton, the law requires that the Department of Agriculture allot a minimum of 16,000,000 acres each year regardless of the supply on hand and this along with weather factors has resulted in huge, burdensome surpluses. New laws should lower this, acreage must be allotted to 14,000,000 or leave it to the discretion of the Secretary of Agriculture. Soybeans should be grown on allotted acres and wheat allotments should be refigured on recent planting history so many growers can take advantage of the wheat program.

4. LIMITATION OF PAYMENTS

The socialistic proposal to limit the amount of government payments to each individual farmer taking part in farm programs regardless of his contribution to the welfare of the entire economy is unfair to both small and large farmers. It is necessary that all farmers participate in crop programs if these are to result in ample supplies of farm crops. The best way to discourage young people from farming and thereby endanger ample supplies of food and fiber at reasonable prices in the future is to limit the size of farms and the amount of net income from farming. Under our free enterprise system this makes no sense as no other segment of the economy that receives government payments is limited in the amount of these to individuals or corporations.

5. LAND RETIREMENT AND ACREAGE DIVERSION

Many non-farm people think that we are being given their tax money not to farm, but there is more to idling land than they know about. Diverted acres are often improved for future benefit of consumers by the application of soil and water conservation practices. Part of the cost of practices such as leveling land for drainage and irrigation and planting cover crops to stop soil erosion are now paid by our government and in the long run taxpayers are making a sound investment and this ACP program should be continued and expanded. The retirement of whole farms from production of certain crops is a good long time investment, but for the immediate future the diversion of part of crop allotments should be done so farmers can continue to stay on their farms. Adequate payments should be made to help farmers adjust the supply of farm products to the demand, a practice followed with success by other businesses.

6. IN CONCLUSION

It is in the best interest of farmers and others that the farm economy remain healthy. Because of our large numbers, we must depend on our government to help us help ourselves. Your cooperation will be greatly appreciated. Thank you.

STATEMENT OF TED SAVICH, RENSSELAER, IND.¹

The farm problem of low prices and inadequate income resulting therefrom will be solved when and only when we stop trying to determine the prices of agricultural commodities by means of a market system in an attempt to relate prices to supply and demand. It is not possible for farmers to attain fair prices in such a system because of the *necessity of food and fiber abundance in our society*. Anything short of abundance is intolerable in modern America. Therefore a "market oriented agriculture" is an abomination without a single hope of redemption.

¹ Additional information submitted by Mr. Savich may be found in the files of the committee.

Either high prices or fair prices can be achieved only in a situation of tight supply or scarcity neither of which would be acceptable as far as our food supply is concerned. Therefore, since *abundance and surplus are a basic and mandatory condition for agricultural commodities in our society* the prices of agricultural commodities should be determined by some sort of negotiation or by a national farm commodities price fixing board. Moreover, it is the conviction of this writer that fair prices can be determined mathematically by some formula based on the parity concept, which states: that capital invested in farming should earn at the same rate as capital invested in other segments of the economy at comparable levels of risk, and that labor and management applied to farming should earn returns comparable to earnings by these components in industry and business.

Admittedly the institution of a rational system for determining farm prices which is the solution of the commercial farm problem will not solve entirely the problem of rural poverty—but it would form the basis for that problem's solution. It is the starting point for the sound structuring of the rural community, and can help supply the means whereby the rural community can solve its own problems. Inasmuch as one of the elements of the parity concept is a fair compensation for farm labor, migratory and other farm labor would be adequately compensated. Many farmers who have adequate holdings to enable them to earn a decent American living have been forced off the land by low prices. Most of these farms would have been saved by fair prices. Their proprietors have joined the stream to urban poverty or have sunk into the squalor of rural poverty. The residue of rural poverty left in spite of parity earnings must be dealt with by traditional tools invented by social scientists: first fee food—starvation at any level of our society is intolerable; second some form of guaranteed annual income; third education designed to eliminate the ignorance of the poverty stricken (including the proper utilization of food).

The trend to oversized farming aggregates should be stopped and measures taken to reverse it—land reform is necessary in the U.S.A., and a rational system of land tenure must be devised. Our goal should be a family farm system undergirding a strong viable rural community, supplying our society an alternative to a corporation dominated existence. To secure such a system, legislation directed toward its establishment and preservation must be devised. The guiding principle should be that no man should own more land than he and his sons can till.

Surplus above reserves needed to assure an abundant food supply is most sensibly kept as non-producing acres maintained in fertility and ready to use when needed—when politicians have solved the problems of its distribution to our own hungry and those who hunger throughout the world. The cooperation of all farmers to maintain surplus acres in reserve capacity and fertility *must be expected*. It is anticipated that the burden to farmers for this additional duty can be compensated automatically by including it as one of the computer inputs in the parity formula computation of prices.

The Secretary of Agriculture should immediately set the levels of all price supports at 90% of parity as authorized by Congress. The Congress should legislate mandatory 100% of parity price levels as soon as possible. Further it is urged that the Congress abolish any "free market" vestiges, inasmuch as the "free market" has been turned into a device to keep the American farmer poor and struggling desperately to survive. Other civilized countries under capitalist economies are able to get along without a "free market" in agriculture and maintain prices to farmers at double the levels of American production in spite of efficiency standards and production methods comparable to those prevailing in America.

The achievement and maintenance of complete abundance is essential to the well being of our country. The Congress should invent and implement every possible device to distribute the fruits of this abundance to all of our people who are in need; and once all of our own are adequately nourished, any surplus should be distributed to the poor people in the rest of the world through international agencies not subject to cold war influences.

If these measures do not suffice to prevent supply accumulation above manageable and necessary reserves, any production controls which are needed should be implemented by the government at no cost to the treasury aside from costs of administration, and they should be the obligation of all farmers each contributing his full share. Further at such time as reduced production prevails farms should be compensated for the resultant deficit in income by prices sufficiently above parity levels to make up the difference.

In agriculture there exists a special relationship between farmers and government, viz, a social contract. The terms of the contract are that the farmer will produce a super abundant supply of food and fiber; in return the government agrees to protect the farmer from the law of supply and demand, and in fact agrees to secure for him a full parity of earnings for his investment in agricultural production. As a primary implication of this relationship prices for agricultural commodities should be determined under government auspices by a national farm price fixing board, equipped with computers and staffed with mathematicians, accountants, and economist consultants, Corollary is that a "market oriented agriculture" is an abomination without a single hope of redemption. Since New Deal days the emphasis on dealing with the farm problem has been to devise means to cope with surplus production. This emphasis exists to this very minute. The contract discovered in this article teaches that the emphasis is misplaced. The emphasis must be turned with full heat on the government's obligation to implement its part of the bargain: parity for farmers. Surplus—abundance is an imperative fact of life. It is the sine qua non starting point. The surplus must be accepted and guaranteed, not liquidated. Farm organizations and farm leaders worth of the name must thoroughly familiarize themselves with the terms of the farmer-government social contract and all of its implications. Their primary function must become the education of their membership and of the public, especially those who occupy positions of power, with emphasis on Senator Ribicoff. Another important implication of the contract is that of farmer cooperation: to cooperate and fully share in any programs of supply control deemed necessary, not to withhold his production, to maintain and extend by every means possible his production efficiency, to strive continuously to improve the quality of his production, and etc.

STATEMENT OF J. R. KNEZEK, SEYMOUR, TEX.

A PROPOSAL—AGRICULTURAL ACT OF 1971

Wish to propose the following short sketch of basic farm program which should be acceptable to those wishing to go it alone; to those wanting price supports; to the taxpayer; and to the consumer.

The purpose would be ;

1. To provide an effective and truly voluntary farm program.
2. With allotments.
3. With price supports to complying farmer.
4. With maximum farmer freedom.
5. With minimum Government control.
6. Without penalties.
7. Without diversion payments.
8. With assured subsisting income for complying farmer without added cost to taxpayer or to consumer.
9. To assure the nation of an emergency supply of wheat.
10. To avoid stockpiling of surplus wheat.
11. To stop the exodus of farmers and rural community families to the city to become wards of taxpayer.
12. To allow those wishing to go it alone to do so.

Cost.—Less than present program. Limited to those in compliance. Estimated 350 million dollars. The higher the market price, the more farmers would go it alone and the less cost to the government until market reaches 85% of parity at which time, no more cost to Government in price supports.

COMPLYING FARMER

1. Minimum allotment in acres to be equal to or greater than he had in 1959-60—to the *individual* farm that had allotments at the time.

2. If farmer desires—take 85% of parity Gov. support—no deduction for storage—Gov. become owner of wheat.

(a) Gov. receive wheat with instructions to sell or dispose of as best it can, EXCEPT emergency supply. The more Gov. receives for wheat, the less cost in price supports.

(b) The emergency supply *not* to be sold for less than parity, to keep it from being a depressent on the market and yet available in emergency.

Changes necessary from current practice, to effect the proposal:

- 1 The Wheat Tax, if not expired in 1970, must be repealed.
2. No penalties for overseeding.
- 3 Provision, that farmer lose wheat history if he over seeds allotment must be repealed.
4. Allow no substitution of wheat for other grain. (Other grains have never really been under control.)
5. Wheat substituted for other grain and otherwise allowed under current program, must not count as history toward allotments. (Each farm that had allotments in 1959-60, must have a minimum acres allotted equal to or greater than had at the time.)
6. No projected yields to worry with—less work—less expense.
 - (a) Simply support wheat grown on allotted acres, each year. (Will average out from year to year.)
7. Farmer needs to know his allotment etc. at least a year ahead, so he can farm efficiently. (So he knows how much land to prepare and how.)
8. Each commodity should have own program—No cross compliance:
 - (a) A program for Wheat.
 - (b) A program for Feed Grains (Grain Sorghum, Oats, Barley).
 - (c) A program for Cotton.
 - (d) Each could be patterned after the wheat program sketched above, page 1.
 - (e) Compliance with one program should stand alone, no condition that compliance with another be required.
- Farmer can do as he pleases with land not in program.
9. Allow more home allotments instead of imports:
 1. Example—Imports of Egyptian cotton instead of allowing larger long staple cotton allotments in the states.
 2. Example—Cuban sugar cut off—Imports from new countries or larger imports rather than sufficient increase in home allotments.
10. Would consider sowing of wheat, oats, barley, grain sorghum, strictly for grazing, as optional.

NONCOMPLYING FARMS

1. Would be free to dispose of his wheat as best he can, free market, eat, feed, etc.
2. Would be faced with competition with Gov. owned wheat on the free market. (Without Gov. program, he would be faced with the same wheat competition.)
3. No penalties—to be voluntary and free market:
 - (a) No direct penalties for overseeding.
 - (b) No wheat tax (Mills certificates), to be repealed if not expired in 1970.
 - (c) Provision that farmer lose wheat history if he over seeds allotment, started in 1954, to be repealed.
 - (d) No cross compliance.

EFFECTIVE

1. If market less than sufficient for profit, farmer would comply.
2. If farmer chose to go it alone, wonderful, no Gov. outlay on him.

NO INCREASED COST TO CONSUMER

1. With wheat tax expired or repealed, mills can pay \$2.00 for wheat without increase cost to them or consumer.
 2. Wheat exports, at \$1.63 (\$1.53?) regardless, International Wheat agreement.
 3. For feed, etc., would sell on free market.
- Propose separate programs patterned after this one for:
1. Feed grains (Grain Sorghum, Oats, Barley).
 2. Cotton.

P.S.—I have only sketched the basics here with no attempt to explain how or why this would work. Would attempt to do so if interested.

For example:

Complaint, Gov. should not sell in competitive market.

Answer—If the wheat surplus is kept sold off, there would be no stock-piled, costly surplus hanging over the market, yet it would be to the Gov. interest to keep market as high as possible.

Complaint—1959-60 allotments too high.

Answer—The 1959-60 allotments were higher to *individual farms* but only wheat farmers were permitted to grow wheat. The present day surplus comes from allowing of growing wheat in place of grain, sorghum, oats and barley (Never under real control) in addition to wheat allotments and still be in compliance.

The committee will stand in recess, to reconvene subject to the call of the Chair.

(Whereupon, at 12 noon, the committee adjourned, to reconvene subject to the call of the Chair.)

GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

WEDNESDAY, SEPTEMBER 24, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10:05 a.m., in room 1301, Longworth House Office Building, Hon. W. R. Poage (chairman) presiding.

Present: Representatives Poage, McMillan, Abernethy, Stubblefield, Purcell, O'Neal, Foley, de la Garza, Vigorito, Jones of North Carolina, Montgomery, Sisk, Alexander, Burlison, Lowenstein, Jones of Tennessee, Melcher, Belcher, May, Wampler, Goodling, Miller, Mathias, Mayne, Zwach, Kleppe, Price, Myers, Sebelius, and Resident Commissioner Córdova.

Also present: Christine S. Gallagher, chief clerk; William C. Black, general counsel; and L. T. Easley, staff consultant.

The CHAIRMAN. The committee will be in order.

We are glad to have such a good attendance this morning. I realize that you cannot all find seats, but I hope you will be as comfortable as you can. We are delighted to have all the visitors here. I hope it reflects an interest in agriculture and an interest in what we might do to be of help to the farmers. We thank you.

We thank you, Mr. Secretary, you and your staff, and your counsel and the rest for being here, because again, I think it reflects an interest in the same thing which we are working for. I do want to say to our visitors here, and I know that we have a number of the press here, that this committee has enjoyed real fine relationships with the Department officials. I think we recognize, and that they recognize, that we are all going to have to work together to try to maintain some degree of prosperity for our farmers if we are to have a sound Nation.

I am probably older than most of those who are here, and I have lived through the 1930's and I know how the great depression started. I know that it started in agriculture long before it affected the rest of our economy. Maybe it is on that basis that I am so convinced that you cannot maintain the kind of prosperous United States we all want, unless you are willing to maintain prosperity in agriculture.

I feel that Mr. Hardin agrees with those same views and the members of this committee agree with that. I know that there are many people in the United States who simply do not understand the relationship between agriculture and the rest of our economy.

So, it is fine, I think, to see this expression of interest on the part of departmental officials and on the part of the public because we have got to have that interest on the part of the public if we—either the legislative or the executive branch—are to be able to be helpful to agriculture.

We cannot do it alone. We have got to have public understanding and public appreciation of the problems.

The Secretary is here to try to help guide us in directions which may be helpful in maintaining that degree of solvency on the farms that we must have. And so, Mr. Secretary, we want to express our appreciation for your interest, and we want to welcome you here and invite you to give us such views as you can at this time as to how we can improve our agriculture.

Thank you, Mr. Secretary. We will be glad to hear from you.

STATEMENT OF HON. CLIFFORD M. HARDIN, SECRETARY OF AGRICULTURE; ACCOMPANIED BY J. PHIL CAMPBELL, UNDER SECRETARY

Secretary HARDIN. Thank you, Mr. Chairman, and if we may I shall proceed then with the statement that we have prepared.

Mr. Chairman and members of the committee, the charge given to me by President Nixon is to represent the farmers of this country in the councils of government. It is in that role that I appear before you and I am grateful for the opportunity you have provided here this morning.

Present farm legislation expires after the 1970 crop. Unless new legislation is passed before then we would fall back to laws passed before the Agriculture Act of 1965 was written. In that situation we would be forced to proclaim a marketing quota for wheat, subject to a producer referendum. We would go back to a high loan for cotton, running much of the crop into the Commodity Credit Corporation. There would be no diversion program for feed grains and a loan level for which all corn would be eligible. At the loan rate, the Commodity Credit Corporation would acquire a very large inventory. Net farm income, we estimate would decrease by approximately a billion dollars below 1969 levels.

It is, therefore, my earnest desire to assist in the passage of good new legislation. And I am aware, as you are, that if new legislation is to be passed it must be acceptable to a majority of the Senators and Representatives.

Our purpose is to work toward farm programs that will increase farm incomes and reduce Government cost. The most promising way of achieving these two objectives, we think, is to help bring about better overall resource adjustment, and within that setting, give farmers a wider range of decisionmaking. The suggestions we have to offer are of this type.

I would like to depart from the statement, if I may, Mr. Chairman,

at this point to inject a related thought. In this presentation I shall confine myself mostly to farm program mechanics, the level of Government expenditures and the specific targets for farm income I would like to consider with you at another time. We must recognize, however, that over the past years farm program payments have added a substantial increment to farm incomes. These payments have been capitalized into land prices for mortgages, tax revenues, income, and expectations. This history must be kept clearly in mind as we proceed with our discussions.

Our objective is to enhance net farm income and to help farmers share more nearly equitably in the fruits of our Nation's advancing technology.

In preparing for this presentation we have tried to be as thorough as possible. We have had a series of very helpful meetings with this committee. We have had listening conferences at Lincoln, Pullman, Fresno, Athens, and College Station. We have consulted with farmers and farm organizations. We have had a task force at work in the Department of Agriculture almost from the time I took office. We have conferred with the leading farm policy men from the land-grant colleges. We have reviewed our judgments within the executive branch and with the legislative leaders. Naturally, the counsel given us was varied.

What we have to say to this committee today obviously is not derived from any single source. After listening to all who availed themselves of the opportunity to be heard, it is clear to us that farmers want help to bring their incomes up to the level of the national average and that they want a bigger say in decisionmaking on their own farms.

This surely is a time when farmers and farm groups, acting through their enlightened self-interest, must find as much common ground as possible. I agree with the statement made by Chairman Poage last week in Texas to the effect that by themselves neither this committee, nor the administration, nor the Republicans, nor the Democrats, could pass a farm bill. We shall have to concentrate on the things that unite us if we are to rally the needed strength. It is in that spirit and in that framework that my colleagues and I desire to work with you.

The most persistent characteristic of American agriculture during these past years has been the ability of American farmers to produce in excess of our markets, both foreign and domestic. It is my firm belief that whatever series of programs we ultimately decide upon must provide the restraints on production that will permit satisfactory levels of price and income and will neither inhibit the growth of markets nor place needless obstacles in the way of efficient farm operation. While there is clear need for sizable programs to restrict output of American farm products, we must avoid giving our overseas competition the idea that they can expand their production without limit while the United States carries, by itself, the whole burden of acreage limitation. We must not concede the total market growth to our competition.

I do not need to emphasize to this committee that problems we deal with are complicated and that their solutions have resisted the best efforts of competent minds for many years. Because they are so complicated and because it is so important that we find workable and constructive solutions, I recommend that we examine jointly and in depth the options that are available. This committee represents, altogether, several hundred years of combined experience in agricultural matters. This is a resource that should be fully used, and another reason why we want to work closely with you. Proceeding in this fashion will give all of us more time for comprehensive analysis and also provide greater opportunity for response from farm organizations, commodity and producer groups.

My presentation is in several sections. The first section relates to legislation for certain major commodities. The second section is concerned with general cropland retirement. I then take up a variety of subjects, including a brief statement on limitations on payments. Finally, there is an appendix with illustrative material on how the various alternative programs would operate on representative farms.

PROGRAMS FOR THE MAJOR COMMODITIES

Programs for wheat, cotton, and feed grains are the ones that affect most farmers and set the pattern for other commodity programs. Therefore, they are considered first. You already have before you a number of proposals offered by the farm organizations. I outline for you two additional approaches, either of which could divert a sufficient amount of land and serve to sustain farm income. They differ chiefly in the degree of freedom they would give to farm operators.

1. A "set-aside" program.

A set-aside program visualizes a domestic allotment for cotton and wheat and, in addition, a national feed grain base. The feed grain base would be similar to the present one. Price support loans would be offered participating producers who would be required to set aside a crop acreage equivalent to perhaps 75 to 100 percent of the domestic cotton or wheat allotment and 30 to 50 percent of the feed grain base. No constraints on acreage or production would apply to any crop except the set-aside acreage, which would be in addition to the normal conserving base. Loan levels would be set (1) at a figure intended to encourage exports generally without subsidy, and (2) at levels that are intended to bring forth a desirable mix of the different crops. Loan would be available for the total output of the participants. The program would be voluntary; a farmer who wished to stay out of the program would be free to do so. He would be subject to no restrictions, would receive no payments, and would not be eligible for a loan. Marketing quotas for these commodities would be eliminated. Under anticipated conditions, the Commodity Credit Corporation would acquire no new stocks.

Income support payments would be made to cotton and wheat producers on the normal production of their domestic allotment acreage and to feed grain producers on the normal production of half of their feed grain base. Rates of payment could vary over time and would affect the number of participants and thus the acreage in the set-aside

The set-aside program encourages some diversion of cropland on all participating farms and pays for it through the commodity payments. It would retain, in part, present constraints on interarea shifts in production.

Chief determinations to be made with this approach would be the acreage computed for the domestic allotment, the size of the Government payment, the amount of land to be diverted as a condition of eligibility for the payment, and the level of the loan. Under this program, the allotment would serve only as the basis for calculating the size of the payment and the amount of land to be diverted. After a farmer had diverted the necessary number of acres he would have full freedom to use the remainder of his tilled land in any way he wished. Thus there would be opportunity to use the land in an efficient manner. Farmers would decide on the acreage planted to cotton, wheat, and feed grains in much the same fashion as they now do for the majority of the other crops.

The program could be used to generate various levels of farm income. A 1-cent-per-pound change in the cotton payment, for example, would make a difference of about \$45 million in the income of cotton producers. For wheat, a 1-cent change per bushel in the value of the certificate would mean about \$5 million. For feed grain, changes in the amount paid for diverting acreage could affect farm incomes in the same manner.

The program as outlined here will need to be described in much greater detail. This we will be pleased to do at another meeting.

As I said earlier, the appendix indicates, for representative farms, the arithmetic of how the program might operate.

I will turn now to the second program, if I may.

2. A domestic allotment and diversion program, an alternate to the one I just described.

Another possible approach is a "domestic allotment" program. This also grants somewhat more freedom to farmers than they presently have.

As in the set-aside, there would be an acreage allotted to each wheat and cotton producer, equal to his computed share of the domestic market. On this allotment he would receive payments. There would be no diversion required for cotton or wheat.

Feed grains and wheat would be aggregated into a total grain base. There would be diversion payments to take the desired amount of land out of feed grains.

A price-stabilizing loan would be available for participants. Grain producers would be eligible for loans if they produced within their total allotment.

As in the set-aside, this program dispenses with marketing quotas. Wheat and cotton growers, of whom no diversion would be required, could plant whatever they wished on their tilled acreage. Feed grain growers who chose to participate in the program would be required to limit their plantings of feed grains to an acreage equivalent to their base minus the feed grain acreage diverted. Substitution between feed grains, including wheat for feed, would be allowed. Ordinarily, the Commodity Credit Corporation would not expect to acquire stocks.

The construction of such a program offers several features that can affect the level of farm income, the amount of Treasury cost, and the volume and price of farm products. Chief among these are: (1) the rate of payment on the domestic allotment for cotton, (2) the rate of payment on the domestic allotment for wheat, (3) the level of loan for feed grains, and (4) the rate of payment for diversion of grain base and the acreage diverted.

The domestic allotment approach differs from the set-aside in that it requires no diversion for cotton or wheat. For the feed grains the chief difference is that in the domestic allotment plan the wheat base and the feed grain base are added together to give the new grain base.

This program also will need to be developed in greater detail, and we will be happy to work with you on it.

Next, one feature of the act of 1965, as extended, is authority to provide class I bases for fluid milk. This authority is scheduled to expire with the act. If the class I base plan now in effect in Puget Sound is to continue, legislation must be enacted. It would be good to treat this matter separately and early; if changes are contemplated, it will take some months to prepare for a new marketing order and get it adopted.

Present legislation should be amended so as to provide easier entry for new producers. Precaution should be taken so that bases, while transferable, would not take on unreasonable value and therefore add excessively to the cost of producing milk.

The Department has a draft bill that we think would accomplish these changes. We will be glad to work with you on it.

OTHER PROGRAMS

Certain other features of present legislation are scheduled to expire. Among these are programs for wool, the cropland adjustment program, leasing of tobacco acreage, and the sale, lease, and transfer of peanut acreage. Public Law 480 will expire on December 31, 1970, and the Sugar Act a year later. After some pattern has been set for cotton, wheat, and feed grains, we must give close attention to these other programs.

PAYMENT LIMITATIONS

There are many arguments for and against payment limitations. On one hand, the contention is made by typical family farm operators that unlimited payments favor the large-scale, corporate-style farms. The small growers say that they are willing to meet the competition of the big units on ordinary terms but that the large payments constitute a special advantage.

On the other hand, there is a legitimate concern regarding payment limitations. It is the fear that payments might be limited, first to \$20,000, and then to \$10,000, then to \$5,000, to \$3,000 or even less. Payment limits that are too low would force big operators to go outside the program, would break efficient farms down into a number of less efficient units, would impose excessive acreage cuts on the small farms, and, with a given target for acreage reduction, would increase costs rather than reduce them.

We have testified already that we believe it is possible to design sound farm programs that provide for some payment limitation. As I have said before on this subject, a simple amendment to the appropriations bill will not suffice. The Department is ready to work with the legislative committees on basic changes in the legislation. The alternative proposals I have laid before you are intended to be workable with a reasonable kind of payment limit.

RESOURCE ADJUSTMENT PROGRAMS

Annual programs of the type I have been describing are needed to balance up our overexpanded agriculture and to protect current farm income. But they offer little opportunity for shifting unneeded cropland into uses for which there are growing requirements; timber, grazing, recreation, the propagation of wildlife, and other nonfarming uses related to an urban society.

To shift land permanently from cropland to these other uses would be to move in the direction of redressing our agricultural imbalance and would reduce the need for commodity programs.

But sound counsel bids caution. Too rapid a rate of long-term land retirement would depopulate the rural areas. An excessive large program would attract new land into production. Acres put to grazing could unbalance the cattle industry. It is best to proceed cautiously, learning as we go.

Resource adjustment programs should be viewed not merely as a way of balancing our agricultural production but also as a way of facilitating human adjustment and meeting the space needs of our increasing population, using the attractive environment of town and country.

The three resource adjustment programs that I next outline are not alternatives to one another; they could be used together. And they should be used in connection with one of the commodity programs previously discussed.

1. Cropland conversion: The cropland conversion law was put on the books in 1962. It was intended to get cropland converted to non-crop income-producing purposes on a contract basis. It was written as a pilot program, limited to \$10 million a year. The program has not been used for some time. It should be funded and activated, providing needed experience for possible later expansion.

2. Living space: Land with a cropping history could be purchased by States and units of local government for parks, airports, and other uses for which the local government needs land. Costs could be shared. Thus, land could be shifted from crop use, for which it is not needed, to other noncrop uses that are in growing demand.

Because of the limited number of areas likely to be needed for these purposes, perhaps not more than half a million acres over a 10-year period, the program would be primarily in the service of city people. It would have relatively little effect on the supply of farm products. Nevertheless, it would be strongly in the interest of the larger public.

A small program of this kind, known as Greenspan, was operated briefly a few years ago as part of the cropland adjustment program. Under this program some 7,000 acres of cropland were purchased.

The share of the cost accruing to the Federal Government was about 25 percent of the purchase price. The program was well received. It was terminated, without adverse appraisal, when the parent act went unfunded.

3. Easement program: A new tool should be fashioned for converting whole farms, permanently, on a voluntary basis, from cropping to other uses. The instrument appropriate for this purpose, we believe, is an easement, the sale of cropping rights to the Government. Title would remain with the farmer, who could continue to live on his land and use it for anything other than crop production.

The easement approach has never been used for this purpose. Thus, we are unable to judge its cost, its effectiveness, or its public acceptance. We, therefore, propose a pilot program.

The total annual cost of the three resource adjustment programs would be about \$100 million. About 3 or 4 million acres would be retired annually until accumulated experience permitted appraisal.

PROGRAMS FOR RURAL PEOPLE

Throughout the years, a major effort has been to try to adapt commodity programs to the needs of farmers on small, inefficient units. Despite strong attempts to make this adaptation, the desired result has never been achieved.

Now, however, a new approach has been made. The President has proposed a family assistance program for those who, though employed, have inadequate incomes.

The application of this program to farm people will require the answering of many difficult questions. How can the program be adapted to the self-employed? Are there to be limitations on asset holdings? And some other questions.

We have made some tentative judgments regarding these and other questions. Our best estimate is that perhaps 400,00 farm operator families might be eligible for the program. These families might receive an average of perhaps \$1,000 annually, totaling about \$400 million.

The rural development program of the Department is being reorganized. A presidentially appointed task force is at work on the problem. I invite the strong support of this committee for the changes and the expansion of the rural development program that we will from time to time lay before you.

Other departments of Government have resources to attack rural problems related to low income. Among these Departments are Health, Education, and Welfare, Housing and Urban Development, Labor, and Commerce. The work of all of these Departments can be expanded, coordinated, and focused on the problems of people in rural areas.

The point of all of this is that we should separate the commodity problems from the people problems, and attack them both, with tools appropriate to each. This we are beginning to do. The primary focus of this committee has long been the commodity problems. These can be more appropriately fashioned if they are relieved of trying to meet a need for which they cannot be well fashioned.

We hear much about three problems: our excess crop production capacity, the population decline in the rural areas, and what we call

the urban problem. We are coming to see that these are in part three results of the same force, which is the technological revolution in agriculture. Rural development attacks all three of these problems. By supplying off-farm employment opportunities in the rural areas, it provides an alternative for boxed-in farmers. It helps hold in the rural areas the people who prefer to live there, and it reduces the urban crush.

And on timing, the Congress last year extended existing farm legislation to December 31, 1970, in order to give time for a new administration and a new Congress to study alternative solutions. We would be well advised to use that time, as this committee has chosen to do.

Legislation is needed prior to the time when farmers, particularly growers of winter wheat, must make plans for the 1971 crop year. It is important that we be thorough in our deliberations, but also that we move with some dispatch.

You members of the committee and I and the farm organizations face a problem together—the task of fashioning sound farm legislation of such a character and such a cost that it will win the approval of the Congress. If we can do that, we will perform a real service for our farm people and the Nation. I pledge, Mr. Chairman and members of the committee, my full cooperation toward that end.

APPENDIX

I. THE "SET-ASIDE"

Examples :

A cotton farm :

Total acreage (acres)	500
Domestic allotment of cotton (acres)	100
Conserving base (acres)	125
Percent of domestic allotment to be set aside (percent)	75

The farmer would "set-aside" 75 acres of tilled land (100A (75%)) in addition to the 125 acres of conserving base.

The remaining 300 acres could then be used for any crop, or any combination of crops. If the farmer wished he could plant it all to cotton.

There would be a cotton loan at a relatively low level, for which all of the farmer's cotton would be eligible, and a payment of so much a pound on the normal yield on the domestic allotment.

A feed grain farm :

Total acreage (acres)	300
Feed grain base (corn, sorghum, barley) (acres)	200
Conserving base (acres)	50
Percent of feed grain base to be set aside (percent)	30

The farmer would "set-aside" 60 acres (200A (30%)) plus the 50 acres of conserving base. On the remaining 190 acres the farmer could plant whatever he wished.

The farmer would receive a payment of so much a bushel on his normal yield as an inducement for entering the program. There would be a loan at a relatively low level. On cooperating farms all grain grown would be eligible for the loan.

There would be opportunity to divert more than the specified acres for extra payment.

A wheat farm :

Total acreage (acres)	2,000
Domestic allotment for wheat (acres)	500
Conserving base (acres)	100
Percent of domestic allotment to be set aside (percent)	100

The farmer would "set-aside" 500 acres of tilled land (500A (100%)) in addition to the 100 acres of conserving base. The remaining 1,400 acres could be farmed as the farmer wished.

There would be a relatively low loan available for all wheat grown, and a wheat certificate of so much a bushel on the domestic allotment.

For any of the above programs, a farmer could be in the program for one crop without necessarily being in for others. He would be paid only for the crop on which he participated.

II. DOMESTIC ALLOTMENT AND DIVERSION

Examples : Grain farm with domestic wheat allotment.

Description :	Acres
Cropland	500
1969 wheat allotment.....	100
1969 domestic wheat allotment.....	43
1969 feed grain base.....	200
Grain base under this program.....	300
Conserving base.....	100

Options : By accepting wheat payments the farmer incurs the obligation either to plant to grain or idle an acreage equal to his domestic wheat allotment. (Under payment limits the obligation could be limited to those acres for which he receives payment). He would also be required to maintain his conserving base. No other obligation is incurred by accepting the wheat payment.

By electing to divert grain base the farmer incurs additional obligation with respect to acres idled and planted to grain.

The obligations under several options are outlined below.

Option 1 : Accept wheat payment. No grain base diversion.

Land use :	Acres
Planted to grain and/or idled (domestic allotment).....	43
Conserving base.....	100
As desired.....	357
Total	500

Option 2 : Accept wheat payment. Divert minimum grain use.

Land use :	Acres
Planted to grain and/or idled.....	43
Diverted grain base.....	60
Any non-grain use.....	100
Conserving base.....	100
As desired.....	197
Total	500

(By electing to divert grain base this farmer was required to restrict total grain acreage to grain base less diversion.)

Option 3 : Accept wheat payment. Divert maximum grain base.

Land use :	Acres
Planted to grain and/or idled.....	43
Diverted grain base.....	150
Any non-grain use.....	100
Conserving base.....	100
As desired.....	107
Total	500

(As in option 2, required to restrict grain acreage to base less diversion. This feature makes the diversion option less attractive to those non-participants in feed grain program now exceeding feed grain base. It would *not* be desirable to attract many of the non-participants in present feed grain program to diversion in this program because of the consequent increase in soybean acreage.)

Option 4 : Refuse wheat payment. Divert minimum grain base. (This example is also illustrative of farm with no wheat allotment.)

Land use:	Acrea
Diverted grain base.....	60
Any nongrain use.....	100
Conserving base.....	100
As desired.....	240
Total.....	500

Cotton farm with grain base

Description:	Acrea
Cropland.....	500
Domestic cotton allotment.....	100
1969 feed grain base.....	100
Grain base under this program.....	100
Conserving base.....	100

Options: By accepting cotton payments the farmer incurs the obligation either to plant to cotton or idle an acreage equal to his domestic allotment. (Under payment limits the obligation could be limited to those acres for which he receives payment.) He would also be required to maintain his conserving base. No other obligation is incurred.

Option 1: Accept cotton payment. No grain diversion.

Land use:	Acrea
Planted to cotton and/or idled.....	100
Conserving base.....	100
Use as desired.....	300

Option 2: Accept cotton payment. Divert maximum grain base.

Land use:	Acrea
Planted to cotton and/or idled.....	100
Diverted grain base.....	50
Any nongrain use.....	200
Conserving base.....	100
Use as desired.....	50

Secretary HARDIN. Now, Mr. Chairman, if I may just say a word.

The CHAIRMAN. Certainly.

Secretary HARDIN. Examples that follow this, as I mentioned earlier, are to show how the arithmetic might work. They may not in all instances be realistic. We have tried to have them representative, but in some instances they may be tougher in terms of retirement acres than will prove to be the case.

The CHAIRMAN. Mr. Secretary, we are very much obliged to you for that statement. I am sure that all of us would wish that it could have been more explicit, but I think that we understand why we must build the skeleton before we put on the meat. I express that wish not as a criticism, but merely as a wish, and I know that you wish it, too.

Secretary HARDIN. Indeed.

The CHAIRMAN. And we hope that that is what we can do during the coming weeks—work out those details and beef up these skeletons after deciding which way we are going. I think we must give some consideration to the details and then make a basic decision as to the direction we are going, and then again rework all of the details.

I am pleased to find that you are as optimistic as you are in feeling that we will be able to maintain farm incomes. I think that that is the crux of the matter, rather than the manner in which we maintain them. I do not think what you have suggested is going to make many people extremely happy, because they are all going to have their own

ideas as to how it should be done. Basically it is not how you do these things, but whether you get that farm income, which is absolutely essential.

Now, I do not want to press you in regard to any details that you are not ready to give us yet. I understand that you will give as much of it as you can, but I was pleased that you could say that you felt that we could and should have a program that would not reduce farm income.

I would point out that, in effect, merely standing still is going to reduce the competitive position of the farmer just as every segment of our economy loses when they simply maintain the status quo in a period of inflation. We have recognized, governmentally, that we must give wage increases to a great many groups, not for the purpose of increasing their relative position, but for the purpose of maintaining their relative position. And while it is not making it any easier for you or for us, we are faced with that inflationary situation and that does mean that the farmer must have the same kind of wage increase. The cost of the things that he buys are constantly increasing, and he finds that he cannot live on the prices of 20 years ago—prices he receives for his products. He could if the prices of things that he has to buy remained static, but they have not remained static. They have constantly gone up.

Every price that any consumer has to pay, the farmer has to pay. Of course, the farmer has to pay the increased cost just the same as the people in the city do. He cannot do it with a 20-year-old price structure on things he produces, because nobody else holds his costs down to that point.

So, I am merely pointing out as an additional problem that we have, that merely maintaining existing prices per pound, per bushel, will not maintain farm buying power if our inflationary forces continue to run as they have been running. Now, I realize the basic effort is to stop inflation so that all of us will be able to buy at more stable prices, but I do want it clear that it is not sufficient simply to maintain a price level on pounds and bushel units.

Now, I do not know that you want to express an opinion or preference between the two approaches which you have suggested. If you do, if you have a personal preference that you think that we should follow, we would be glad to hear it.

If you do not, we do not want to press you on it.

Secretary HARDIN. At this time, Mr. Chairman, I do not think we would desire to state a preference. We feel that either of these, or perhaps variations of them, can work successfully to accomplish what we are hoping to do, and that is to give the farmers greater freedom in making their decisions and adjusting their own farm programs and operations, hopefully to take fuller advantage of whatever advantage may occur through specialization, which is so limited under the restrictive programs that we have today.

And may I add further that with respect to the income discussions in your comments, we are very much aware of the problems you mentioned, and this is one of the reasons that I have used consciously throughout the term "net farm income," which encompasses both the costs and the prices received.

The CHAIRMAN. Well, of these two options, the second one struck me cold this morning. I do not mean to condemn it at all, but of the two, did you have any suggestions as to which would probably give the greatest farm income?

Secretary HARDIN. On this, Mr. Chairman, I think that either of them can be factored to the same level of farm income.

It might vary a bit between commodity groups on this, but there are several valves that can be adjusted so that I think, as far as help to farm income, they would be equally desirable.

The CHAIRMAN. I think we have to recognize that under these or probably under any other program, the effect on farm income is going to be measured in large part by the size of the appropriations that we can hope to get to maintain these programs.

Secretary HARDIN. I felt that it was highly important that we focused first on the mechanics—not to say that farm income is unimportant, because that is what we are after—but to see if we can build in some additional flexibility without too much risk, and give the farmers the freedom that they need to break out of some of the restrictive patterns that they are in.

The CHAIRMAN. Mr. Secretary, a few days ago you and I discussed very casually and briefly the possibility of applying this type of program, or confining this type of program, only to grains. I think it is clear that these programs you have suggested are basically built around our grain crops; that is, wheat and feed grains. The similarity between wheat and feed grains is considerable, of course. Cotton brings in so many foreign problems that are not related to the grain programs. Without making any firm decision, I have thought that it might be worthwhile to consider the question of whether we might not be able to eliminate cotton from either one of these programs, and consider it as you contemplate considering rice, tobacco, and peanuts, both because of the complexity of the problems and because of the size of the crop.

Now, the cotton crop is grown on less than 12 million acres. That is a very small part of the acreage as compared with grain.

In other words, from an acreage standpoint, it is one of the small crops. I am not asking you to give us a commitment that we should take it out. I am not saying that I necessarily want to take it out, but is there not a possibility that we might work this out so that these programs, either one of them, would apply only to grains and push the cotton in with the rice and peanuts and tobacco?

Secretary HARDIN. I think this would be possible.

The CHAIRMAN. Then I think we ought to give it consideration. I am not trying to pass on it, and I am not asking you to try to pass on it.

Secretary HARDIN. Oh, there are many things that we would want to answer before we made a firm commitment, but I think it is definitely one of the possibilities that could be considered, and I think we want, Mr. Chairman, and I hope the members of the committees do, the reactions of our various commodity groups and farm organizations to help guide us.

The CHAIRMAN. Now, you went into a discussion briefly of the so-called family assistance program, and again I think that we must recognize that we have a very serious problem with rural poverty.

It is not entirely an agricultural problem, but it is basically a social problem. I doubt that any of the agricultural programs alone could solve it, and I do not think that alone, any regulation, any operation that affects farm prices would solve the problem of maybe 400,000 operators.

Now, could you give us a little more enlightenment on what you have in mind for that particular group of people? I take it that you are referring to direct public assistance in addition to anything that is related to the farm program.

Secretary HARDIN. Yes. Well, I am referring, of course, to the program the President presented recently, the family security plan, and in which he had two or three new features for revising the welfare programs. The one I am referring to specifically here is inclusion of the working poor, recognizing that in the urban areas you have the situations where people who have some income from employment were denied welfare payments, whereas the people next door who did not work, might be receiving welfare payments and more total income.

This, combined with the employment test that he recommended, work if work is available and if the person is qualified, training if it is needed, and so on, is a new feature along with inclusion of the working poor.

Well, then this prompts us to suggest that many of these very low-income farm families would meet this qualification. We think that there would have to be a careful definition of income which would take into account perhaps products grown on the farm. Perhaps the means test will have to be decided because we could conceive of a person having more than \$1,500 normally considered for this in urban areas in terms of total assets, but still a negative income, and we need to factor this into any definition. But, we think this can be done, and we think the program when it is enacted can be adopted and be very useful to these 400,000 or so low-income farm families.

The CHAIRMAN. Well, Mr. Secretary, I haven't been back in town very long, I just got in last night.

Secretary HARDIN. I know you did.

The CHAIRMAN. And I might not be so bold with my suggestions, but having had fully 15 minutes to consider this, I wonder if it might be worth while for us to consider—for you to consider, and the administration, an approach from the agricultural standpoint that might differ quite widely from what we have been accustomed to doing in the cities.

What you are suggesting is to use Government money to supplement the income of these people.

I think that is probably essential. What I do not like is the idea of giving money if we can avoid direct gifts. Is there any merit to the idea that we might, under a good many circumstances and in a good many instances, subsidize the wages of these workers?

In other words, add to the wages that they are making, because the man that gets his payment in wages is a better citizen. It makes for a better citizenship than to simply have him come to the Government soup line, no matter if that soup line serves beef steak. Might we not, instead of simply giving additional money, simply add to the wages that those men are getting?

Now, I think you recognize that basically those people are getting today all that the agricultural products on which they work will justify them getting. That is, you cannot pay wages that take out more than the values the worker adds to the goods, not very long. But, if the Government subsidizes those wages, added to those wages where work being done on a commodity will not pay out—will not produce the money to pay higher wages, might it not be a better approach all the way around?

Secretary HARDIN. I think this is essentially the same philosophy that is involved in this entire family security program. In other words, we are talking about people here who, as you infer, if everything is right, if the prices were considerably higher than you could ever hope for, and their yield was twice what they are now, they still would have an opportunity to make a living.

Now, the philosophy behind this change in welfare programs is to incorporate this income supplement idea. This is why the employment test is recommended. First, if a man is qualified, every effort is made to match him up with a job that he can do, and if he needs training, try to find training opportunities for him and to help move these people from their present plight into becoming more productive citizens.

Now, also, up until the present time, welfare has been administered in such a way that there was almost a disincentive to work built into it. Under the program that we are recommending, it is factored in such a way that this incentive to work is greatly increased and the incentive not to work is greatly reduced. I think this is getting at the thing that you are mentioning, to try to factor this in such a way that there is a great premium for people to lift themselves up with their own efforts.

Now, whether we could, with a self-employed person, actually find a way to give him more in the marketplace or wherever, I do not know, but the philosophy certainly can be incorporated into this.

The CHAIRMAN. I wonder if you could give us just a word about the mission of the President's recently organized task force that is supposed to be studying rural development and improvement of agriculture?

Secretary HARDIN. Well, this one is just getting underway, Mr. Chairman, and this is pointed at the broader picture or nonmetropolitan America, recognizing that we probably will have another 100 million Americans by the end of this century, another additional 3 million or so per year, recognizing that this is a result of the new births, that most of the new people are going to be born in the metropolitan areas because that is where their parents are. If there is not some dispersal of our total population during the ensuing years of metropolitan centers, our metropolitan centers are simply going to get more and more heavily populated, with the inherent problems that pile up on top of those we already have.

And obviously people cannot be ordered or dictated into new areas. If they are to disperse, it must be for productive employment opportunities, for good living conditions, and so on. So, this task force is examining across-the-board things that might be done to help smaller cities, county seat towns and other towns, communities across America,

particularly the nonmetropolitan areas, to do the things that will need to be done to provide employment opportunities and living conditions for these people. There are, of course, a whole raft of things broader than programs, the current programs of the Department of Agriculture. As I mentioned in the paper, it involves the housing programs of the Department of Housing and Urban Development. It involves labor retraining, it involves consideration of sewer and water systems which is a program in the Department of Agriculture, and long-term planning. We are urging this group to think in terms of services that might be made available to communities that want it on a coordinated basis that would help them develop.

The CHAIRMAN. Well, I just wanted to make one or two comments about that task force. The first is my own concern that it would cause delay in acting on the farm legislation. I think you make it rather clear that it is not intended to cause any delay on this action, because I think you very correctly pointed out that farmers must know as long as possible in advance what they can count on. They simply cannot turn their plant on and off as you could turn a factory on and off, day by day. They have to run it year by year, and oftentimes they need several years leadtime rather than a few days.

One of the most disastrous things we can do for farmers is to create uncertainty by changing programs too frequently. I am glad to have your feeling that it is not going to cause any delay in that respect.

Then in much the same vein I would like to point out that much of the work that they are studying, water and sewer systems and so on, we already know we need. It is all right to study these programs, and we need to study them, and it ought to be done, but in the meantime we ought to be financing the programs we now have. Every time I go home the main thing I hear is why have we not any money to do any of these things.

And, of course, it is because the money is either not approved by the Congress or the President has impounded it—and there has been a good deal of both. We have got to have the money authorized for those programs if they are to be functional and are to give the benefits that we know they can give. Just within the last few days I have seen a great deal of benefits of these rural water systems. They are benefiting not only rural people, but they are enabling a great many urban people to enjoy the advantages of living in rural areas even though they are doing no farming.

I suppose that half of our rural water systems, or half of their customers, are people who came out there because of the water system. They come after the water system is established. It means a great deal.

Well, I could talk on and on with this, but again, let me thank you, Mr. Secretary.

Mr. Belcher?

Mr. BELCHER. I do not have any particular questions. I think the chairman has covered them pretty well. I do want to congratulate you, Mr. Secretary, on the method and the mood in which you approach this committee, and it has been more or less policy in the past for a Secretary of Agriculture to work out a complete farm program, have somebody introduce it, and come down and testify on it.

I am glad that you realize the necessity of conferring with the com-

mittee and using the knowledge and experience of this committee in helping you work out a program.

I want to congratulate the chairman and you, both, for arranging these meetings between the committee and you and your staff. I think we have had 10 meetings in which there was a free exchange of ideas, and a discussion, and an opportunity for the committee to get better acquainted with the staff, and the staff with the committee, in which there was an opportunity for members of the committee to ask you questions, and I want to congratulate the chairman and you both on the spirit of cooperation which you both have displayed here this morning.

As you have both said, there is not going to be a farm bill unless we at least get a great majority of us together, and I think that you are making these suggestions, not as an adamant desire or program in which we cannot cross a t or dot an i without incurring the nonsupport of the administration, I feel, and I have said in all of my 19 years that I have been here, that we have got to get together on these programs, we have got to support each other, we have got to get programs that can be supported by both Democrats and Republicans and by the administration, and the leadership on both sides of the House and the Senate, if we are going to hope at all to solve any of these agricultural problems.

So, it has always been my contention that agricultural problems are not a partisan issue. Democrats and Republicans or Democratic farmers and Republican farmers can both go broke together, and a program that helps one is going to help the other, and a program that bankrupts one is going to bankrupt the other. I appreciate the spirit in which you have come here and which has been displayed here today, and I do not believe there is going to be any partisanship in this. There may be a difference of opinion, but I think that with this approach we can have an opportunity to really solve a lot of these farm problems and really work out a workable program which the Congress can accept and the administration can accept, and both sides of the aisle can accept.

So, again, I want to congratulate both you and the chairman.

The CHAIRMAN. Mr. McMillan?

Mr. McMILLAN. Mr. Chairman, I just want to congratulate the Secretary on his forthright presentation of this problem. I was especially happy to hear the Secretary express his extreme cooperative spirit when he presented his statement this morning. We all know we must cooperate if we come anywhere near solving this farm problem.

I was also happy to know that he is of the opinion that all of these programs should be studied thoroughly before we change the present programs, to see if they are working successfully. I would also hope that we would try to find out why so many people are leaving the farms at the present time.

Thank you.

The CHAIRMAN. Thank you, Mr. McMillan.

Mrs. May.

Mrs. MAY. Thank you, Mr. Chairman. Mr. Secretary, I, too, would like to join my colleagues in congratulating you and complimenting you on a presentation that leaves no doubt that the administration and

the Department of Agriculture are going to make every effort to cooperate on a nonpartisan basis with Congress in designing equitable and effective farm legislation.

May I make a personal comment and introduction, Mr. Chairman?

We are glad to welcome the Secretary, and I wonder if I might introduce an equally important member of his family in this united effort, and introduce to this committee and the people here his charming wife, Martha Hardin. [Applause.]

Mrs. MAY. Mr. Secretary, you have said in your statement, quite properly, that we have before us a number of farm programs, and then in your statement you have added two alternatives for our consideration. I am assuming you are referring to programs this committee has had hearings on. Programs that come from farm organizations such as the Farm Bureau program, the coalition program, and others.

My question at this point is: Will you be giving us your comments at a later time more in detail and analyses on these programs, an evaluation of these programs?

At this time, do you wish to make any general comments on the other programs that have been presented to us?

Secretary HARDIN. Not at this time, I think. But, I think we should examine all of these and compare them, and also consider the responses in connection with all of them from the commodity groups and the farm organizations that represented them, and I assume that they will want to reexamine their programs in the light of our presentations too, to see if there are features here that have appeal.

Mrs. MAY. Well, I guess what I am trying to say, Mr. Secretary, is that we assume at this point that you feel that you have reservations or that you feel there are drawbacks to one or more of these programs; otherwise you would have embraced one of these approaches?

Secretary HARDIN. Yes, I think this is a correct assumption, that we have reservations with respect to certain features of them. That is correct.

Mrs. MAY. Mr. Secretary, I am very glad that you have given such intelligent and understanding recognition to two important areas in addition to the mechanics of the commodity programs.

One is, of course, your emphasis on people impact, as you say. We have certainly learned, it seems to me, that there is no way to fashion commodity programs to the special needs of our low-income farmers on land that just cannot now or ever provide a decent living income.

And on the other point, I am very glad that you have given recognition to the inescapable fact, based on the experience of past years, that we must give equal, or even greater emphasis to retiring some farm land permanently, because unless we do this we honestly have no real hope of becoming less dependent on the commodity program approach.

Now, the chairman has indicated in his dialog with you that we have not been very successful in selling Congress on going further with programs that would provide wise ways of permanent retirement of land. The unfortunate history of these programs has been, that the programs have passed, and then are rarely funded. They wither away on the vine. Congress agrees with the philosophical

approach but then they are not allowed to work. This is of grave concern to all of us, and I know that it stems from lack of full understanding, by the public. We certainly know that commodity programs and the philosophy behind them do not find great acceptance today in urban areas. They ask for solutions from us, immediate solutions, without recognition that we have to get some place first, before we can change our approach on the commodity program.

I guess the only question I have is do you feel that we can change this attitude by providing understanding to the general public and, therefore, that would bring us congressional support where we need it?

Secretary HARDIN. Well, perhaps you are in a better position to judge this than I, but I am optimistic, Mrs. May. I feel that the American public has a fine sense of justice once they know the facts. When it is generally known that we do have a real income problem in agriculture, and that farmers have not been permitted to share equitably in the rising levels of living that are part of our advancing technology, I think when this is realized there will be, out of a sense of fairness, some support coming forward for these programs. I certainly hope so, and I think it will.

Mrs. MAY. Thank you. I think that gives comfort to all of us on this committee, that working together, maybe we can reach this goal.

That is all, Mr. Chairman.

The CHAIRMAN. Thank you, Mrs. May.

Mr. Abernethy.

Mr. ABERNETHY. Thank you, Mr. Chairman.

Mr. Secretary, I would like to join with my other colleagues in extending you a welcome to this room and compliment you on your manner of approach, as well as on your personality.

We have had some shouting matches in this room over the years. They may come later, I do not know. However, I know you agree with me that the objective of all of us is the same as that of yours, and as set forth on the first page of your statement, "to increase farm income and reduce Government costs." I think both objectives are very sound, and ideal.

Most of the farmers today are receiving considerably less for the crops they put on the market than they were receiving 20 years ago. This is a fact which the American people do not seem to realize. It is a fact that we have not been able to get through to them through the news media. I do not know what corn is bringing today, they do not produce very much of it in my area, but I think it is about a dollar a bushel. It has brought as much as \$2.50 and \$3; yet today the cost of the farmers' machinery and their equipment and their land and the taxes and other things have accelerated to a point that it is just impossible for them to make money on dollar-a-bushel corn or 25-cent cotton.

I do not know how we are going to increase the income. I am not sure, and I say this in all deference that these views, or this skeleton that you have proposed here, will do it. I am not at all certain about it. I hope that it will.

It may save some money; but at the same time I do not make any apologies to the American people for the costs to agriculture; and I am sure that you do not either, Mr. Secretary. I know that is not your pur-

pose here. You are here representing the farmers. The cost of the agriculture appropriation bills are only about 31½ percent of the operating cost of this Federal Government, and certainly all will agree that agriculture is the most important segment of our economy. It is that segment which produces the food and fiber which feeds and clothes the Nation.

It appears to me that 3.5 percent of the Federal budget is a very small amount of money when we take into consideration the fact that the American people pay for their food and fiber the smallest portion of their income of any people in the world. This is another important factor that we have been unable to get through to the people of this Nation through the news media. I am not criticizing my newspaper friends here, but I do hope they are listening.

I think the people of this country need to know of this.

We still have an animal instinct in us. There was a time when the Romans enjoyed throwing human beings to the lions. We still have just a little bit of that in us, unfortunately.

That was due to the fact that we are all animals of a sort. We get a little bloodthirsty occasionally. So the news media have in a sense been throwing our farmers to the lions over farm payments and much of the public has enjoyed it. We had so much storm about this payment business that the people of the Nation have had their attention directed away from the good that has come to them through your great Department of Agriculture and through the great programs that have come through this committee and this Congress.

I hope that the information that is disseminated to the people in the months ahead can divert their attention from some of these rather minor things, and I hope that the idea of chewing out a particular person because of the size of the payment he may have received is not played all out of proportion when considering the cheap food and fiber the public is getting in comparison with the per capita earning in these great United States of ours.

I agree with you, Mr. Secretary, that this is a matter which should be moved upon with dispatch. Of course, I do not think, Mr. Secretary, we can move very far until the Department has a little more than this ready, and you agree with that in your statement.

That leads me to a question, when can we anticipate that you will be down to the point of details, to the point maybe of drafting the type of bill that the Department would approve, to the point of deciding on which one of these programs that you recommend this morning, which avenue you will take?

Secretary HARDIN. I think, sir, that we are prepared to work with you on almost any schedule that we could put together. We are ready to roll up our sleeves and go right to work. Once we can have an agreement on the direction we want to go, we will start putting meat on these bones, as someone mentioned, and I do not know how many weeks this takes or how long.

I suspect that will depend upon how quickly we get to an agreement. But, if we can map out a strategy here, we are prepared to put full time on it.

Mr. ABERNETHY. Well, with all deference, Mr. Secretary, and I am not against anything new, do not misunderstand me, this is a rather

new approach. I do not know how we can get started until we have before us the specific recommendations of the administration. I am not kidding myself into thinking that this committee can bring out something that the administration does not like and pass it. I am sure that we cannot. I know whatever the committee brings out must, to a great degree, coincide with the views of the administration, and what we have this morning is only a very general outline.

We have not gotten down to specifics. I do not think we can get down to specifics until the Department has put in some sort of bill form that which it has in mind.

Secretary HARDIN. Yes, and we realize that. But, I do feel, Congressman ABERNETHY, that one of the important elements of a program, if it is to be successful, has to be the degree of support that it has with the farm community itself and from the Congress. I feel that we can get some further on this with the presentation we have made here, and once we have it we can move to the next step.

But, I think we would be wasting time to come forward with something that will not have support and then have to start over again.

And so, this is the reason we have chosen this approach. We feel, in fact we think we know, that there are or there exists more than one way in which we can get to where we would like to be, and once we pick a pattern then, of course, we can refine it and move forward.

So, we certainly hope we can get there very soon now, but that is the reason for it, and I feel that it is important that those of you who have had so much experience in this in the past should have an opportunity to get your licks in before we finish and give you the finished document and say this is it, and let's don't make any changes.

Mr. ABERNETHY. That may be the attitude of a good portion of this committee.

Secretary HARDIN. So, let us see what comes. I visited with the chairman earlier this morning a little bit about possibly having some conferences rather soon to plan the next steps.

Mr. ABERNETHY. Well, you are speaking of set-asides, and you are not ready yet to really say what percentages of land should be set aside or what percentage should be diverted, you have come to no finalized conclusions?

Secretary HARDIN. No, but we can give you very quickly, if you want it, some ranges on this.

Mr. ABERNETHY. I understand that. I understand that. Now, you speak of payments. It is your objective to continue to use the payment program?

Secretary HARDIN. Yes, sir.

Mr. ABERNETHY. And you recognize, I am sure, that there is a distinction in the payments, one to supplement income and the other to adjust production, and a necessity for each in order to get for the American people the quantity and quality of the particular crops that they need.

Secretary HARDIN. And to keep our foreign markets, keep access to foreign markets.

Mr. ABERNETHY. And to keep our foreign markets, which are dwindling pretty rapidly, incidentally.

Well, with the limitations that you referred to in your statement—and you did not suggest them—is it your feeling that those figures

will meet the levels necessary to bring about the adjustments, either up or down; that is, to gain the production of a crop that the country needs, or to reduce the crop in the manner that the country needs?

Secretary HARDIN. We think the figures suggested here are in the ball park; yes.

Mr. ABERNETHY. They are what?

Secretary HARDIN. They are in the ball park. They are close.

Mr. ABERNETHY. They are close. You do not propose, as I understand it, to apply those figures to sugar and wool at this time?

Secretary HARDIN. At this time; no.

Mr. ABERNETHY. There would be no limitation; that is, there would be no change in the payments in the current laws that are made on the wool and the sugar program?

Secretary HARDIN. Not in this proposal; no, sir.

Mr. ABERNETHY. Have you come to any conclusion on the loan level that you would allow cotton to be brought into the Commodity Credit Corporation?

Secretary HARDIN. This is an item that I think we need some very, very careful discussion about. I remember Chairman Poage mentioned the other day the concern that he has, and I share it, that sometimes it seems as if the loan rate that was announced became a target for other countries to get under slightly, and this is a problem I think we have to concern ourselves with, and is there a way to get around that problem.

We feel definitely that we must provide a source of credit to farm producers, and that we must keep for that reason a loan program. But, at this point, and recognizing the international situation and the necessity of working within the framework of the General Agreement on Tariffs and Trade, and other things of this kind, we would hope that the emphasis could be primarily on credit and not so much as a support price per se, but the income supplement would come the other way.

There are efforts being made to develop an atmosphere of freer trade around the world, and to convince other countries to depart from heavy subsidies on their exports.

The point you raised is one we must have further discussion on, and it is an extremely important and critical element in the total program.

Mr. ABERNETHY. One or two just hurried questions, Mr. Secretary: What year do you plan to us as a base year for the purpose of making the domestic allotments?

Secretary HARDIN. This is another area that we will need to discuss. We had not planned to propose a new set of base years. This does not mean that we would have to stick rigidly with existing bases. We could, I think, factor in some basis for some reconsideration of hardship cases, but we know that whatever set of years might be taken, it will produce some inequities. It is impossible to do otherwise. There are some in the present schedule that we all recognize, but probably we will need to factor in some basis for altering the bases from time to time.

Mr. ABERNETHY. Well, you have two sets of acreages in these programs, one is a percentage of the domestic allotment, which actually would be planted in and eligible for loan, and then the remainder of the farm, with the exception of the set-aside, may also be put in that

crop. Would all of that acreage be taken into consideration in establishing the base, or only that portion of the domestic allotment?

Secretary HARDIN. Only the portion of the domestic allotment.

Mr. ABERNETHY. All right, now, on page 5 you suggest under the set-aside program that the farmer would have full freedom to use the remainder of his tilled acreage in any way he wished. Would that mean that he could plant, a cotton farmer could plant rice, tobacco, and peanuts and anything else he wanted to plant on that land?

Secretary HARDIN. Subject, in those cases, to the limitations that those programs would have in themselves. There is a rice program and a peanut program, and so forth.

Mr. ABERNETHY. If it is subject to those limitations, then he could not plant an acre of such.

Secretary HARDIN. That is right, that would be limiting there. But, he could plant it all in cotton, he could plant it all in corn, or he could plant it all in wheat.

Mr. ABERNETHY. But he cannot, and I do not want to get too meticulous, but I do want this clear—he cannot then plant it in any way he wishes? It has to be within the limitations of the various programs? There would be some crops that he could not plant?

Secretary HARDIN. So long as we have a tobacco program that limits the acreage he would be subject to that limitation, of course.

Mr. ABERNETHY. Now, on the easement program, you say that the farmer could continue to live on the land and use it for anything other than crop production. What would he use it for?

Secretary HARDIN. He could——

Mr. ABERNETHY. Timber, is that regarded—timber?

Secretary HARDIN. I beg your pardon?

Mr. ABERNETHY. Timber?

Secretary HARDIN. Yes; certainly that would be one. The matter of grazing would be a question that we would need to decide. Obviously, the price that would be paid for the cropping rights would be influenced by whether or not grazing would be permitted. Presumably, if grazing would be permitted, the cost would be less.

This would be something we would have to consider in writing the specifics into the bill. If he happened to be fortunate enough to be where there was a highway going through, I suppose he could sell it for that, or a park, or anything else.

But, as far as the Government is concerned, the only limit would be tilled crops.

Mr. ABERNETHY. Do you contemplate this program will begin with the 1971 crops?

Secretary HARDIN. Yes.

Mr. ABERNETHY. And, therefore, we will continue through 1970 with the current programs?

Secretary HARDIN. Yes; that is correct.

Mr. ABERNETHY. Therefore, you continue to stand on the position you announced here some several months ago that you think it would be a mistake for the limitation on payments to be applied to the pending appropriations bill?

Secretary HARDIN. Yes. I think we have made our position very clear on that. We feel that it would complicate the program for 1970 very much to have the limit under existing legislation.

Mr. ABERNETHY. As well as——

Secretary HARDIN. Would increase the cost of the total program to the Government.

Mr. ABERNETHY. You are still of the opinion it would cost more money?

Secretary HARDIN. Yes, we are.

Mr. ABERNETHY. I hope the press is listening to that, also.

Now, Mr. Secretary, if the Congress should insist on the limitation of the payment program, what do you propose to recommend to fill in gaps such will create? We have told him this is what the program will be through 1970. It was voted out of this committee and approved by the Congress. It was signed by the President.

Now, do you have any ideas as to what we can fit into the breach if the limitation is applied?

Secretary HARDIN. No, sir, I do not have a recommendation on that.

Mr. ABERNETHY. Regretfully I don't, either. It disturbs us all.

Secretary HARDIN. And if this action is taken by the Congress I think that all that we can do is to carry out the intent of the congressional body.

Mr. ABERNETHY. Well, thank you very much, Mr. Secretary.

The CHAIRMAN. Thank you, Mr. Abernethy.

Mr. Wampler.

Mr. WAMPLER. Mr. Secretary, I am privileged to have among my constituency some 17,000 growers of burley tobacco. I notice on the bottom of page 8 of your statement you said that after some pattern has been set for cotton, wheat, and feed grains, we must give close attention to these other programs.

Mr. Secretary, are you prepared, this morning, in spite of that statement, to share with this committee any views which you may have pertaining to the future of tobacco growers?

Secretary HARDIN. No, sir, I am sorry, but we simply do not have any recommendations at all to make on the tobacco program at this time.

Mr. WAMPLER. I know from previous conversations with you, Under Secretary Campbell, and Assistant Secretary Palmby, that you have several extremely knowledgeable men in the tobacco program.

May I make just a few brief observations: It seems to me that of all of our commodity programs, tobacco, in spite of what some agencies of the Federal Government and others might say, has been successful. First, it has, by and large, kept supply in line with demand. Second, I think it has been a minimum cost to the taxpayer. Third, our grower referendums indicate there is almost unanimous acceptance of the program among the growers. Last, but by no means least, tobacco has been one of our most sought-after export commodities in our agricultural programs, and it certainly has been most helpful in bringing about that goal that we all want to get—a desirable balance in our payments.

Secretary HARDIN. That is true.

Mr. WAMPLER. I hope that you will take this into consideration, because despite what others have said about tobacco, it is still a legal product. It has not been outlawed yet, and many of us are concerned. I know of your attitude and I appreciate it very much.

Thank you, sir.

The CHAIRMAN. Mr. Stubblefield.

Mr. STUBBLEFIELD. Thank you, Mr. Chairman.

Mr. Secretary, I would just like to compliment you for putting this skeleton together very cautiously, and I hope you will continue to work in the same fashion in putting the meat on the bones. Going from Mr. Wampler's comments on tobacco, we just hope that the boat is not rocked any further. It has already been shot full of holes, but I hope we can repair those. Still, I would implore you to please not dabble with the tobacco program.

That is all, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Stubblefield.

Mr. Goodling?

Mr. GOODLING. Thank you, Mr. Chairman.

Mr. Secretary, Mrs. May used a term that I do not particularly like, and I do not believe you used it. I am referring to your statement, Mrs. May, on permanent retirement. Now, every time we build a super-highway, every time we build an airport, every time we build a school or a big industrial complex in a rural area we are taking land out of production permanently.

Now, I think we all agree in this committee that we must take land out of food production, but I do not want us to take land out of production permanently. If and when the need arises, I want us to have a program that we can bring land back into food production at any time the need is there. That will probably not happen in your time or mine but I can see in the future where we may well need all of the land that we can put into production in the United States.

Secretary HARDIN. Perhaps the word "permanent" is an unfortunate one here. Presumably, if the Government owned the cropping rights there would be a basis upon which they could be made or put back into the farmers hands, if, indeed, there was a need at some point in the future.

I think our concern here is one of getting something moving, started, one that gets us out of the merry-go-round that we have been on, that you take it out for 1 year, or 5 years, or 10 years, and then have to start it all over again. If we could get something here that would give us at least, if we do not want to use the word permanent, long lasting benefits in attempting to regulate production.

Mr. GOODLING. That is all, Mr. Chairman. Thank you.

The CHAIRMAN. Thank you, Mr. Goodling.

Mr. Purcell.

Mr. PURCELL. Thank you, Mr. Chairman.

Mr. Secretary, every one has stated that we appreciate your thoughtfulness, and I do not want to get left out on that. I would just add another note of urgency for us not waiting so long that farmers cannot make their plans. We saw an example last week on a trip that some of us were on where a machine that picked cotton cost, I think, \$22,000. This November that same machine goes up to \$24,000, and if the people in the cotton business are going to be required to spend this kind of money, they certainly must know as far in advance as possible, and so I just want to add, as most of the others have, the importance of moving with some degree of promptness now, because this is about the first of October.

Then one statement and question about the rural development programs that you referred to briefly in your statement.

Now, I think I can understand your desire to bring about commodity programs that are liked by farmers, and none of them are perfect and, therefore, I can understand your desire to change them.

I am aware that there are rural areas that have gone into a cooperative or where there are multicounty groups that have gone together and have made some real progress, and yet I believe that basically this has been a dormant area. You say here, in your statement that there is a Presidential task force studying this.

Now, can you give us any time estimate as to when these studies that have been in effect so long, will bear fruit? I think we know what the problems are—we need better combinations, we need housing, we need water, we need sewers, we need a way of planning for the progress of these areas in units that are larger than the counties which are laid out and were laid out many years ago. Now, when can we get going again?

Secretary HARDIN. Well, of course, in several of these areas we are still moving, and nothing has been stopped. To the extent that there are funds available for sewer and water systems, they are being pushed.

The effort at community planning and all of this is continuing. What we are discussing here is how we can get a bigger thrust into it, and step up the timetable. I have heard very little criticism of what we are doing except it is not going fast enough and it is not widespread enough. I think this is the thrust. Is there some way that we can move significantly, and then perhaps pull in more than we have in the past some of these programs that have been designed primarily for the urban centers, but which can be adopted and used extensively in the rural areas?

Mr. PURCELL. Well, I think that we cannot force any changes in the rural-related areas unless we, and I am not saying "you," but "we" can show some progress.

The final statement I have about the easement approach, the fact that you again today say that there is a possibility of grazing these areas; I am not pretending to put in the first note of real objection, but I want the record to show that I do object, and I think that we are going to make the price of meat to the consumer higher over the next year or 2 or 3, if there is a significant amount of grazing allowed by these programs, because this will bring in new people, it will take off the market female cattle that would have to be used to put on these acres, and with the price of meat as it is now, the consumer will be more concerned than ever. I think it would be an unfair method of subsidizing competitive products that do not need that.

The consumer does not need to have his products artificially raised in price, and I feel in the long run that that would be the case.

Secretary HARDIN. We are certainly aware of this situation, and that is one of the reasons that we have indicated caution.

The other one that I did not mention in the statement I think is also important, as we have studied what the possible impact of this might be if it were a large program. It is the tenant farmer, the man who is renting one or more farms from different landlords, and the spot that he could be in if he happens to be dealing with these different

landlords and two of them should decide they would come into a program like this, and what this would do to his organization.

So, these are all things that we must look at with some caution.

Mr. PURCELL. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Purcell.

Mr. Miller.

Mr. MILLER. Thank you, Mr. Chairman.

Mr. Secretary, I listened to your remarks with interest. I have a question concerning the set-aside program, the domestic allotment, and the diversion programs, where Government payments would be made for the domestic allotment. Now, it appears as we project ahead that you would be giving the farmer a greater choice of operating his own business by allowing him this freedom to produce what he desires on a given amount of his land. Now, would this make it possible for the large farmowners, who possibly could operate more efficiently, to help recapture a part of the foreign market and help in our balance of payments as we see it today?

Secretary HARDIN. Well, Congressman Miller, this is certainly a hope, and I suppose we will not know the answer for sure on this until it is tried. But, there have been a great many farmers who have indicated that if they could plant more acres of wheat or some other crop they could reduce their costs, and they feel they can compete effectively at world prices with a portion of their crops. It is awfully hard to predict how much of this would happen at this point, but it is certainly one of the things we very definitely have in mind.

Mr. MILLER. We are saying that we would give it a try. Now, would this brush off on the domestic market so as to lower the price for the farmers in the same area? Could they be isolated?

Secretary HARDIN. Well, under the set-aside the same prices prevail both places so that the consumers would also have the advantage, the local domestic consumers, of the lower prices.

Mr. MILLER. One other area that you spoke of concerns me; that is the people problem. It is so true, and I am glad that you and the department are facing up to this, it has been a problem over the years in the rural area. I have also cosponsored legislation that we call reverse migration legislation. We should have more sewerlines, more waterlines in the rural areas, so we can attract industry and move many of the people that would like to live in the rural areas back from the cities where they have moved in order to find jobs. I am happy to see that you have this in mind.

Secretary HARDIN. Fine.

Mr. MILLER. That is all, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Miller.

Mr. O'Neal.

Mr. O'NEAL. Thank you, Mr. Chairman.

Following up on the questions and comments of the gentleman from Virginia, and the gentleman from Kentucky, I have one question, Mr. Secretary. When do you hope you can, or when do you plan to make recommendations on allotment transfer programs of the Department, particularly peanuts and rice as well as tobacco?

Now, I know that on page 8 you say that it will be after some pattern has been set for cotton, wheat and feed grains, but I wondered if you

could be a little bit more specific in that, and before you answer, I might say that I do not think continuing the present program would exactly be tampering with it.

Secretary HARDIN. Would be exactly—pardon? What?

Mr. O'NEAL. Tampering with the programs. The gentleman from Kentucky said he did not want any tampering with the tobacco program, but I do not think continuing the present program would be tampering.

Secretary HARDIN. No. The reason that this is put in here is just to recognize that some of these do expire.

Mr. O'NEAL. Yes; and I was just trying to find out when you hoped you could make some recommendations about the allotment transfer.

Secretary HARDIN. I think we would be prepared to meet any schedule that seemed desirable, but in any event, I think it has to be in the next very few months in order to give the growers a chance to make their plans.

Mr. O'NEAL. I agree, and I thank you, sir.

The CHAIRMAN. Mr. Mathias.

Mr. MATHIAS. Thank you, Mr. Chairman.

Mr. Secretary, I know we all appreciate your being here this morning to tell us your views on this very important upcoming legislation. I do not have any questions at this time, but I am looking forward very shortly to meeting with the USDA and trying to solve this very great problem we have.

Secretary HARDIN. Thank you.

Mr. MATHIAS. That is all I have, Mr. Chairman.

The CHAIRMAN. Mr. Foley.

Mr. FOLEY. Thank you, Mr. Chairman.

Mr. Secretary, I have listened to your testimony with great interest. It is very informative in showing the general direction that the Department wants to move.

I was, however, a little bit reminded of that story about the disappointed congressional speech writer who, having been turned down for a raise wrote into his Congressman's next speech specific promises to provide a detailed program by which the United States could meet all of its foreign and domestic obligations, meet national security, meet the problems of health and welfare, the cities and transportation, while at the same time cutting Federal taxes 50 percent across the board.

I do not know if you have any disappointed analysts in the Department of Agriculture, but it seems to me that the three goals referred to in your statement pose a pretty tall order for both the Department and the committee. They are: one, increasing farm income; two, reducing Government costs; and three, reducing Government controls.

The committee has received suggestions from other sources which would reduce income, reduce controls, and reduce costs. We have recommendations that increased costs, increase income, and increase controls. But, I have never had the pleasure of seeing a program that increases income while reducing costs and controls. If the Department can suggest such a program, this Member of Congress will be enthusiastic in supporting it.

Secretary HARDIN. May I just say a word there?

Mr. FOLEY. Yes.

Secretary HARDIN. I do not think these are necessarily inconsistent. It is partly a matter of timing, and I do not think that we can look to reducing costs immediately, but if we are going to look to reducing costs down the road, I think it is extremely important that we permit some flexibility so that these adjustments and advantages of specialization can take place, so that the market can be more active on its own. And if there is hope that the payments can be reduced without adversely affecting farm income, it has to be in this sphere, and this is what we have in mind in putting those three in there. It is a matter of timing, which I did not make clear.

Mr. FOLEY. I am pleased to hear that the Department does not feel the time has come to propose a major, large-scale land retirement program, and that you prefer approaching our land resource problems on a small scale. I would like to ask just one more question.

Has the Department made extensive studies on various payment limitation levels and their effects in the commodity field?

Secretary HARDIN. Yes; we have made a number of studies of what the impact of this would be, what the impact would be, for example, on how much more acreage we would have to have coming out of the smaller farms, and things of this kind, assuming that we lost some of the larger farmers from the program as a result of the limitations.

Mr. FOLEY. Will those background studies be available to the members of this committee for their information?

Secretary HARDIN. Yes; indeed they will.

Mr. FOLEY. When the Department does present specific recommendations to fill in the framework and the structure that you have outlined today, will they be available to farm organizations and others who are interested in them?

Secretary HARDIN. Yes.

Mr. FOLEY. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Foley.

Mr. MAYNE.

Mr. MAYNE. Mr. Secretary, I want to thank you for this testimony this morning and for the great amount of time that you have spent with the committee and the meetings referred to in your statement.

I noticed in discussing the "set-aside" program you said that the feed grain base would be similar to the present one, and then, in your answer to a question from Mr. Abernethy I was very encouraged that you stated you would not stick rigidly with the present base, but would probably factor in some way of taking care of hardship cases.

Now, am I correct in assuming that this means the determination of the feed grain base will, indeed, be flexible enough to remedy the many instances of unfair discrimination which have occurred under the present program?

Secretary HARDIN. Well, Congressman Mayne, I do not want to get committed too flatly on it, but I am not sure anyone can design one that everybody would think is fair, but what I was really indicating here is that if the committee agrees that we should have some means of making adjustments, we certainly would have no objections to this, and we feel there are some cases where there are indeed hardships. But, to say that we can come up with something that everyone would regard as fair, I think is asking a lot.

Mr. MAYNE. But at any rate, you are not recommending that the present base should be frozen without any opportunity for adjustments?

Secretary HARDIN. That is correct.

Mr. MAYNE. And under your proposal, farmers who do honestly believe they have been unfairly discriminated against, could look forward to a sympathetic consideration of this problem of what should be their feed grain base?

The reason I mention this is that this is one of the most frequent complaints that I get about the present program. It comes from farmers who did, in good faith, cooperate with their Government back during the 1959-60 base period by following good programs of crop rotation and conservation, and they feel that they have been unfairly penalized ever since while their neighbors, who had no interest in these very worthy programs, have had a much higher base and an unfair advantage over them.

I thank you, Mr. Secretary, for this additional assurance that you, at least, favor enough flexibility to consider the problem of farmers who find themselves in this situation. Thank you.

The CHAIRMAN. Thank you, Mr. Mayne.

Mr. de la Garza.

Mr. DE LE GARZA. Mr. Chairman, seeing the nice treatment that the committee has afforded the Secretary, I'm hoping that he might make a return appearance, and looking at the clock, I will defer my question until his next appearance before the committee.

The CHAIRMAN. I am not going to allow anybody to reserve their questions because as I get on down the line here we may not have time. We will come back to you if we can, but we may not have the opportunity. If you want to run the risk, all right.

Mr. Zwach?

Mr. ZWACH. Mr. Chairman, thank you.

Mr. Secretary, I appreciate especially your statement on the bottom of page 2 and the top of page 3, that says:

It is my firm belief that whatever series of programs we ultimately decide upon must provide restraints on production that will permit satisfactory levels of price and income.

I think you acknowledge here how fortunate we are that we are dealing with abundance, and our problem is not, thankfully, scarcity, it is one of fierce and efficient production by our producers, and our problem is to try to bring them a fair price.

We are here trying to do what Government can do to help them. In your visits about the country, do you find that producers themselves are getting more marketing strength, marketing power, and that they are going to be able to do more for themselves to get a fair and equitable price in the marketplace?

What is your assessment, briefly, in this area?

Secretary HARDIN. Well, I think, Congressman Zwach, that there is a definite trend this way. Several groups have taken steps, have organized themselves in such a way that I think they are increasing their bargaining power, and I think this is important and a trend that we should encourage.

Mr. ZWACH. Yes.

Secretary HARDIN. Yes; but I do not think it has been dramatic, but I think it has been solid and the trend is there.

Mr. ZWACH. There is some hope in this area?

Secretary HARDIN. I think so.

Mr. ZWACH. That is all, Mr. Chairman. Thank you.

The CHAIRMAN. Thank you, Mr. Zwach.

Mr. Kleppe?

Mr. KLEPPE. Thank you, Mr. Chairman.

First of all, Mr. Secretary, I was pleased by the introductory remarks made by the chairman calling this hearing, and also the remarks of Mr. Belcher, and I would like to associate myself with those remarks regarding your appearance here.

I want to make specific mention of the statement on the first page that indicates that if we do not have a farm program that we will revert back to the old programs, and that farm income would be decreased by a billion dollars, roughly. I want to emphasize this, and I would like to put it in parentheses or do anything else that needs to be done to call proper attention to what could happen. I think those of us that try to speak for, and represent, the farmers realize that this is a very important ingredient in our deliberations and in your work.

Secondly, I would like to agree with you and compliment you on your views regarding CAP funding. I feel that this is a good program, and I certainly hope that we can succeed in convincing this Congress that it should be funded, and with the help of the administration it certainly is going to improve our status in that regard.

Now, I do have one question regarding payment limitations, and you are familiar with the situation that has developed, particularly in the House I am referring to now. Have you given any particular thought in regard to a program of payment limitation as to whether it should be a flat figure or whether it might be a graduating figure?

Secretary HARDIN. Yes, we have given thought to it, Congressman Kleppe, and we have a graduated program with one commodity now, sugar. I think this is one of the very definite ones that has a possibility, and we should take a hard look at it.

Mr. KLEPPE. It is in a category of something that falls along the line of getting down to the details after we have agreed on the mechanics by and large.

Second, in that regard, have you had any particular thoughts as to whether or not these limitations ought to be limited to one commodity or one producer?

Secretary HARDIN. I think there has to be, well, probably has to be some tie between them, but you get such a wide variety of situations that this is a little bit difficult to be specific. Any tying together that is done, of course, is going to have different effects on different people, because if they are in specialized areas they are affected one way, and if they are not they are affected another way, and so on, but I do not think I would have anything specific to recommend right now.

Mr. KLEPPE. One reason I am asking these questions, Mr. Secretary, is a little bit along the lines of what Mr. Abernethy referred to, and what you referred to in your statement. We do have a problem right now with the agriculture appropriation bill, and the fact that it is tying in this limitation of payments situation, and I agree with your recommendation that it ought to be in the legislation involved and not hooked into this appropriation bill. This was the reason I was looking for some further observations.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Kleppe.

Mr. Jones.

Mr. JONES of North Carolina. Thank you, Mr. Chairman, and first I would like to compliment you on your statement as well as your appearance before this committee today. I was most interested in your statement and concur wholeheartedly that the problems of agriculture transcend partisan political lines. I hope that this philosophy extends even to the Department of Agriculture employees on the State level.

One question here, or perhaps two:

You have come before this committee with alternative proposals—tentative proposals, set-asides and domestic allotments. Has the department had an opportunity to study or evaluate either of these in relationship to costs compared with the costs of the present farm program?

Secretary HARDIN. Well, I will respond to that, Congressman, in the manner that I did earlier. We feel that there are enough valves or adjustments or places to audit these or adjust them that either of these, including the present farm program, can really be adjusted to any level of cost or farm income supplement that we would feel was desirable.

I think they all have that potential, and that is why I suggested that we should not try to choose between them on the basis of cost because they can all be brought to the same level, but rather, think in terms of the mechanics. If this increased flexibility works the way we hope it will work, it might have some effect on cost at a later date, not immediately.

Mr. JONES of North Carolina. One further question, Mr. Secretary:

Since you have been in the position that you now occupy, have you had any criticism or objection or complaints about the present tobacco support program?

Secretary HARDIN. I think we would have to say that the complaints with respect to the tobacco program have been very minimal.

I think I have a feeling that most of the people that are involved in it are pleased with it.

Mr. JONES of North Carolina. That is true. Thank you, sir.

The CHAIRMAN. Mr. Price.

Mr. PRICE. Thank you, Mr. Chairman.

Mr. Secretary, I would like to compliment you, Mr. Campbell, Mr. Palmby, Dr. Parlberg, Mr. Cowden, and all of your staff and associates for your long study and dedication, and long hours that I know you have spent in bringing these proposals together. I think the conferences you have had all over the United States have been of great benefit to those who took the opportunity to present their views.

I am also pleased that you have kept an open mind as to the possibility of changes, and that you have not become wedded to a particular legislative program. Developments in agriculture are taking place with such rapidity that a flexible stance is needed at the moment. In that fashion receptivity to good solutions to the problems that plague our Nation's farmers will be at its peak.

Mr. Secretary, I would like to ask you a couple of questions.

On page 5 of your testimony, you state that after the farmer has diverted the necessary amount of acres he would have full freedom to

use the remainder of his tilled land in any way he wishes. Does that include using the land for grazing?

Secretary HARDIN. Yes, he has that privilege now, and we would not further restrict him, of course.

Mr. PRICE. On page 7 of your testimony, you state that substitution between feed grains, including wheat for feed would be allowed.

As to this point, there has been a great deal of interest throughout the country in using silage without it being treated as part of the base. Could similar consideration be given in formulating other policy areas; for example, not using silage or hay as a part of the base?

Secretary HARDIN. This is a detail that I do not believe we have gotten into yet, but we will certainly be glad to put it into study, Congressman Price.

Mr. PRICE. What restrictions will be placed on acres set aside?

Secretary HARDIN. Well, our thoughts here would be simply that they could not be used for either cropping or grazing or hay.

Mr. PRICE. Must they be planted in cover crops?

Secretary HARDIN. I should think so.

Mr. PRICE. Will there be any compulsory rotation of acreage to be set aside on each farm, or can the same acreage be set aside year after year?

Secretary HARDIN. We have made no such recommendation on that point. I think it is an open question. I think we probably would like to see it rotated, and I suspect most farmers would prefer to rotate it, but we have not made that recommendation, and I think we want more judgment before we do recommend specifically that we put in such requirements.

Mr. PRICE. One last question, Mr. Secretary—

Secretary HARDIN. My inclination is to keep it as flexible as possible, unless there is strong reason to the contrary.

Mr. PRICE. Will diverted acres be eligible for ACP or Great Plains funds?

Secretary HARDIN. You are asking some tough questions. I simply do not know.

Mr. PRICE. Well, it seems to me that answers to questions such as these must be developed.

Secretary HARDIN. I should think so.

Mr. PRICE. I am pleased you agree.

Secretary HARDIN. This is off the top of the head, but I would think so.

Mr. PRICE. Thank you, Mr. Secretary.

The CHAIRMAN. Thank you, Mr. Price.

Mr. Sisk.

Mr. SISK. Thank you, Mr. Chairman. I simply want to associate myself with the comments already made by my colleagues, Mr. Secretary, in commending you for being here this morning.

I had to leave the room momentarily at the time the chairman was asking some questions relative to the costs, and I returned on the questions by Mr. Jones.

But, let me ask you this: Is there any indication or do you have any time schedule in which, for example, we might have an opinion or a position from, let us say, the Bureau of the Budget or others who are going to be concerned about actually how much money might be recommended in these major commodity programs?

In other words, whether we are going to be dealing with what might be a ceiling of \$500 million, or \$1 billion, or some specific program. This is a question that was raised, as I am sure the Secretary will remember, a short time ago at a meeting. I was curious to know if there was any time schedule or any point at which you feel that the administration, itself, may make its position known as to what they feel would be the maximum beyond which they could not go in the cost of a program, in these major commodities.

Secretary HARDIN. I suppose we will not actually have that firmly until such time as a bill is prepared and is reviewed by the Bureau of the Budget. That, as you know, is the normal procedure. But, I suspect that we will have some informal feel for this as we go along.

Mr. SISK. One other question, Mr. Secretary, just quickly, and you may not desire to even comment on it because this gets to some extent into the field of foreign affairs and diplomatic problems, but we, today, for example, in certain specific commodities in the areas of farming and agriculture are suffering from injury and some serious problems regarding farm income, resulting from imports of agricultural commodities.

Now, as I say, I recognize this gets into a broader situation of national policy and international negotiations, but would you make any comment as to your own feelings?

For example, today we are actually importing or permitting to come into this country, commodities which are affecting prices of domestically produced items from countries with which we do not even maintain diplomatic relations, and I was curious to know if the Department has any policy, and as I say, maybe you prefer not to comment, because I recognize that this does deal in national policy.

Secretary HARDIN. Well, I do not know quite how to respond to this Congressman Sisk. I am not quite sure I know which instance, or instances you have in mind, but we are spending a great deal of time on this whole matter of imports and, of course, as you have said, it is not simple. But, to the extent that we have a policy, we are attempting to prevent any significant disruption from sudden bursts of imports that might come, and working within the tools that are available, which are not always adequate for given situations. If you can lead me further I will be glad to respond.

Mr. SISK. Well, I appreciate this, and as you, of course know, having visited our area out there, my area is deeply involved in what are called specialty crops, variety of kinds, foods, vegetables, and other things, and even to some extent it gets into the berry situation, today, where imports have substantially caused disruptions.

Now, I recognize that these are serious and complex problems because they get into the realm of foreign policy, and the diplomatic problems we have with countries, but here again the farmer is looking to you and to the Department of Agriculture as being, in a sense his defender, and as I say, I do not attempt to put you on the spot. These are areas that many farmers are concerned about, and I thought maybe you might have some comments.

Secretary HARDIN. I do not feel put on the spot, and particularly with regard to vegetables and other fresh crops. I think when we deal with this we should be concerned with a whole group of commodities that move both ways across the border.

Mr. SISK. Mr. Chairman, there are other questions but I will yield.

The CHAIRMAN. Thank you, Mr. Sisk.

Mr. Myers.

Mr. MYERS. Thank you, Mr. Chairman.

Mr. Secretary, coming to the end of the line like this there is little praise that I might add now that hasn't already been covered, and since there has been so little criticism this morning, I will not break precedence by bringing any in here, and I could not anyway.

I can say one thing, make one comment, though, that no one else on this committee can make, and that is to associate myself with you this morning as a fellow Hoosier, and I am proud to do that.

I might add that I must take a little bit of exception and difference with my colleague from Mississippi in that I certainly appreciate your fresh new approach. I remember when I studied government I always thought that the executive, which you are a part of this morning, had the responsibility of enforcing the law and not writing it, and that you did have the responsibility also of coming down, as you have this morning in establishing guidelines and making recommendations which I think you certainly have this morning, and then it was the responsibility of Congress, and more specifically, of course, today our committee, to write those laws, and I think this is what you have done this morning. I appreciate that approach.

I do have one comment specifically. I like your comment that export is a very important part of our agricultural picture of disposing of the product, and a most important part, and you recognized this when you said that you did not want to sacrifice, or I believe you used the word "concede" any of the protection or increasing production to anyone else, and if we recognize this I think we can stay competitive with the world, and I certainly congratulate you for your broad views, and thank you for coming down. Thank you.

The CHAIRMAN. Thank you, Mr. Myers.

Mr. Alexander.

Mr. ALEXANDER. Thank you, Mr. Chairman.

Mr. Secretary, very briefly I would like to thank you for your proposals here. The people of the First District of Arkansas have been waiting for these proposals, and I acknowledge the fact that you have a very tough job, and I want to state now for the record that I, for one, as a Democrat, am going to give you a chance, and we are going to take these proposals and circulate them through our district and have meetings on them to do what we can to cooperate with you.

I recognize, as you obviously do, that we on this committee represent a minority of people in this country, and that minority becomes smaller in number each year. We face serious problems in the future of continued growth in our metropolitan areas.

I like the statement that you have made with reference to job opportunities and industrial development in rural areas. Sometimes, however, we get sidetracked with bushels, bales and pounds in agriculture, and forget to look at the dollars. I would like to ask you if your department has looked at the tax structure as a possible means of providing relief to the disparity that we now have in the agricultural sector of our economy.

A minute ago Chairman Poage made this statement, that farm labor is being paid all that the traffic will bear. It is obvious that the reason people are leaving the farms is because they cannot make as much money there as they can if they go to the city. Now, I have talked to a number of people that say if they could make equivalent amounts on the farm they would prefer staying.

Has your department looked into the tax structure as related to farming operations? The thought that I advance is that there may be possibilities of reducing the disparities that exist between the cost of production and the price received for products through tax incentives. For example, does there exist a feasible incentive by providing a multiple tax deduction for farm wages paid in excess of the minimum wage? Is this a method whereby the producer can be permitted to compete through the tax incentive method? These are ideas that have been tossed around my office but we have no way of exploring the long range effects with the facilities that are available to us. It is my hope that your department will look into these possibilities as another area that will be helpful to the American farmer.

Thank you very much.

Secretary HARDIN. An intriguing idea, and we will be glad to put it into study and see what comes up.

Mr. ALEXANDER. Thank you.

The CHAIRMAN. Thank you, Mr. Alexander.

Mr. Sebelius.

Mr. SEBELIUS. Thank you, Mr. Chairman.

Mr. Secretary, I have enjoyed myself here this morning in listening to you present this, and I am especially impressed with the freedom and the flexibility idea for the farmer on down the line.

It probably draws an extra note for me as coming from the district that raises more wheat than any other State in the Nation, but that is a very desirable thing, and the setaside program especially.

You mentioned the word "certificate" and I was wondering whether or not you envisioned that the certificate that we have in the wheat program will be money from the industry in helping finance that program?

Secretary HARDIN. Yes; our thoughts were there, that with possibly some minor variations this would continue.

Mr. SEBELIUS. That is my only question. Time runs out. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Sebelius.

Mr. Burlison.

Mr. BURLISON. Thank you, Mr. Chairman.

Mr. Secretary, I join also in the warm welcome of my colleagues to you for your appearance this morning. I would like to associate myself with the remarks of the gentleman from Mississippi, Mr. Abernethy, with his very, I think, penetrating and incisive comments and questions with you earlier; I am not sure that I share with Mr. Sebelius the respect for your concept which you have mentioned a couple of times in your statement about the freedom to the farmer.

I am speaking, of course, of the concept of economic freedom which is what you were referring to, not political freedom. I think we need to keep in mind that economic freedom for the farmer may not mean

too much if he is in the process of going through bankruptcy at the same time, and I think this is where we will find a substantial portion of our farmers if we accept this concept too broadly.

I would like to ask you Mr. Secretary, if you have anything specific at this time to report to the committee, relative to the soybean program. I did not see mention of that in your statement.

Secreary HARDIN. No; we did not mention soybeans, not because they are not on our minds all of the time. They have been.

There have been suggestions, discussion, and consideration given to possibly including them under the feed grain concept, or at least tying them together with this pattern, with one or the other of these patterns we have suggested. Right now the soybean situation looks a bit improved from 2 to 3 months ago.

Exports are increasing, domestic consumption has increased, and there is at least an outside chance that next year when we start a new crop we may not have added very much to stocks during this 12-month period.

So, I do think that during the remainder of these months that we are considering this legislation we will want to keep soybeans very much in mind and discuss whether or not they should be included or whether they can be safely left out.

Mr. BURLISON. Thank you very much.

Thank you, Mr. Chairman,

The CHAIRMAN. Thank you, Mr. Burlison.

Mr. Jones.

Mr. JONES of Tennessee. Thank you, Mr. Chairman.

Mr. Secretary, I just want to compliment you for the very constructive statement that you gave us this morning regarding farm problems and some of your thoughts relative to how we might remedy them.

Due to the shortness of time, I just would like to associate myself with the remarks of the chairman and my colleagues here regarding farm program legislation, and I sincerely hope that we can move rapidly in this direction.

I, like so many others, my people back home are really anxious to get moving on a program.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Jones.

Mr. Melcher.

Mr. MELCHER. Thank you, Mr. Chairman.

Mr. Secretary, I am the newest Member of the Congress and the youngest member of this committee, but my reaction may be different than the rest of the members of the committee, but I am shocked; I am shocked at your testimony concerning 400,000 farm families that are headed for the new welfare program of President Nixon. I may be the only one on the committee shocked by it, but I can assure you that there are thousands upon thousands of farmers and ranchers in Montana who would also be shocked.

We are talking about close to 15 percent of the operating farm families, are we not, when we mention 400,000? What is the income situation that would put them on relief?

Secretary HARDIN. Well, I am surprised that you are shocked at this because the income figures for farmers have been published, and rather widely.

There are, according to census definition, approximately 3 million farmers, and there are 1 million of these that have gross receipts in excess of \$10,000, and all of the rest are under that figure.

Now, we are talking about gross receipts, not net farm income, when I make this classification. There is another three quarters of a million that are somewhere between \$2,500 of gross receipts and \$10,000, and then there is over a million that are still below that, and these figures have been published for many years, and it is the lower end of this scale that we are talking about.

Mr. MELCHER. You appear to have arrived at some figure for income per family, that is required. Does this in any way give you a guideline for how much total money the Department would recommend that we put into the program this year for agriculture?

Secretary HARDIN. For all farm programs?

Mr. MELCHER. Yes, Mr. Secretary, for all farm programs.

Secretary HARDIN. For this year?

Mr. MELCHER. For this year.

Secretary HARDIN. Well, this year—

Mr. MELCHER. I will amend that. Not for this year, but for the year after.

Secretary HARDIN. Well, then we are talking about the first year that this would be effective, which would be fiscal 1972. No, as I indicated earlier, the mechanism is here on either one of these programs to factor this to whatever level income the committee and the Congress would feel is desirable.

Mr. MELCHER. You are not prepared, then, to say whether you would recommend a lesser amount or a greater amount than is going into farm programs in the current fiscal year?

Secretary HARDIN. No, I indicated to you that I felt that we had to take this into account, the fact that we have a history of income supplement, which has been built into land values, land prices, into mortgages, into taxes and standards of living, and so on, and that we should not depart downward without realizing that there would be very serious repercussions. I hope this gives you a little indication of my own feelings.

Mr. MELCHER. Well, then, I think it would indicate to me, Mr. Secretary, that you would consider the same amount then, at least.

Secretary HARDIN. Well, you are free to put any interpretation on it you wish at this point. I am not free to give any further specifics on it.

Mr. MELCHER. I am curious, Mr. Secretary, since you have mentioned the sum of \$400 million in regard to welfare payments, does this have any bearing on what the Department's and what your thinking would be on the total amount for the—

Secretary HARDIN. No.

Mr. MELCHER. It has no bearing?

Secretary HARDIN. No.

Mr. MELCHER. Mr. Secretary, would it be fair to say that on the plans that you have outlined here that you are contemplating grazing on some of the acres that are subsidized?

Secretary HARDIN. Not necessarily.

Mr. MELCHER. Does that mean no, or probably no, or probably yes, or——

Secretary HARDIN. No, it means that we think that the committee should share in that decision.

Mr. MELCHER. Well, it means no recommendation then from the department?

Secretary HARDIN. We merely have pointed out that this is a possibility and that we would have to decide if we wrote the legislation whether to put in the extra dollars if we are not permitting grazing because the rights will cost more if grazing is not permitted.

Mr. MELCHER. And then right along this line, concerning the conserving base acres, which are now grazed, as I understand it, is there any thought or any recommendation for a change in that regard?

Secretary HARDIN. We are recommending no change in that.

Mr. MELCHER. Thank you, Mr. Chairman.

Thank you.

The CHAIRMAN. Thank you, Mr. Melcher.

Mr. Córdova.

Mr. CORDOVA. Mr. Chairman, in connection with the chairman's question to the Secretary about the possibility of a farm subsidy, it may be of interest to know that we are experimenting with just such a subsidy in Puerto Rico. We enacted the measure just about 2 months ago.

Of course, it is too early to tell how effective it may be.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Córdova.

That completes the questioning by the members here. Let me say again, Mr. Secretary, we appreciate your attendance and we look forward to meeting with you again, possibly informally, as early as tonight or tomorrow.

The committee will stand in recess until 10 o'clock tomorrow morning.

(Thereupon, at 12:35 p.m., the hearing was recessed to reconvene tomorrow, Thursday, September 25, 1969, at 10 a.m.)

11

GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM

FRIDAY, OCTOBER 10, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10:05 a.m., in room 1301, Longworth House Office Building, Hon. W. R. Poage (chairman) presiding.

Present: Representatives Poage, Stubblefield, de la Garza, Jones of North Carolina, Sisk, Burlison, Rarick, Melcher, Goodling, Mathias, Mayne, Kleppe, Myers, and Resident Commissioner Córdova.

Also present: Mrs. Christine S. Gallagher, chief clerk; and John A. Knebel, assistant counsel.

The CHAIRMAN. The committee will be in order.

We are met this morning to hear from our former colleague, Congressman Paul Findley, who is the author of a number of bills before us on a number of subjects, always fluent on any of these subjects, and our colleague, Congressman Hall, who is here to be heard on his bill, 13717.

Mr. Findley, we are glad to have you back on the Agriculture Committee. I am delighted to know of your continuing interest in agriculture and we will be glad to hear from you.

STATEMENT OF HON. PAUL FINDLEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. FINDLEY. Thank you very much, Mr. Chairman. I note some smiling faces after yesterday's vote.

The CHAIRMAN. You made me feel better.

Mr. FINDLEY. I do very much prize the associations I have had with this committee, and especially appreciate this opportunity today to present legislative suggestions. A conflict prevented me from attending the earlier scheduled date, and I know from my own experience on this committee that you have a heavy schedule and the fact that today's hearing was arranged was not easily accomplished and I do most sincerely express my appreciation to you, Mr. Chairman.

In major respects our Federal food programs, those relating to both production and distribution, fall short of their potential in terms of both public service and the more narrow interests of agriculture.

Food production programs are currently oriented almost exclusively to individual commodities. They are very high cost for the results achieved, and at the same time have caused farmers to rely upon the Government for a major part of crop income. This trend, in my view, impairs the long-term health of American agriculture. It is time to embark on a definite planned phaseout of these individual commodity programs.

In their place I recommend two separate but complementary approaches: first, a general cropland adjustment program not tied to individual commodities; second, a program of personal assistance available only to farmers of low income.

Food distribution programs for low-income families have now emerged from a trial period nationally and I feel are ready for expansion and reform. The need is self-evident. Although food is so abundant in this country that the Federal Government spends many millions of dollars a year to curb production, Federal food aid programs for poor families succeed in serving only a small percentage of those who are poor.

This situation in our bounteous land is, in my view, a national disgrace. We have spent billions of dollars to feed the hungry of the world with food from U.S. larders, while at the same time not even recognizing the hunger of our own people. It is a sad commentary on the governing institutions which permit such a situation to develop.

What is needed now is a firm commitment, as President Nixon stated, "to put an end to hunger in America itself for all time." Such a commitment can succeed only if we in Congress are willing to recognize the existence of hunger and malnutrition—both nationally and in our own districts—and act in an adequate manner.

In this respect, Illinois, my home State, is hardly a paragon of virtue. I do not appear before you representing a State which has solved its own hunger problems and is ready to offer advice to those who have been derelict.

I am sorry to report to you that Illinois has a lower average percentage of participation by the poor in Federal family food aid programs, than all other States. Meanwhile, last year 4,248 Illinois farmers received over \$5,000 for a total of over \$34.8 million for participating in Federal programs to restrict the production of food. (See Congressional Record of May 21, 1969, p. H3943 and June 26, 1969, p. H5321, for data on each county in the United States.)

In fact, Mr. Chairman, your State and my own have two of the poorest records. While at last report Illinois had the largest number of counties with food aid programs reaching less than 10 percent of the poor, Texas had the largest number of counties—95—with no Federal family food aid program whatsoever.

Nationally, where the food stamp program operates, only 16 percent of the poor on an average are served. Where the surplus distribution program operates, only 22 percent of the poor are served. These figures show that we have hardly begun; they also show the magnitude of the job yet to be done.

It is a strange paradox that many people are in want nutritionally in our land of abundance. Perhaps the shocking aspect came to light last spring. At that time, 424 counties, some with very high concen-

trations of poverty, were discovered not to be participating in either the food stamp or surplus distribution programs. Among them were counties in which payments to farmers not to grow food were extremely high. (See Congressional Record of May 12, 1969, p. H3531, for list of counties.) This despite the fact that free food under the surplus food program is immediately available from the Department of Agriculture to any county willing to distribute it.

The low percentage of poor families served is especially shocking in some of the leading food-producing States in our country, such as Illinois, my home State, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Ohio, and Wisconsin.

In these very States where the poor simply are not reached, both the number of farmers receiving Federal checks in excess of \$5,000 especially for not growing food, and the total amounts received last year skyrocketed—in one case by as much as five times the previous year.

In many counties where participation in Federal food aid programs was abysmally low, payments to farmers for nonproduction was, in my view, unconscionably high. Thirty-one counties which purport to have food aid programs actually feed less than 1 percent of those who are poor; yet at the same time, wealthy farmers in these counties receive millions of dollars in farm payments.

The low percentage of participation in counties where Federal food aid programs do exist results from several factors.

The surplus distribution program provides for the distribution of surplus foods to accredited recipients. The Federal Government pays for the food and for delivering it to county warehouses. The county or other unit of local government needs only to pay for warehousing the food and distributing it to those who are hungry. Yet, as Secretary Hardin has pointed out in his testimony before this committee, problems abound with the program and it can by no means be adjudged a success.

Usually there is only one warehouse in each county. Access to a family may be granted only once a month during limited, specified hours. It is difficult for the poor to get there on time at the right time. A strong man might be able to load into his car the bulky 34 pounds of food which make up the average monthly supply distributed. But most of the poor in this country are not strong men, nor do they have cars. The sick, the aged, the infirm, women and children find it difficult to find transportation to the warehouses, and next to impossible to get back with their burden. Often they must pay others to drive them to the distribution points and pick up the heavy commodities, thus even further depleting what little money they have.

A poor person who gets the surplus food packages home must deal with still other problems. A family depending upon this food for its total monthly supply will find that it generally runs out on the 22d day of the month.

Furthermore, the food is presented in unappetizing, Government-issue packages. Some powdered milk items are widely disliked and not used, because they taste bad and are lumpy. Some of the contents of the food package are difficult to prepare and instructions are often difficult to understand. These are just some of the complaints that I have heard raised about the items.

Finally, the contents of the food packages vary greatly from season to season, among the States, and even among counties. Poor families often do not know what will be in the packages until they pick it up. State and county officials may refuse certain items included by the Department of Agriculture, even though the poor recipient might desire the food. Very few counties give out all 22 items of food.

Mr. Chairman, at this point in the record I would like to place a listing of the items as distributed during August of this year which shows that there were 1,274 administrative units which participated in the commodity distribution program but not one of them distributed all 22 items. I have a breakdown showing how many of these units distributed each of the different items. With your permission, I will place that in the record.

The CHAIRMAN. Without objection, it will be received.

(The document referred to follows:)

During August, 1969, 1274 administrative units (county, Indian reservations, city) participated in the commodity distribution program. The following foods were distributed:

Food and number of units that received them

Canned meat or poultry	1,260
Rice	1,234
Flour	1,229
Fruit and vegetable juices	1,228
Canned chopped meat (luncheon type)	1,222
Canned vegetables	1,220
Peanut Butter	1,201
Nonfat dry milk	1,199
Lard and/or shortening	1,198
Cheese	1,190
Butter	1,188
Instant potatoes	1,175
Raisins	1,166
Evaporated milk	1,163
Hot cereal (rolled oats or rolled wheat)	1,158
Corn sirup	1,085
Dried beans	1,082
Scrambled egg mix	1,074
Corn meal	1,043
Dried prunes	788
Corn grits	442
Wheat bulgur	203

Mr. FINDLEY. It is interesting to note that none of the 1,274 units distributed all 22 items.

Food stamps represent a big improvement over surplus distribution because they utilize the merchandising convenience of private food stores, but here too, participation by those in need is extremely low.

The food stamp program is designed for those with a small, but steady income. A family must participate in the program on a regular monthly basis in order to continue to receive benefits. Thus, those whose incomes fluctuate from week to week are prohibited from participating.

The poor who can afford to participate may be required to spend between 37 and 50 percent of their monthly income for the food stamps. This compares with 17 percent spent by the average American for food. Such an expenditure for the entire month's allocation of

stamps must be made all at one time, rather than every 4 or 5 days as most housewives do. Since many must spend as much as 50 percent of their income for food, saving this much money for a monthly expenditure constitutes an extreme additional financial burden upon the poor, a burden which most Americans do not have to face.

Although a poor family must often spend a large proportion of its income for food stamps, it will receive sufficient stamps to provide it with only two-thirds of the food supply needed for the month. This incredible situation can only be described as, Government mandated hunger.

Finally, since the accreditation process for those eligible to receive food stamps is closely linked to welfare eligibility requirements, the food stamp program suffers from many of the same deficiencies and variations which plague state and local welfare systems.

Even in homes served by stamps or surplus distribution, the nutrition level still may be quite unsatisfactory. Education on how to purchase and prepare nutritious meals may be lacking and may be the source of many problems.

To help meet these immediate major problems in our food distribution programs to poor people, I have six specific suggestions. Except for the first one, which I feel should be acted upon immediately, I suggest that pilot studies of the others be authorized as a means of measuring their practicality for national applications.

My suggestions are:

1. Require that benefits be made available uniformly throughout each participating State. The State would have to assume the responsibility of assuring uniform availability to all citizens. This would effectively bring all counties in the United States under Federal food-aid programs.

2. Discontinue Government warehousing of surplus food items and Government-issue packaging and utilize instead private food stores as points for the distribution of items on a surplus list. Under my proposal, vouchers would entitle those eligible to select approved items from regular merchandise stocks. Stores then subsequently would be reimbursed by the Government.

3. Utilize private food stores for the sale of food stamps and delivery of surplus food vouchers. Private food stores are readily accessible to every area, urban and rural and by their very nature constitute a highly efficient distribution and service system. They are part of our private merchandising system and that is an important aspect. All of them are open at least 8 hours a day, 6 days a week and are well situated for customer convenience. Furthermore, they have demonstrated their ability efficiently and conveniently to handle all types of coupons redeemable for merchandise. So this would not be a new experience for them.

Supplementing the distribution of stamps and vouchers at food stores, we should provide those who are in poverty and regularly receiving monthly Government or retirement checks—thus, having a set income—with food stamps by mail. This part of the system could thus be automated, reducing costs and allowing the concentration of our limited Government manpower on those whose incomes fluctuate monthly.

Elimination of special Government-issue packaging and warehousing would serve two important purposes. It would to some extent, partially reduce costs, and it would also remove a stigma experienced by child and adult alike, the stigma associated with the presence of "poor people" food packages in the home and standing in "poor people" lines at Government warehouses.

4. Require that the local unit of government certify those eligible for food stamps and/or surplus distribution quarterly and in some cases at greater intervals, with vouchers or stamps issued more frequently to the poor than at present. Under this system, weekly purchase of food stamps through the private food stores, could readily be accomplished.

5. Permit concurrent operation of both the food stamp and surplus distribution programs in counties. The concurrent operation of both programs, is now prohibited by law. In my view all poor people should be eligible to purchase food stamps, and those of extremely low income should also be made eligible for surplus food vouchers.

This arrangement, I feel, would serve two important purposes: It would give extra free food to those who have the greatest financial need for it; it would create a highly flexible means of stimulating consumption of selected items that may from time to time become in heavy surplus. To illustrate, a price-depressing glut of potatoes, apples, rice, wheat, or butter could readily be put to good use by this means. This would also, I feel, make it unnecessary to provide some food stamps without charge, as many have called for, while at the same time assuring the poor an adequate diet.

6. Require that each eligible family must include at least one person with competence in food purchasing and preparation. Those already competent could meet this requirement by passing a written test. Others could establish eligibility by attending special courses offered through local schools or classes similar to those now being sponsored on a pilot basis by the U.S. Department of Agriculture.

These suggestions, hopefully, would help to assure that benefited families get maximum nutrition from these programs.

When Secretary Hardin testified before this committee earlier this year, he stated his own awareness and that of the Department of Agriculture of many of these problems which I have discussed today, and he presented many suggestions for coping with them, several of which are similar to those I have listed and in a few cases are already underway on a pilot basis.

In one instance, a group of Illinois State and local officials and representatives of the private retail foodstores in the Chicago area sought my help in setting up an appointment for them to meet with Secretary Hardin and Assistant Secretary Lyng so that they could present a plan for a program which will utilize vouchers permitting those qualified to shop at regular retail foodstores. Subsequently, other meetings were held in Chicago between these officials and USDA specialists, and I am glad to report that a forward-looking pilot program is now being developed for testing in the Chicago area. This pilot voucher system would permit expectant mothers, or mothers with infants, who were qualified to participate in the supplemental food program, to shop for selected nutritious foods at their neighborhood

foodstores and "pay" for their purchases with vouchers. This would replace the present system in Chicago under which these expectant mothers and mothers with infants have to go to a central warehouse on a certain day and pick up Government-issue packages. Thus, the program would use the considerable experience, know-how, and efficiency of retail foodstores to distribute nutritious foods to needy mothers.

My second set of recommendations deals with long-term farm legislation. Even with expanded food-aid programs for needy families, I am convinced that general adjustment legislation assisting agriculture generally and marginal farmers particularly will be needed for the next few years at least.

I also feel that present programs are not satisfactory in terms of cost effectiveness, impact on the agricultural economy, and assistance to marginal farmers. Despite very high cost, they do not effectively control production. At the same time, they have caused direct Government payments to represent an inordinately high portion of crop income.

Cotton farmers now get about half their crop income from the U.S. Treasury, wheat farmers about one-third, and feed grains farmers about one-fourth. I believe this is most unfortunate and I believe there is a better way. A suggestion I have made is embodied in H.R. 9009, and I hope this committee will be able to give it serious consideration. Identical legislation has been introduced by 24 other House Members and by 20 Senators.

It has three primary objectives:

First, to provide special assistance to the farmer whose income is low because his farm operation is very small. There are over half a million farmers whose individual gross annual sale of farm products is no more than \$5,000 and whose off-farm income is no more than \$2,000, this according to the latest census information. From this small gross income must come all the operating expenses of running a farm. These people need help, and present programs do not provide it.

H.R. 9009 provides for retraining grants of up to \$1,000 for these farmers, to enable them to go to schools to acquire skills for off-farm work. It also provides for adjustment assistance of up to \$2,500 a year for not more than 2 years; here again, an income cushion to enable them to make the adjustment to off-farm income, perhaps even to leave the farm. It provides for loans under existing credit programs to help ease the transition to off-farm employment. H.R. 9009 also provides for compensation for acreage allotment surrendered to the Secretary of Agriculture for permanent cancellation and also for basic acreages that would be similarly surrendered. This is a concept, I might add, that was first proposed to this committee about 5 years ago by the man who is now on the President's Council of Economic Advisers, Mr. Hendrik S. Houthaker. At that time he proposed a transitional acreage payment plan called TAPP.

These aids would help submarginal and marginal farmers gain skills to secure off-farm income and thus to better themselves whether they continue to farm part time or not.

The second feature of this proposal would be to phase out acreage controls, base acreages, marketing quotas, processing taxes, and direct payments for wheat, feed grains, and cotton over a 5-year period.

Total payments under these programs would be limited in 1971 to 80 percent of the amount spent in 1969, and each succeeding year thereafter would be reduced by 20 percent of the present level of spending so that by 1975 no payments would be made.

During this period, and in the future, marketing loans for wheat, feed grains, cotton and soybeans would be available at 85 percent of each commodity's average market price over the 3 previous years. Thus, the Commodity Credit Corporation would once again function as it was originally intended to function, as a convenience to orderly marketing. At present, and especially in recent years, CCC acts more as a permanent storage center for surplus crops which have piled up year upon year, causing immense storage problems and costs, much waste, and adverse influence on market prices.

The third feature is to phase in an extensive program of land retirement emphasizing the retirement of entire production units. This program would be operated by the Secretary of Agriculture on a competitive bid basis in order to obtain the maximum benefit for the taxpayer's dollar. As annual limitations gradually eliminate present commodity programs, all of which involve annual land retirement of only a percentage of the land on each farm, cropland will be pulled out of production under these competitive long-term contracts.

The cost of implementing H.R. 9009 would obviously depend upon the scale of land retirement undertaken by the Secretary of Agriculture, and on other factors like the aid programs to the low-income farmer, but by the end of the 5-year phaseout, I would estimate that the new farm program would cost less than half the present level of spending.

If, as I recommend, extensive reforms and expansion of the food stamp and surplus distribution programs are undertaken, utilization of food would increase. This, in turn, would reduce the need for cropland adjustment.

H.R. 9009 is people oriented. Present programs are crop oriented. My proposal provides effective adjustment aid to farmers who have the most pressing personal financial need. Present programs give income support instead to commodities and yield many payments of astronomical size to individual farmers, which in turn, give the big operator resources with which to get still bigger, often at the expense of the small farmer.

In my opinion, H.R. 9009 makes sense both politically and economically, and is very much in tune with the times. It affords a sensible way, I feel, for this committee to deal with a serious dilemma, a dilemma which I am sure has caused you much study.

An extension of the Agricultural Act of 1965 without substantial change is most unlikely. At the same time, a radical change of existing law would be very difficult for many members of the committee to support, in light of the individual constituencies served. My proposal provides a way out.

Because it is long term, covering a 5-year period, my proposal gives individual farmers and the agricultural economy abundant time to make adjustments. At the same time it provides assurance of substantial reform within the 5-year term.

All of us, I am sure, want to see the day when farmers get all their crop income from the private market, instead of getting a major part

of it from the U.S. Treasury. All of us want farmers to be free to plant whatever crops they wish, without the influence of Government inducements.

All of us want the abundance of our farmland made available to low-income people. We cannot countenance hunger in a land of plenty.

The proposals I have made here today would, over a 5-year period, restore American agriculture to a sound private-market base and crop selection freedom to the farmer.

My proposals on food aid to poor families would cost money, perhaps a great deal of money. But they would end the unconscionable paradox which finds our Government spending millions to curb food production while many of its citizens go hungry.

Thank you very much, Mr. Chairman, for this opportunity.

The CHAIRMAN. Thank you, Mr. Findley. We are always glad to hear from you.

Do you have any questions, Mr. Melcher?

Mr. MELCHER. Thank you, Mr. Chairman.

Congressman Findley, I notice in your testimony your reference to a retraining program for farmers where it would not be economically feasible for them to stay on the land. Are you referring to small operators or average? Are you thinking of 80-acre farmers, 60-acre farmers or quarter-section farmers or what size?

Mr. FINDLEY. Well, I know some farmers who do very well with a livestock feeding operation on a small acreage, so it is possible to have a financially sound farming operation with not too much in the way of total acres. But this is the exception.

As defined here it would mean a farmer whose gross sales have averaged not over \$5,000 and whose off-farm income has not exceeded \$2,000. These, I am sure you would agree, would be submarginal farmers.

Now, it is very doubtful in my mind, that any of them could be operating over 150 acres. I cannot conceive of that occurring in Illinois, at least. It might be true elsewhere in the country where land is almost totally unproductive.

Mr. MELCHER. When the Secretary of Agriculture was here he referred to President Nixon's new welfare program, family assistance, and suggested that quite likely from his viewpoint, 400,000 farm families would go on to this new program, and on questioning him about who those people would be, he referred to net income.

Now, on the basis of net income, say \$1,500 or less, is it not your experience, Congressman—it is certainly mine—that there are many farm and ranch operators that are grossing \$20,000, \$30,000, \$40,000, \$50,000, yet during the past few years they are showing losses or very, very small amounts of net income?

Now, these people who have quite an investment, and whose age is probably in the fifties or late forties, are not likely to fit into a training-type program for new skill or a Job Corps type thing; are they?

Mr. FINDLEY. Yes; and frankly, the proposal I have made has dealt with the very bottom edge of the economic spectrum.

Mr. MELCHER. Well, then —

Mr. FINDLEY. It may well leave some farmers with very serious financial problems. I would not question that at all.

Mr. MELCHER. Then, you are not directing this phase of it at this broad number of operators who, while they have a high gross, and have an economic size unit, still are not making any money?

Mr. FINDLEY. That is very true, and there may be needed some further study of their problems. But I would suggest we start with those who are clearly submarginal, most of whom I think, would choose to get out of agriculture under this program and whose presence in agriculture does add to the problems of the farmers whose plight you have just described as well as adds to the problems of agriculture generally.

Mr. MELCHER. Well, you envision, then, that these operators would be making up this 10 million acre land retirement each year until we had 50 or 60 million acres retired? Are those the operators you think would be participating in the land retirement?

Mr. FINDLEY. Yes; many of them could be along with many of the operators you referred to. I can conceive of, for example, a whole farm being taken out of production, and the one who operated that farm also being eligible for the benefits under this program.

Mr. MELCHER. Who would have control over the land retired? Would the Secretary have control of the land?

Mr. FINDLEY. Oh, yes; subject to contract.

Mr. MELCHER. It would be subject to contract, with the Secretary determining when it would be put back into production, if ever?

Mr. FINDLEY. Well, he could control it only during the period of the contract which I would hope would be for about a 5-year period, and he would set forth in the contract the way the land was to be kept during that period, such as controlling weeds and erosion. The usual conserving practices would have to be maintained and the Department now has a rather broad experience in this and I do not think they would have any problem. In fact, it has not been too many years ago that the Government did negotiate some long-term contracts on whole farming units. This experience would be helpful.

Mr. MELCHER. Well, would the Secretary determine if these retired acres would be grazed?

Mr. FINDLEY. He would have to control the land and it would not be subject to grazing. Grazing would introduce a new element of uncertainty into the productive plan of the country and might throw livestock production out of kilter.

Mr. MELCHER. But is it in your bill that he could make that determination?

Mr. FINDLEY. My bill would give the Secretary no more authority than he currently has.

Mr. MELCHER. Are you referring to the same standards that apply to soil bank land?

Mr. FINDLEY. No. Soil bank is past history. I am talking about the controls over land retired under the cropland adjustment program which my bill simply amends and extends.

Mr. MELCHER. Well, would it be your opinion, then, that the Secretary could or could not make the decision to graze this land?

Mr. FINDLEY. Under existing law which my bill does not change, the Secretary cannot permit grazing unless a disaster is proclaimed.

Mr. MELCHER. Thank you, sir.

The CHAIRMAN. Thank you, Mr. Melcher.

Mr. Myers?

Mr. MYERS. Thank you, Mr. Chairman.

Mr. Findley, along the same line of H.R. 9009, from what I can see here, your bill seems like it is one that this committee will consider and I think that there are some parts of it that have much merit.

Along the line that Mr. Melcher was speaking about here—incidentally, Mr. Melcher testified before the Government Operations Subcommittee the other day on special studies and at that time he said he was shocked that the Secretary would recognize 400,000 farmers as not receiving enough income and would offer a welfare program to them, but I see you have a half million farmers in that category. I was not real sure what your reply was to just what went into this figure when a farmer was receiving an income that would cause him to be eligible for some help as a person rather than as agricultural products assistance.

Now, I am not sure either. I went back after Mr. Melcher's criticism of the Secretary and reread his statement and he said that he recognized that much thought had to go into this, that there had to be some things resolved.

Now, is it a net figure that you are thinking about in your bill or is it a gross figure?

Mr. FINDLEY. No. In fact, it is very plainly stated that those eligible would—let me give you the exact language. It is on page 9 of the bill:

For the purpose of providing a transitional program to assist low-income farmers making necessary adjustments, et cetera, the Secretary is authorized to formulate and carry out a program under which agreements would be entered into with farmers who had average gross annual sales of farm products of not more than \$5,000 and had average annual off-farm income of not more than \$2,000 including income of both husband and wife in the case of a married farmer during the 3-year period immediately preceding the year in which the agreement is entered into.

Well, you have to draw the line some place, John, and this is an arbitrary line but I think you will agree with me that a farmer whose gross income from the sale of products averages only \$5,000 cannot hang on even by his fingernails if he depends upon that for his livelihood and even when you add in an average of \$2,000 from off-farm activities on the part of this husband and wife, he is still just barely staying alive. So, these clearly are the very neediest of farmers. And that is why I suggest we start with them.

Mr. MYERS. As I read your bill on down, it does not provide for a total \$7,000 adjusted between the two categories. It has to be no more than five of one and no more than two of the other, maximum.

Mr. FINDLEY. Yes, but if the committee can devise a fairer formula, I would support it.

Mr. MYERS. I think you are right in this area. I think too often or too long we have tried to solve the problem by working toward the total picture of a commodity rather than separating the two as people

and commodities and I think the Secretary and you both are right on this and I congratulate you on attacking it this way. I do not like it, either.

I quite agree with our colleague from Montana, Mr. Melcher. It is a terrible thing that farmers are in this position or anyone else in this country is in this position but I believe we have to be realistic and attack the problem as it is today.

Now, what caused it today, probably many, many things. I do not think any one thing probably caused it but I believe you are possibly on the right track here.

I have one other comment and that is about food stamps. On page 2 you talk about 37 to 50 percent of the poor people's monthly income has to be spent for food stamps. Paul, where did you get those statistics? What goes into that?

The reason I am asking the question, it is my understanding that the minimum anyone has to pay for food stamps is \$2. Now, that means their income for a month would have to be something like \$3.50 or \$4 to qualify for 37 or 50 percent.

Mr. FINDLEY. Would you tell me where on that page?

Mr. MYERS. Bottom of the page, very last paragraph.

Mr. FINDLEY. Those are average figures. Sometimes the percentage of income which must be paid for food stamps is higher, sometimes lower. The figures are derived from tables prepared by the Consumer and Marketing Service of the U.S. Department of Agriculture. They are intended to convey the financial problem of many poor people participating under the food stamp program. You are quite correct, that some people are made eligible for a much bigger bargain—in fact, I understand that in one State they are given free. But, for some people, food stamps are really not much of a bargain.

Mr. MYERS. OEO, I think, puts in the \$2 in some areas. I do not know whether it is more than one State but we have had witnesses here where OEO—it is my understanding usually the welfare agencies of the various States distribute and set up the criteria after the guidelines are established by the Federal Government, but it is on a budget system, is it not, so much for housing, so much for medical care and so much for food, and all they have to do is meet one of these areas.

I had never seen figures like this before, I do not believe.

Mr. FINDLEY. Well, if I may, Mr. Chairman, I will put in some details explaining the background as to how those figures were arrived at.

The CHAIRMAN. Without objection, the witness can make further explanation.

Mr. MYERS. Thank you.

(The material referred to appears below:)

The percentage of income required to purchase 1 month's supply of food stamps was derived from the following tables for a family of four supplied by the Marketing and Consumer Services, U.S. Department of Agriculture. The tables for the North and the South show the purchase price of food stamps at each level of family income, and the total retail value of those food stamps. For example, a family of four with a monthly income of \$70 must spend \$32—46 percent of their income—for food stamps which are worth \$70 worth of groceries.

FOOD STAMP PROGRAM NET INCOME BASIS OF COUPON ISSUANCE (NORTH)

Monthly net income ¹	Monthly			Semimonthly		
	Purchase	Bonus	Total	Purchase	Bonus	Total
0 to \$19.99	\$2	\$58	\$60	\$1	\$29	\$30
\$20 to \$29.99	6	54	60	3	27	30
\$30 to \$39.99	10	52	62	5	26	31
\$40 to \$49.99	14	48	62	7	24	31
\$50 to \$59.99	20	44	64	10	22	32
\$60 to \$69.99	26	40	66	13	20	33
\$70 to \$79.99	32	38	70	16	19	35
\$80 to \$89.99	36	36	72	18	18	36
\$90 to \$99.99	40	36	76	20	18	38
\$100 to \$109.99	44	34	78	22	17	39
\$110 to \$119.99	48	34	82	24	17	41
\$120 to \$139.99	52	32	84	26	16	42
\$140 to \$159.99	56	30	86	28	15	43
\$160 to \$179.99	60	28	88	30	14	44
\$180 to \$199.99	64	26	90	32	13	45
\$200 to \$219.99	68	24	92	34	12	46
\$220 to \$239.99	72	24	96	36	12	48
\$240 to \$269.99	76	24	100	38	12	50
\$270 to \$299.99	80	24	104	40	12	52
\$300 to \$329.99	84	24	108	42	12	54
\$330 to \$359.99	88	24	112	44	12	56
\$360 to \$389.99	92	24	116	46	12	58
\$390 to \$419.99	96	24	120	48	12	60
\$420 to \$449.99	100	24	124	50	12	62

¹ 4-person household.

FOOD STAMP PROGRAM NET INCOME BASIS OF COUPON ISSUANCE (SOUTH)

Monthly net income ¹	Monthly			Semimonthly		
	Purchase	Bonus	Total	Purchase	Bonus	Total
0 to \$29.99	\$2	\$56	\$58	\$1	\$28	\$29
\$30 to \$39.99	8	50	58	4	25	29
\$40 to \$49.99	12	48	60	6	24	30
\$50 to \$59.99	18	42	60	9	21	30
\$60 to \$69.99	24	38	62	12	19	31
\$70 to \$79.99	30	34	64	15	17	32
\$80 to \$89.99	36	32	68	18	16	34
\$90 to \$109.99	40	30	70	20	15	35
\$110 to \$129.99	44	26	70	22	13	36
\$130 to \$149.99	48	24	72	24	12	35
\$150 to \$169.99	52	22	74	26	11	37
\$170 to \$189.99	56	22	78	28	11	39
\$190 to \$209.99	60	20	80	30	10	40
\$210 to \$229.99	64	18	82	32	9	41
\$230 to \$249.99	68	18	86	34	9	43
\$250 to \$279.99	72	18	90	36	9	45
\$280 to \$309.99	76	18	94	38	9	47
\$310 to \$339.99	80	18	98	40	9	49
\$340 to \$369.99	84	18	102	42	9	51

¹ 4-person household.

The CHAIRMAN. Judge Córdova?

Mr. CORDOVA. I want to commend my colleague from Illinois on his statement, particularly with respect to a matter I understand a little bit better than the farm programs, and that is the question of distribution of food. I do not know whether my colleague knows that in Puerto Rico we have the free food distribution program, have had it for several years. It has the same difficulties, the same shortcomings that have been pointed out and that are noticeable here on the mainland.

The food stamp program, however, is not applicable to Puerto Rico. I notice you propose a combined free food distribution and food stamp program. The need of Puerto Ricans, the poor, the hungry, the ill-nourished, is certainly as great as that of any other region in the Nation.

Would you have an objection to the inclusion of Puerto Rico in a program such as you suggest of combined food stamp and free food distribution?

Mr. FINDLEY. Puerto Rico is part of the United States. It has a commonwealth status which is very unique. But these are American citizens and I think they ought to be treated equally with others.

Mr. CORDOVA. Thank you.

That is all, Mr. Chairman. Thank you.

The CHAIRMAN. Thank you, sir.

Mr. Burlison?

Mr. BURLISON. Thank you, Mr. Chairman.

I would like to take this opportunity to commend my friend from Illinois for the usual eloquence that he has displayed this morning in this very fine statement that he has given the committee.

I would like to ask the witness—first, for my own edification and background, do you, Mr. Findley, have any rural constituency? Do you represent any farmers or people in rural areas?

Mr. FINDLEY. Yes. In fact, to a great extent mine is a rural district. I have 13 counties. Springfield, Ill., is the biggest city. It does have 90,000 population. But most of the area is diversified farming. Corn, hogs, cattle, fruit.

Mr. BURLISON. Are you aware of any farmers in your constituency that are going out of business or on the brink of bankruptcy? Do you hear from any of these people? Do you get any correspondence from them?

Mr. FINDLEY. Yes. In fact, on every trip home I hear the number of public sales of farmers who are quitting farming seems to be more numerous this year than any previous year, and there are many farmers who are in severe financial situations.

Mr. BURLISON. As I understand—incidentally, is your program the same as the Farm Bureau-sponsored program?

Mr. FINDLEY. Yes. I was the first one to introduce it and I would like to put it this way, that I am gratified that the Farm Bureau has picked up my ideas.

Mr. BURLISON. Thank you. That was my understanding of the situation but I did want to clarify that.

The other 20 legislators in the House, or 24, and the Farm Bureau, and the 20 Senators adopted your plan and introduced and support it.

Mr. FINDLEY. I like to think of it that way. That may be just a slight exaggeration.

Mr. BURLISON. Well, I think you are being, and I do not say this derogatorily at all, I say it sincerely, I think you are being overly modest.

Now, as I understand your program, Congressman Findley, you would entirely phase out the farm support program over a period of 5 years.

Mr. FINDLEY. For the crops specified. It would not apply to rice and tobacco and other crops.

Mr. BURLISON. Yes. This is cotton, wheat and feed grains.

Mr. FINDLEY. Yes.

Mr. BURLISON. Basically.

Mr. FINDLEY. It would phase out the individual programs, the programs for the individual commodities. I would hate to leave the statement that I am phasing out programs for these commodities because I feel that the other provisions of the bill are in a real sense, a program for these commodities or the farmers that produce them.

Mr. BURLISON. I presume you have reference to the land retirement phase of the program.

Mr. FINDLEY. Yes.

Mr. BURLISON. And you are seeking to return agriculture, then, to the free and the open market over a period of time.

Mr. FINDLEY. I doubt if we will ever see what can accurately be described as a free market. We have a lot of things that I think are helpful and good that help to take some of the edges off the fluctuations of what otherwise would be a completely free market, but it would certainly restore the right of the farmer to plant and harvest and market whatever crops he wants to. So to that extent, freedom would be restored.

Mr. BURLISON. I am wondering if you have introduced any legislation that would eliminate tariff provisions to protect our business interests. Are you interested in any legislation in this field at the present time?

Mr. FINDLEY. I have introduced a number of bills which would effect our tariff regulations, including the subsidy rate on sugar, I might add. In general, I am a strong believer in the freest possible flow of merchandise and services without regard to national boundaries except where short-run imbalances occur. So, I do the best I can to resist the protectionist tide that seems to be rising in many quarters.

Mr. BURLISON. And do you have a similar position on import quotas in various businesses and industries?

Mr. FINDLEY. I think generally that tariffs are far better than quotas and where I have a choice, I much prefer a uniform tariff which gives every country the same equal access to American markets that others have. Quotas work in quite the opposite direction.

Mr. BURLISON. Have you introduced any legislation or taken a strong interest in eliminating all of the tax loopholes and preferences and shelters that are taken advantage of by all of the business and professional interests—

Mr. FINDLEY. Well—

Mr. BURLISON (continuing). In the Nation?

Mr. FINDLEY. Well, I just voted for the bill that emerged from the House, as I presume the gentleman from Missouri did, which is regarded by many as a significant tax reform bill. I would not say we have done as much as we should, though.

Mr. BURLISON. But it falls far short of eliminating all—

The CHAIRMAN. May the Chair comment right now? I do not want to deny anybody the right to go into a broad discussion, but I do not think it is in order to simply question the witness as to what he introduces and what he believes about the opinions of the Pope or anything of that kind. I think after all he is here to testify on the statement he

made and I know we can go a long way on that statement and I want the members to, but frankly, I think it is going a little too far just to badger the witness. I hope we will keep a little closer to the statement, rather than to go into his ancestry and his beliefs.

Mr. BURLISON. Mr. Chairman, I would like to publicly apologize to the chairman and to the witness for my badgering. I do humbly apologize for that, Mr. Findley, because the 9 months I have been here in Congress I have observed you and I admire the skill and articulation with which you present your beliefs and convictions and I apologize.

Mr. FINDLEY. I appreciate those thoughts and I was not aware that you were badgering me.

Mr. BURLISON. I want to conclude my questioning by merely commenting that I was trying to get to the point of showing that while we have so many Members of this Congress and so many people in this Nation that want to deprive the farmer of any protection, any Government help, while we are imposing upon the Nation and upon the consumer of this country import quotas, tariffs, tax preferences, shelters, and loopholes, all to the benefit of the business and professional interests while our farmers are going bankrupt and going broke. I get letters every day from farmers that are going broke in my district, big operators and small operators, and I feel that this is the point that I was trying to approach and I hope that I have in some very inadequate fashion expressed this position.

Thank you very much, and thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Burlison.

Mr. Kleppe?

Mr. KLEPPE. Thank you, Mr. Chairman.

Congressman Paul Findley, I want to start out with a word of commendation to you and all with the same beliefs that you have for the work and study that you have done in presenting not only this bill but your statement this morning. I do not happen to agree with the general thrust of it but this does not lessen my respect for you and others who have worked on this and have come forth and submitted it as something that we can take a look at and work on.

I would like to ask you some questions. I am very, very concerned and interested in this farm legislation and I am going to try to stay within the 5-minute rule, Mr. Chairman. I will just get at a few questions that I have and leave the others for another time.

I am sure, Congressman Findley, that you are familiar with Secretary Hardin's proposal on the set-aside arrangement. Would you generally agree that his proposal has one basic design to it, to achieve more income for farmers out of the marketplace?

Mr. FINDLEY. I am sure that is an objective. It has several good features. It gives the farmer, as I understand it, a little greater freedom to plan as he would wish.

Mr. KLEPPE. I am glad you said that because I was going to ask that question, also.

Mr. FINDLEY. That is important. It does have some weaknesses, though. His plan retains the annual land retirement weakness which is high cost because it provides that only a portion of a farm is taken out of production. This diminishes the effectiveness of the land retirement that the Government contracts for by this arrangement. So, I

do not think it is quite as effective or as efficient or as desirable as what I propose but nevertheless, a step in the right direction.

Mr. KLEPPE. Well, in answer to my question, you do agree that is one of the thrusts of his proposal?

Mr. FINDLEY. Yes.

Mr. KLEPPE. That the marketplace would supply more of the farmer's income than it does today?

Mr. FINDLEY. Yes.

Mr. KLEPPE. Under your proposal you have the concept of whole farm retirement. You know, in the area that I represent we have many little farms and many little communities that live and exist because of servicing the farms. If we were to go the whole farm concept of land retirement, it would be the demise of a great deal of that part of agricultural America, much of which is in my particular area. From a very practical standpoint I can see that North Dakota would become—the west district of North Dakota particularly—would have a lot more cattle and a lot fewer people.

We already have five times more cows than we have people and maybe this is not all bad, but it is a very difficult thing to sit here and plan on bringing about the demise of agriculture and the population, the farm population, in an area like that. And this is one reason, of course, I am so basically opposed to the whole farm concept.

Would you have any additional comments on that?

Mr. FINDLEY. I come from an area which apparently is not too much unlike your own because the farming units in my district are small and they are served by small communities. These smaller communities have already suffered greatly because of the shift in population from rural areas to the city. But I think this was inevitable.

As to the effect of the retirement of whole production units, this need not be a disaster for these communities and I am sure it would not. My bill does not change existing legislation which authorizes the Secretary of Agriculture to impose limitations as to the number of acres or the percentage of land in a given township that could be taken out of production under the whole farm approach. There would have to be very severe and carefully worked out limitations. This would still not diminish the effectiveness of the whole farm concept. We should remember that the present annual commodity diversion programs under the act of 1965, of 50 million acres, has already forced major adjustments.

Mr. KLEPPE. Would you agree that it has a great many problems in connection with it?

Mr. FINDLEY. No, sir. I do not think it has any insurmountable problems of consequence. I can recall, for example, some whole farm land retirement under the soil bank program, and this was in the experience of the farmers and the nearby communities successful and not an unpleasant experience at all. So, I think we have some past history that should give us some confidence as we consider this possibility.

Mr. KLEPPE. I am of the opinion that we are practically out of business if this happens. I am not going to pursue that any more, but I would like to get into one other thing before I yield back my time. And that is, on this section, title V of your bill, on page 9, you were talking about this farm adjustment retraining program. The criteria that you have established is that if a farmer has less than a \$5,000 gross volume, he is a poor farmer.

Mr. FINDLEY. He is, indeed.

Mr. KLEPPE. He is not making a nickel.

Mr. FINDLEY. But there are a lot of them like that.

Mr. KLEPPE. The point I am making is this. He is not making a nickel. You have a retraining proposal in here which is a form of welfare.

Mr. FINDLEY. That is right.

Mr. KLEPPE. There is no question about that. And your proposal—it seems to me that it would move in the direction of taking some help away from this farmer through the agricultural program and putting it in a welfare program and this has been one aspect that I have always objected to. I think we are much better off trying to keep a farmer alive and healthy from an income standpoint through the agricultural program than we are to just categorically say, you have had it. Get out and we will subsidize you through a welfare type of program.

Now, again, the nonfarm income that applies in my area, for example, is practically nil for a farmer. I am talking about a farmer living on a farm. His nonfarm income is very, very low. We do not have industry where he can pick up a part-time job. We have some of them that do drive a school bus but these are very few in numbers. So, they are dependent on what they get. You and I have heard a great deal of criticism over our present farm bill, a great deal of it.

Would you agree with me that in recent weeks, maybe I can say in recent months, many of the farmers who have openly criticized the present program because of the exodus of farm population, because of what inflation has done, because of many other factors, have brought about a situation where today they are starting to look at the termination of this and are saying, "Boy, we have got to have this or something just like this." Are you finding this, Congressman Findley?

Mr. FINDLEY. Well, I am finding many farmers who are getting out of farming and I certainly recognize that there has been a substantial population shift that creates hardship problems. Nevertheless, I think we have to admit that this population shift is perhaps the only reason we have been able to achieve the tremendous technological progress that our country has achieved.

People have not had to stay on the farm in order to get enough food to eat. They have been able to get off the farm and each year one individual has been able to grow more food than the year before and thus feed more people living off the farm. This is the key to our progress.

So, while we should have a proper concern for the little fellow who is marginal and has to make that shift, we should nevertheless recognize that it is a part of a bigger, brighter picture for us all.

Mr. KLEPPE. I have little doubt in my mind that your proposal would cost less money over the long haul. I am sure it would.

Mr. FINDLEY. The initial cost might even be a little higher.

Mr. KLEPPE. It is possible, but over the 5-year period it would be considerably less cost. But I have a great concern about the fact that the reduced cost would be at the expense of the farmer and saving would be rechanneled to another Government agency and we would have a worse proposition than we have channeling it through an agricultural program. Again, I just want to say I respect your study, I respect your views, though I cannot find myself in a position to agree

with most of them, but I think you have done a great job in presenting them.

Mr. Chairman, I will yield back my time.

The CHAIRMAN. Thank you, Mr. Kleppe.

Mr. Sisk?

Mr. SISK. Mr. Chairman, thank you.

I might say to you, Paul, that I agree completely with the statements made by Mr. Kleppe. You are very articulate. I think you do a very excellent job as a proponent of those ideas that you hold.

There are many questions I, of course, could ask with reference to your proposal or what is sometimes referred to as the farm bureau proposal. Let me simply say, as a general principle, and this is pretty much along the line of some questions already raised.

You state, for example, early in your farm recommendations that cotton farmers receive about half their income from the U.S. Treasury, wheat farmers a third, feed grain a fourth, and so on. And, of course, under your proposal at the end of 5 years, this will cease to be true. That is, they will not at that point, as I would understand it, receive any income from the Federal Government.

Mr. FINDLEY. They would then get all of their crop income from the marketplace.

Mr. SISK. That is right.

Mr. FINDLEY. Yes. But some of them would get income for land retirement.

Mr. SISK. The question that arises with me, Paul, and I have asked many people in the Farm Bureau and others, is what do you foresee 5 years from now that is going to substantially change, that is going to have any hopes of maintaining anywhere close to our present level of farm income? I think you and I both will agree there are problems in the farm community across our Nation today with the present farm income. But as we begin to cut back on these programs, what in your proposal—you can say this land retirement is going to take out land and, therefore, apparently cut production and in that way tend to make supply and demand tend to cause prices to rise. I cannot see it in the proposal basically.

Is that the way you feel that they are going to recover the income that they are going to lose through a cut back in programs? We would all like to see, of course, a cut in Government expense, no question, and freeing up of farms and to that extent I would be all for it if I felt there was any way of maintaining a reasonably decent level of income.

Mr. FINDLEY. It is a hard thing to prove but I have felt since the feed grains program was started in 1961 and variation on that for wheat starting in 1962, and then something somewhat similar for cotton, that the effect of all of these programs has actually been to keep market prices low, much lower than otherwise would be the case.

Now, I freely admit that there are arguments on the other side, but I am convinced myself that, as Secretary Freeman said to this committee at one time, the whole thrust and purpose of the feed grains program was to keep market prices low. In other words, it was to have the farmer look to the Government payment as a major part of his income in the process of producing and marketing these crops.

Well, that is an approach that I think is most unfortunate and unwise and to answer your question more directly, I am confident that

commodity prices would be substantially higher at the end of the 5-year term than they are today.

I point to hog prices right now. I do not hear any complaint from hog producers. A couple of years back they were complaining because prices were down, but the hog market does fluctuate and the cattle market fluctuates and those that stay with it and stay through the downs as well as the ups like it and make money. I believe that with the marketing of grain and fiber on a similar basis, not involving Government stockpiles and the uncertainty of when Government officials might choose to sell commodities and at what price, that market prices would strengthen.

Now, no one can forecast what market prices will be in the future. It may be that there will be some innovations in fertilizer and the technology of agriculture to make it possible to grow corn a lot cheaper than we do today, but I think the disciplines of the private technology ought to be the forces that bring about the proper price.

Mr. SISK. Well, I recognize we can all speculate; the idea that hogs, for example, or cattle because they have not been specifically controlled has been cited many times, and yet had it not been for certain kinds and types of control and regulation on feeds and feed grains and a variety of other things I question whether they would have survived to the extent that they have, and I think many would admit this frankly.

Mr. FINDLEY. And yet, the old theory that cheap corn makes cheap hogs has not been proved to be correct during the last year or so.

Mr. SISK. Let me ask you, what is your opinion about bargaining associations? I happen to believe, and here again I suppose you and I see this differently, that the only alternative to some kind of a Government program, something similar to what we have now or an improvement of it, seems to me, at least in the minds of many people, the only alternative is then for the farmer to have some control over the price he sells his commodity at and to that extent, then, he is going to have to go into some kind of very tightly controlled bargaining association where he actually controls the flow of his produce, commodities, to market through the denial to the market at a price below cost.

As you know, there are some developments in this area that have crossed American agriculture. What is your opinion of such a program?

Mr. FINDLEY. I think they constitute a very proper and needed approach. I regret the general farm organizations have not been more effective than they have been in the field of marketing. I think they could do better than they have done. The National Farmers Organization started out as an organization for collective bargaining. They had some pretty good ideas. They were going to try to be the bargaining agent for the marketing of feed grains and wheat and other crops and they did a pretty good job of selling contracts to farmers. They became quite popular and they espoused some very appealing and attractive ideas aimed at improving the farmers' income at the marketplace.

I am not sure just what their approach is today, but I think they had some sound ideas in their original formulation.

The Farm Bureau has been doing more in this field but still I do not think enough. Farm organizations ought to concentrate more on the problem of strengthening the position of the farmer at the market-place than they have been in the past. I agree with the gentleman.

Mr. SISK. Let me conclude, Mr. Chairman, by joining again with Mr. Kleppe in the statement he has made, that in spite of all the criticism that has been directed toward recent farm programs, of course, for many year, I find in my area an increasing feeling, particularly in the past few months, that we just must continue to have a program and that probably we should continue the present program. It seems for some reason when this matter is now in doubt as to what we are going to do, suddenly this program that we have today has a great deal of favor in the farming areas. And I did not quite understand what your answer was to the gentleman from North Dakota. Is that generally true in your area? Are you finding a good deal of favor expressed now and the fear that we may get something worse than we now have?

Mr. FINDLEY. I asked this question on my annual questionnaire this past year: Should present price-support programs for agricultural commodities be continued? A majority of the people answering—this included city people as well as country—did not favor the present programs; 10,042 did not favor continuing the present programs while 8,094 did favor them.

Mr. SISK. Thank you, Mr. Chairman. I appreciate the statement of the gentleman though I, too, find myself in some disagreement.

The CHAIRMAN. Thank you, Mr. Sisk.

Mr. MAYNE?

Mr. MAYNE. I, too, want to compliment Mr. Findley on his very thoughtful and carefully prepared testimony, although like the other members who have already questioned him, I cannot agree with much of it and most especially that part of it which would end all commodity programs and payments within 5 years.

Now, with reference to your second and third primary objectives, the second being the phasing out of the commodity program and payments, and the third being the retirement of entire production units, I would like to ask you, Mr. Findley, is it your thought that these two objectives are inseparable, that they would both have to be adopted, or would it be feasible to have one or the other?

Mr. FINDLEY. Any one of the three parts could be enacted separately or in any combination.

Mr. MAYNE. Well, the first one is special assistance for the lowest income farmer.

Mr. FINDLEY. Yes. That need not be a part of the three-part package.

Mr. MAYNE. If you only had an adoption and implementation of the third objective which is the retirement of whole units, do you have in mind long-term retirement of entire production units?

Mr. FINDLEY. Yes. I feel that long-term retirement is the fairest approach from the standpoint of the taxpayer. He is more apt to get the greatest degree of adjustment of productive resources through long-term retirement.

Mr. MAYNE. Now, if we did adopt this third objective of yours, a long-term full-farm retirement, would it be your thought that the

\$20,000 limitation of payments that you have advocated should apply to payments under such a whole-farm retirement program?

Mr. FINDLEY. Yes. I must say that I cannot conceive of very many problems arising as a result of a \$20,000 limitation. I think it is obvious that no tobacco land would be included because of the high capitalized value of the right to grow tobacco. The same would be true of rice. And until the 5-year phase-out has been accomplished, I would imagine the same would be true of most cotton units, too.

Mr. MAYNE. Well, for the sake of this question, now, we are assuming that no phase-out is being accomplished, that only the third of your objectives would be——

Mr. FINDLEY. The land retirement? I see——

Mr. MAYNE. (continuing). Would be implemented.

Mr. FINDLEY. Well, to get right to the question, I do favor the limitation of payments; yes, but as I said before, I do not think this would be any severe encumbrance upon the effectiveness of the land retirement. I do not think you would have any problem of getting contracts.

Mr. MAYNE. Well, have you given consideration to what retiring a whole farm, perhaps a large farm, would mean in terms of dollars and the impact of the \$20,000 limitation on that?

Mr. FINDLEY. I might say, too, that if the—I am from a part of Illinois where I have a little difficulty visualizing the King Ranch or the Boswell operation or anything of that magnitude. But no doubt there are some very large operations, and if there were no limitation on the amount that could be paid annually for cropland adjustment, theoretically it could be possible for a whole township constituting one farm to go under contract and go out of production. This would indeed have a disastrous effect upon the merchants and the little cross-roads grocer. I think that is another good reason to have a limitation on payments.

Mr. MAYNE. Under the present programs we do not have entire farms going out of production.

Mr. FINDLEY. That is true, because the Congress has not funded the CAP program for the past 2 years.

Mr. MAYNE. Whereas here you are advocating entire farms going out and I would suggest to you that would cause quite an increase in the dollars involved.

Mr. FINDLEY. It could conceivably as you contemplate the bigger farms but I am sure that there would be no difficulty getting a sufficient amount of land under a limitation on payments on the cropland retirement; \$20,000 would cover a lot of the best acreage in Illinois.

Mr. MAYNE. Thank you, Mr. Findley.

The CHAIRMAN. Thank you, Mr. Mayne.

I am going to ask the committee if we may not now—we have taken up nearly three-fourths of the morning and there are still members who have had no opportunity to examine Mr. Findley, if we we could not ask him to stand aside for a moment.

Dr. Hall has been waiting on us for an hour and 25 minutes. I do not think his testimony will take so long, and if there is no objection, I am going to ask Mr. Findley to stand aside and let us hear from our colleague from Missouri and maybe he can then come back.

Dr. Hall, we will be glad to hear from you.

**STATEMENT OF HON. DURWARD G. HALL, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF MISSOURI**

Mr. HALL. Thank you, Mr. Chairman. I certainly thank our colleague. I am not in any hurry personally. The only reason I retired to the rear end of the room and paced the floor back there was because of a sore tailbone and these chairs are not completely adaptable to that condition, Mr. Chairman.

I appreciate this very, very much. And I appreciate being before this committee on a Friday morning and seeing the intense interest and especially exposing yourself not only to double jeopardy but triple jeopardy as far as I am concerned, in the last three Congresses.

Mr. Chairman, I have asked to appear before this committee today, as one who is vitally interested in changing the direction of the past and present trend of the Nation's largest and I thoroughly believe this Nation's most vital business, agriculture.

It is for that reason I was interested in auditing the very perceptive questions and answers of the committee and that I was not in a hurry. I suppose in my heart I am envious of each member of this committee because of your mission and objective and the challenge and the opportunities that you have.

I have read with interest the statement by the Secretary of Agriculture to your committee.

I have noted with approval the magnanimous way in which he was received.

I certainly applaud his announced intention of giving the American farmer greater freedom.

But I did feel a slight "twinge" of disappointment when little reference was made to the "marginal" farmer—I refer to that individual who is "stuck" on poor land, with lack of adequate rainfall, and little capital with which to compete. I think this fact was exemplified, on the part of the Secretary, by a reluctance to set payment limitations for fear of running the big producers out of the program. This in turn, will virtually guarantee that the small farmer will have less of an opportunity to share in the American dream.

I felt another slight "twinge" at the thought of simply retiring more farmland, instead of keeping and improving what we have, and putting it always to better and better use.

Perhaps though, Mr. Chairman, my "twinge" was actually just a slight muscle spasm, and I should be seeing a medical committee instead of one dealing with agriculture.

Be that as it may, I feel the necessity to offer a prescription, mixed and compounded by men of the soil, a prescription, so to speak, that might not be a complete cure for the situation, but one that could act as a "shot" in the arm to help get the patient back on its feet, so that it could do some of its own doctoring and perhaps even heal its own wounds, thus alleviating the necessity of "round the clock" nursing, from its big brother in Washington.

Mr. Chairman, if I may intersperse, members of this Committee have traveled at different times to the district that I am privileged to represent and have listened on two previous occasions to one of the "men of the soil," Mr. Gene Poirot, who has become a friend of many

of you. He has served several administrations on agricultural advisory committees and is an agronomist of no mean stature and certainly is a hard working implementer of the "state of the art." He is an evangel in trying to spread the good way of life on the farm and at my request he did not seek to testify before your committee against this year but he has commented in a letter to me dated October 5 and then in a more personal vein commenting on that letter as to the Secretary's testimony before this committee.

I would like your permission at this point before going into H.R. 13717, to insert that in the record, because I think many of you will find it not only personally interesting but good comment, worthwhile and advantageous to the committee.

The CHAIRMAN. Without objection, that letter will be inserted.

(The letter referred to follows:)

POIROT FARMS, INC.,
Golden City, Mo., October 5, 1969.

DEAR DOC: After reading the enclosed letter I find that it should contain a lot of thoughts I did not bring out. If I mentioned them the letter would become so detailed that it would still be harder to understand. For that reason consider the following thoughts:

The Secretary's statement as well as all previous legislation deals with the PRODUCT (wheat, feed grains, cotton, milk, etc.). It should deal with land and its USE. Food and fiber production is ONE use. This approach is mentioned on page 10. The suggested way is not flexible enough to meet our changing needs for land in the future.

An "Income support payment" made on any crop even though it is a "Domestic allotment" adds an incentive for producing it which does not come from the consumer demand. It is in a way unfair competition with acres on the same farm and on the farms producing for the world market offering a lower price than our market offers.

Your bill allows the consumer, farmer and world market to make the price. Any one who cannot produce against that competition is offered "THE SECOND MARKET FOR LAND USE" which gives him a chance to get back into that competition or divert his land to some other use.

This is "Increased farm net income" (page 1), "better overall resource adjustment" with conservation and restoration added (page 1). "Wider range of decision making by the farmer" (top of page 2). Control "ability of American farmers to produce in excess of our markets both foreign and domestic" (bottom page 2). Top page 3 first paragraph my answer. Let us compete with any nation in producing but NOT by destroying our resources of SOIL FERTILITY and WATER and by asking our farmers to live at a pauper's level to do it. Your bill in one stroke takes that out of our agricultural production.

The statement by the Secretary does not offer the farmer in trouble any better chance to correct his problem than it offers those who have no problem. The farmer on poor land not making a profit should be allowed to retire 100% of it and be paid for putting it to a profitable use. Your bill gives him that chance.

I wish they would study it and understand there is more to farming than the MARKET PRICE.

Sincerely yours,

GENE.

POIROT FARMS, INC.,
Golden City, Mo., October 5, 1969.

Congressman DURWARD G. HALL,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN: I have given some study and thought to the statement made by the Secretary of Agriculture to the House Committee on Sept. 24 and my reactions are as follows:

1. The objectives he outlines on pages one, two and three, with emphasis on the underlined one on page three are good. In my opinion they can not be reached

with the mechanism he outlines on pages 15 to 19. It is too much like that which we have tried for the past many years. It is based upon payments made on a "Domestic Allotment basis". None is to be made on *products sold* in world markets.

This would work if:

1. The total national support payment was high enough to give agriculture a parity of income in NET profit equal to that others now enjoy PLUS enough to pay the cost of resource restoration, management, and capital invested.

2. If each farmer had, enough of the allotment, his land was rich enough for economic production, and his management as good as that of other farmers, so that he would be sure to get his part of the national income. He would then be free to produce for the world market if the price offered was good enough. AS WE HAVE USED DOMESTIC ALLOTMENT PAYMENTS IN THE PAST AND AS THIS STATEMENT SUGGESTS WE DO NOW, WE ASSUME THAT EACH FARMER IS GOOD ENOUGH TO PRODUCE FOR THE WORLD MARKET. "Allotment" says so.

SOME are and they should have the chance to do so without restrictions. Many more are not able to do so but they should be given the chance to restore their resources and use the science of agriculture so they can reach that level of efficient production.

THAT IS YOUR BILL.

The payment for soil and water restoration is the allotment payment equivalent. The farmers who can produce for a world market don't want it. The farmers who can not are given a chance to correct their problem on an INDIVIDUAL basis. They are then back in business. "Income support payments" relief payments etc. have never solved the problem in the past for individuals though they make the total agricultural income look better.

If our agriculture can not produce for the world market, our consumers some day will be buying their supplies at that market.

There is more but for now just keep pointing out how your bill is better, reaches all farmers in trouble, and solves the production problems for the farmer and consumer.

Good wishes from all of us,

GENE.

MR. HALL. Mr. Chairman, members of the committee, my proposal is contained in H.R. 13717, which you have before you and I have in past Congresses dubbed it as the cropland and water restoration bill. I think this committee might in its wisdom well choose to simply enlarge title IV of the present bill which has about the same title but I think it is vital that we recognize that the backbone of this legislation is for soil and water restoration and the incentive, I underline the incentive, to accomplish both with a realistic profit margin for the farmer or the producer.

To me, effective agriculture production depends upon a suitable supply of air, sunshine, soil plantfood, minerals, and water. This is the balance of nature and much of my original stimulus to produce this legislation as the committee knows, came from the book "Our Margin of Life", written by Mr. Gene Poirot.

The absence of any one of these can and does, limit agriculture production. These four requirements of nature can and will produce food and fiber, with or without man. But, when man enters the picture in the twofold role of farmer and consumer, and one pays the other for producing his needs, then science and economics also must be present to assure an orderly means of exchanging livelihood for livelihood.

Thus, the knowledge and ability of the American farmer along with the "state of the art" of techniques in agriculture, has expanded so well that more nutritious food and fiber has been produced than has been purchased, resulting in an exodus by the farmer to the city, in search of a more equitable way of existence.

I think we can all agree that the big problem in agriculture has been one of surplus or surpluses. For years economists as well as politicians—few of whom are farmers—have been working overtime to reduce these surpluses. Many farm programs, most at a considerable cost, have been on the books for 30 years. They have not been totally successful, but at the same time, Mr. Chairman, have not been totally unsuccessful, but they have in the main as I analyze the situation, disregarded the following important items:

1. Soil and its plantfood minerals: 37 percent of the topsoil is gone, beyond redemption or repair. As late as 1963 we were still using and wasting three times as much plantfood as we returned to the soil in all forms of fertilizers. We have no program to change that course.

2. Water: It falls on the land for the most part in abundance. But agriculture needs it in great amounts for efficient production. Farm programs have, perhaps by necessity, ignored it as a vital part of agricultural production and have seldom made any effort to conserve it. It has been assumed or taken for granted often as a part of the greatest gamble.

3. Farmers: 70 percent of them are in the poverty group, family net income of \$1,851 in 1965. This has been well brought out in the discussion here this morning. The average income of all of them is about 64 percent of that of the nonfarm population—in previous years it has been 50 percent or less. Farmers cannot control the price of what they buy or sell. They have no control over the research done for them. They have no control over the farm programs. They are penalized if they do not participate. They do not agree on a policy of their own, or on Government programs.

4. Consumers: Past programs were to increase the prices to the consumer while reducing the surplus or vice versa. When the program was getting it done in 1966, the consumer objected and prices started down for the farmer, but continued on up for the consumer in a paradox with the farmer reaping the blame. This committee well knows the true and entire story was never told.

Farm programs should give first consideration to the consumer, who is the only reason for farming. The end-product, Mr. Chairman, of nutritious food in human bodies. The program should open the door to science to provide the best food of the highest nutritional quality, in an efficient way, at reasonable cost and it should protect the potential—for example, soil, water, research, and farmers—for producing such food in generations yet to come.

One of the features of H.R. 13717, the cropland and water restoration bill, is the “second market”. We have proposed this to your committee before. It has been refined. It is based on further developing soil and water resources, not limiting them, according to the teachings of scientific agriculture (not politics and economics alone), which is nothing less in sum total than good farming.

In actual operation the “second market” would:

1. Buy tons of a suitable crop which by its growth and yield plowed under would

2. Improve the degree of soil restoration and water conservation accomplished and paid for by the farmer.

3. In any amount of tons the farmer wants to sell

4. At a fair price announced each year but above an approved standard such as a minimum wage, parity or share of his cropland,

5. Grown on any part or on all of his cropland, based on his decision which would be further based on the economies of the time and the market and,

6. Leaving the farmer the choice of selling to the Government or of otherwise disposing of the crop without Government payment.

Let me give you an example: The "second market" would offer to buy sweet clover or its equivalent growing alone for 1 year plowed under at \$25 per dry weight ton. If the farm had a pond approved by the Soil Conservation Service for irrigation and flood control or other practices of special value, the suitable crop would be worth say, \$30 or more, per ton. The weight and rent per acre would be figured on the spot by his own county ASCS representative for the farmer to accept or reject the offer.

This program would offer a fair money reward for good farming. Not a stingy amount of relief money for idling land as in the soil bank. Not large sums of money for surplus control to those on rich land where there is no problem and only one-third as much per acre to those on poor land, needing fertility, water and the money to buy them. It would keep the Nation's soil immediately ready for an emergency call by the Government.

The "second market" would buy only proved results, regardless of the political power a group might have, or regardless of the richness of the soil. It does not pay for storing large amounts of surplus products, or large sums for giving it away later. This is a social problem.

The program pays at a minimum wage or parity level for the services it buys from the farmer. Any product he grows which yields less net income per acre is at once a surplus, so he shifts, then, farming efforts and the troublesome land to the "second market" provided by the Government for developing its soil and water resources to a higher level or to a more economic production plane of production.

Since yield per acre, market price, and local costs are all factors in net profit, a change in any one of them can cause acres to be shifted into or out of production under the "second market" program. This is far more flexible than any directive delivered from Washington, D.C., could ever be, because the individual farmer makes the decision on his farm.

The evident results are "good farming" at a high level of efficiency. Run by farmers, producing products above the poverty level at a reasonable price for the consumer without danger of accumulating a surplus and without the sting of "farm relief" and "subsidy" attached.

Another result will be a permanent system for agricultural production with little or no competition from the off-the-farm people who either own already rich land or can restore soil and water resources to make it so, and thereby gain income tax relief. If the land should become rich, beyond our food and fiber needs, industry can find use for the products it will grow at a low cost to make them into products people will need. Many such products are already known. The art of hydroponics has yet to be implemented. Research will find other uses and needs for products.

Other uses for any extra land and/or credits could well be environment controls to hold insects and diseases in check; restoration of wildlife habitat; ponds for farm and community water supplies where nitrate poisoning in wells becomes a health hazard; the preservation of virgin stands of grasses and timber; and beautification in general, just to mention a few. The extra good land we had when Columbus discovered America was never a liability.

If there is any sensible reason for denying agriculture the money to encourage farmers by this "second market" or by any other means to use the science in restoring and preserving our food producing soil and water resources so vital in guarding the health and growth of human bodies from the moment of conception to death, I fail to find it.

Administrative costs should be less. There would only be one crop to measure. Participation would be checked only on those farms selling to the "second market." There would be no surplus to measure and give away. There would be no "cost sharing" for fertilizer, lime, terraces, ponds, and other activities now requiring many more people than were needed a few years ago.

In return for the administrative costs there would be something bought of great value to all people, soil restoration and water conservation. Thus, the consumer would realize and appreciate and willingly pay for the work and service.

Mr. Chairman, there is little doubt that the American farmer has been caught up the creek of rising prices without a paddle. He has not asked for a life preserve, or even a can to bail out his boat. He has asked for another paddle so that he can chart his own course and row himself to safety. I feel that "The cropland and water restoration bill," can provide the farmer the necessary tools to make his own way.

I certainly thank you for this opportunity and appreciate being here.

The CHAIRMAN. Thank you, Congressman Hall.

Mr. Goodling?

Mr. GOODLING. Very briefly, Mr. Chairman.

As a farmer I respect the gentleman's views. I want to raise a few questions.

You say, Mr. Hall, "37 percent of the topsoil is gone beyond repair." I do not know where you got that figure, but I would have to question that very seriously in my own area. I am certain 37 percent of the topsoil in my area is not gone. I know on my own particular farm, and I have owned it for 45 years, I have more and better topsoil than I had 45 years ago.

You also speak of water and say it falls in abundance. I question that statement very seriously. I happened to have been in the chairman's great State of Texas a few weeks ago and I know that in certain areas there it does not fall in abundance. They can conserve every drop that ever falls and they still would not have enough to produce the crops that they have the potential to produce.

When you say it falls in abundance I am reminded of an occurrence in the neighboring State of Virginia a few weeks ago. My son happens to have a farm there. He had 27 or 30 inches fall in just a very few hours and I will not take time to tell the story that the chairman told about a certain rainfall the other day but it would fit in here very well.

There are areas in which you can save all the water that falls and you are still not going to have enough to produce the kind of crops that we are capable of producing with an adequate water supply.

I would like to have you comment on this statement that the rain does fall in abundance.

Mr. HALL. Well, I think it is obvious that you are not referring to my further statement, that—it is not in your copy—the statement that water falls on the land in abundance, agriculture needs it in timely and great amounts for efficient production.

I add the words “timely and”.

Obviously, I am speaking about the 37 percent of the top soil being gone on a nationwide basis and, obviously, I am speaking about annual rainfall for the United States as a whole. I have been out west of the Pecos also and I sure would agree with you that if you would save all the water that fell out there it would not be enough unless you ground up and distilled a lot of horny toads.

Be that as it may, it is a problem of distribution and timeliness nationwide and I am not one who believes that we do not have the capacity in this great Nation eventually to distribute the abundance of water that does fall nationwide, taking that which is excess in Virginia, conserving it and perhaps even redistributing it. Admittedly it would take an awfully long pipeline to go from Virginia to the Pecos but we would not have to go that far. And I am not beyond in my dreams of soil and water conservation and restoration of our ability to redistribute and make our whole land abundant just as I believe in our capability for chemical hydroponics to produce food and fiber stuff adequate and nutritious enough to maintain the human bodies even in our burgeoning and expanding population. So, I appreciate your remarks and I know that you have restored your own soil on your own farm because I have been there and eaten the lush fruit therefrom.

But my statement applies to the national concept and nationally it is known that we have let wash down the Mississippi and Missouri and out into the Delta lands the silt and the loam to the extent that our top soil which was originally covered with prairie grasses and virgin timber out of which our pioneers hewed the civilization and the high standard of living that we have today to the point where it is 37 percent less.

It is in that context that I speak. I appreciate the gentleman giving me this opportunity to elaborate further.

Mr. GOODLING. I do not want to give the impression that I do not agree with good soil conservation practices because I do 100 percent but I also want to point out that the good farmers in my area and all through the east have been practicing this for a good many years. We are maintaining our top soil and I think improving it all the time.

Mr. RARICK. Will the gentleman yield?

The CHAIRMAN. Mr. Stubblefield?

Mr. STUBBLEFIELD. Thank you, Mr. Chairman. I have no questions. I would just like to welcome the good doctor here to the committee. I know he has intense interest in conservation. But, unfortunately, most of us do not have the ingenuity and the ingeniousness of George Goodling or Gene Poirot.

We all appreciate your fine testimony, Doctor.

The CHAIRMAN. Thank you, Mr. Stubblefield.

Mr. Mathias?

Mr. MATHIAS. I enjoyed your testimony, Doctor. I do assume that you do approve of the SCS programs that we now currently have for range improvement.

Mr. HALL. Very much. I am very proud that we have just become a 100 percent district in the soil conservation and watershed program as of a week ago last Monday and if I can be slightly immodest, I think a large part of it at my own urging and that of the Farm Advisory Council, which advises me and which many of the members have met in the 7th District of Missouri.

Mr. MATHIAS. That is all.

The CHAIRMAN. Thank you, Mr. Mathias.

Mr. de la Garza?

Mr. DE LA GARZA. I have no questions.

The CHAIRMAN. Mr. Rarick?

Mr. RARICK. Thank you, Mr. Chairman. I just wanted to comment that yesterday we of the Louisiana delegation met with our State Tourist Commission. Many are familiar with soil erosion and its effect on the Mississippi River but the Commission's problem was with reference to the Atchafalaya River. Our conservation experts and river navigation people are alarmed that in the Atchafalaya Valley between Alexandria and Morgan City into the gulf we are adding over 3,000 acres of accretion—washed down top soil—every year as a result of the floods following the heavy rains and snows from up north. This is not Louisiana soil. I do not know where it comes from but some farmers have lost top soil and continue to lose it.

The CHAIRMAN. Pretty good land, is it not?

Mr. RARICK. It's very good land, yes. But the problem we have, Mr. Chairman, is it clogs up our rivers and threatens our navigation system. I just wanted to comment so there would be some idea of the erosion involved. If we estimate 3,000 acres added every year by accretion, in 10 years, we have 30,000 new acres being added in Louisiana. And this is on the Atchafalaya River, a much smaller river than the Mississippi. So, if we add to this the Mississippi and the silt extending the delta into the Gulf of Mexico, it surely points out the great loss of top soil and the need for soil conservation.

Mr. HALL. Mr. Chairman, if I can comment about that, I have had an unusual opportunity as some of you know, to cover most of this country at relatively low altitudes in helicopters as a member of the Committee on Armed Services checking the various military exercises, and one of the things that has been a sideline with me has been observation of the very thing that Judge Rarick and Congressman Goodling are talking about, the differences in the good land management practices in the different areas of the country.

I think perhaps there is no question that as our population swept westward and as our land was—a God given resource of soil and these other essential elements, were perhaps overutilized in the belief that we would never need everything that we had, so have good practices swept from the East to the West. We are very conscious of them in the Midwest now and I think we are doing a better and better job but we certainly need to do more.

The CHAIRMAN. Thank you.

Everybody has questioned one witness. I am going to ask Mr. Findley to come back to the table. Keep your seat, Doctor.

Mr. Findley, if you will come back up to the table. Those who have some questions of either of the gentlemen, I want to recognize only those who are interested in asking questions.

Mr. GOODLING. I would like to ask Mr. Findley one question and I promise to stay within the 1-minute rule.

Mr. Findley, in talking about your land retirement program—and this is not new, I have heard the same thing before—you suggested it should be under the jurisdiction of the Secretary of Agriculture on a competitive bid basis. Let us assume that I want to take my land out of production. Do I go to the Secretary of Agriculture and say, Mr. Secretary, for x amount of dollars I will retire all my land?

What are the mechanics?

Mr. FINDLEY. Well, as I mentioned, something very similar to this was started some years ago. I guess it must have been in the early fifties. Secretary Benson directed competitive land retirement of whole farms. I recall vividly farmers in my home county going into the ASCS office and sitting down with the staff members there, detailing the resources of their land and stating the price at which they would be willing to rent the entire acreage for. I think it was a 5-year period.

Now, if the bid price were not within the guidelines the Secretary had decided upon at the outset, if he were not able to get enough contracts at his original offering, then he would have to review those bids at the higher level. He would have to deal with the first bids and go up the ladder starting with the lowest bid, in order to get the desired amount of land. And it is conceivable that he might have difficulty getting enough land at a price that would be reasonable. But I am sure that this would not be the case.

The CHAIRMAN. Thank you, Mr. Goodling.

Mr. Kleppe?

Mr. KLEPPE. Mr. Chairman, I just have one question I would like to ask Dr. Hall. I suspect I have some confusion in trying to understand your water restoration proposal. I can understand when you plow under a crop you are in fact, summer fallowing the land so it will hold moisture better. But that land is also going to grow a crop whether it is sweet clover which replaces nutrients in the soil or not and that takes some water.

Is there any inconsistency in this approach or what am I missing here?

Mr. HALL. No. I think perhaps I did not make it quite clear, I will say to my colleague, Mr. Kleppe, that there would be additional benefits to the suitable cover crop plowed under based on terracing, contouring, ponds for row crop hydrology, habitation, reforestation, recreation, wildlife participation, fish growing, et cetera, et cetera.

Mr. KLEPPE. Thank you.

Mr. HALL. These would all be figured in the cost which would be above parity to the farmer paid according to the "state of the art" and perhaps advised by the Extension Service of the Department of Agriculture for the suitable crop.

Mr. KLEPPE. I did not get that from your statement. That is why I appreciate the additional comments.

Mr. HALL. I appreciate the questions.

The CHAIRMAN. Thank you. Any other questions of either of the witnesses?

Mr. Sisk?

Mr. SISK. Mr. Chairman, just very, very quickly. I am intrigued with some of your proposals here, Dr. Hall, and I might say as a great supporter of reclamation programs—today my home county happens to be one of the richest in the country because we are bringing water from 400 miles away which falls in abundance but does not fall in abundance in our area—and I think I have some concept of what you are talking about here.

What I would like to ask quickly, as I understand your proposal, it would permit complete freedom for the farmer to go ahead and grow and develop his land and then that which might be in surplus actually would be in essence sold in the second market which means the Government would actually pay some particular amount of money and then it would be plowed under. It would be added back to the soil which would become a bank.

Out of curiosity, has there been any estimate of possible cost of this program? Now, we are all talking about people and cost should not be the first consideration; however, does the gentleman have any idea of what we might be talking about based on past experience on a thing of this kind?

Mr. HALL. Mr. Chairman, let me say that there definitely has been. We have researched it to the utmost of our capability and I would like to answer the question in two parts.

First of all, based on sampling and surveys taken throughout the Middle West and particularly at meetings of farmers, men of the soil, there is no question in our minds but what there would be voluntarily more than 60 million acres put into this program during the time that it was implemented on a voluntary basis. This could be whole farm or part farm. It would allow the farmer to voluntarily decide how he could put his whole farm in while restoring it until it was economically profitable to produce on the open market or he could take any part of it and preferably his worst section or his worst 5 acres if it was an even smaller farm.

In answer to the second part and the main thrust of your question, it is estimated that instead of \$6 or \$7 billion a year as we are now paying for total farm subsidies, including the buying up of surpluses and subsidizing the farmers or what reserves we now have, that this would cost between \$3 and \$4 billion, based on current prices and past experimentation.

Mr. SISK. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Burlison?

Mr. BURLISON. Mr. Chairman, I would like to commend my good friend from Missouri for the very fine statement he has made. I think that certainly a program of this nature would improve the quality of marginal land. At the same time, I feel that the overall problem of unconscionably low-farmer income in this Nation would not be significantly affected by a program of this nature.

Thank you very much, Dr. Hall.

Mr. HALL. Thank you.

The CHAIRMAN. Thank you, Mr. Burlison.

Mr. Myers?

Mr. MYERS. Thank you, Mr. Chairman.

Doctor, as usual, a real fine job in the presentation this morning. I only have one question.

In title II you actually extend the 1962 Food and Agricultural Act for 2 more years, do you not, or maybe 1 more year, through 1971, and then you provide for a new program actually, but you do not include cotton or rice.

What are your thoughts on cotton and rice, to continue the programs as they are today?

Mr. HALL. No. We consider this program universally applicable and I am awfully glad that you have asked me that question. We think that our cotton and rice production can be improved by not idling acres or limiting supply or purchasing more surpluses but by improving the land and improving the length of the staple fiber in the cotton or the nutrition of the rice by exactly this program. We consider it all inclusive and as far as the first part of your question is concerned, we recognize that this would have to be adapted and current programs phased out as this program is voluntarily taken up. Hence, that figure of time for phaseout and phasein is just picked out of the hat and it would be, of course, subject to the committee's judgment.

Mr. MYERS. I realize that, but you provide for support after this, though, starting with the 1972 crop of 90 percent of the average price over a 3-year period. It would be a sliding figure each year.

Mr. HALL. Correct.

Mr. MYERS. A new price established instead of going back to parity.

Mr. HALL. As determined by the Secretary——

Mr. MYERS. You go back to section 105——

Mr. HALL (continuing). In finding out what parity he would have to pay in order to accomplish parity of the producer insofar as paying him for other features of cropland and water restoration.

Mr. MYERS. Later on in your section 105 you say "Provided there shall never be a price lower than 75 percent of parity." It goes back to the 3-year sliding figure that you are using? Is that what you are calling parity or calling the present parity today that we use?

Mr. HALL. No. I am talking about real parity determined from year to year by the Secretary.

Mr. MYERS. Sliding 3-year——

Mr. HALL. Sliding so that we have—to me, parity, of course, is income for the farmer or producer equal to the honest profit that he gets for his labor, his investment, comparable to all other people with like times of labor in production or services plus investment, et cetera.

Mr. MYERS. Then, you would actually plan to include all agricultural products.

Mr. HALL. That is right.

Mr. MYERS. Including cotton and rice even though they are not itemized here.

Mr. HALL. Our reserve and our field testings and samplings among those producers have indicated it will work. We have had considerable

reaction when presenting this before from certain types of wheat-growers, for example, that it would not be applicable to them. We have actually gone into the field and talked with these people and I believe in each instance I can say we have convinced them that this is applicable and if implemented generally by the Secretary, on a nationwide basis, would solve the question of land retirement, would solve the question of surpluses, and would restore for future generations the soil and the water and the good management practices so that we build back whatever we have lost, whatever the percentage might be, and retain and recycle the water for years to come.

Mr. MYERS. I did not fully understand your reply to the gentleman from California, Mr. Sisk, when you said it would be someplace between \$3 and \$4 billion estimate, in your judgment. Now, today we are paying directly to farmers, I think this year it is going to be \$3.3 billion. Now, the entire agricultural budget is going to be something over \$7 billion. What is your three and four, the entire budget or what goes directly to farmers?

Mr. HALL. I think somewhere between \$3 and \$4 billion would be what the entire agricultural budget—outside of the giveaway programs which should be charged to foreign aid and defense and—

Mr. MYERS. But they are not today—

Mr. HALL (continuing). And so forth, otherwise, could be done for somewhere much closer to \$3 billion than to \$4 billion.

Mr. MYERS. It would be pretty close to what we are spending today, then.

Mr. HALL. I think so.

Mr. MYERS. Thank you.

The CHAIRMAN. Any further questions of either of our witnesses? If there is no other, I would like to ask Mr. Findley a couple of questions.

Paul, I believe you said you felt if we wiped out all Government programs that prices would be higher than they are today. Was not that the essence of your statement?

Mr. FINDLEY. Not quite. I was arguing that I felt that market prices would be higher as a result of my bill. My bill contemplates a considerable amount of land retirement which would occur in the future.

The CHAIRMAN. You do not then agree with the philosophy that our present programs have broken our price.

Mr. FINDLEY. Yes. I think that the feed grains program and the wheat program have definitely had the effect of keeping market prices down. I do believe that, yes.

The CHAIRMAN. Well, now, let us analyze, if you will, just what the farmer in Illinois gets for wheat, not simply the market price but what he gets both in the market and from the Government.

Mr. FINDLEY. Yes.

The CHAIRMAN. Could you have—do you have some idea how that compares with what the farmer in Saskatchewan gets as total return for his wheat?

Mr. FINDLEY. No, sir. I would imagine that the Saskatchewan price is lower than the total receipts of the U.S. farmer who grows wheat. Receipts from the market plus from Government, that is correct. I think that is accurate.

The CHAIRMAN. I think that clearly is. Well, now, would you have some idea as to the same comparison for the cotton farmer in Texas and the cotton farmer across the river in Mexico as to who gets the most total return for his cotton?

Mr. FINDLEY. Well, I think in total return the Texas farmer does get the most but I think it is also fair to say that the market price of wheat is higher in Canada than it is in the United States if you consider only the amount received directly from marketing the wheat and disregard the Government payments.

The CHAIRMAN. I am talking about the total return.

Mr. FINDLEY. Yes, I understand.

The CHAIRMAN. I am talking about total returns on cotton as to whether the farmer on the north side gets more or less total return than the farmer on the south side of the Rio Grande.

Mr. FINDLEY. I frankly do not know what the price in Mexico is.

The CHAIRMAN. Well, I am not talking about just the price. Of course, the Mexican gets the world price and so does the Texas farmer but the Mexicans pay a tax on all they ship out. In addition to not getting anything more than the world price, they also have to pay an export tax which we do not have to pay. But the man on the north side gets a substantial addition to his income as a result of the program.

Mr. FINDLEY. That is true. I think it also ought to be recognized that if my bill is enacted, a person now planting x number of acres of cotton under my proposal would subsequently have the opportunity to plant additional acres.

The CHAIRMAN. That is right.

Mr. FINDLEY. Either in cotton or something else.

The CHAIRMAN. That is right.

Mr. FINDLEY. And he would get income from all of his acreage, whereas today, as you say, the income he gets from diversion, and so on, is counted in a sense as crop income.

The CHAIRMAN. Of course, the unfortunate part about that is that if he owns 1,000 acres and plants the whole 1,000 acres in cotton and gets 18 cents for it, he loses on every bale of cotton he produces. Therefore, the less acres he owns the better off he is, the less he plants the better off he is, so he would be considerably worse off under your bill as he went along and planted all his acres. No man in the United States that I know of can grow cotton and produce it for the world price. They have got the right under the present law to produce cotton for the world price—yes, they have. They can grow cotton under the present law and ship that cotton abroad and sell that cotton.

Mr. FINDLEY. That is right. Unlimited.

The CHAIRMAN. That is right.

Mr. FINDLEY. That is right.

The CHAIRMAN. And I think there may be 60,000 or 70,000 acres planted on that basis.

Mr. FINDLEY. Well, I am surprised to hear that there is that much, really, because I could see why they would be better off financially to operate within the—

The CHAIRMAN. That is right. So he gains nothing, as I see it, by planting all of his land in cotton and selling it on the world market because he does not get enough to make a profit.

Mr. FINDLEY. I think cotton is in very serious trouble. I agree that the marketing problems for the cotton farmer are going to be very severe no matter what we do in Congress.

The CHAIRMAN. Oh, yes, that is true. I think the cotton man faces some problems that others do not face.

Thank you so much. If there is nothing further, we are much obliged to both of our colleagues for their testimony.

(The following letter and statement were also submitted to the committee:)

VEGETABLE GROWERS ASSOCIATION OF AMERICA,
Washington, D.C., October 13, 1969.

Subject: H.R. 12430.

HON. W. R. POAGE,
Chairman, Committee on Agriculture,
Longworth Office Building,
Washington, D.C.

DEAR CONGRESSMAN POAGE: Thank you for your letter of September 22nd, in which you advise that you will accept testimony in connection with the subject proposed legislation.

The growers of green vegetables for fresh and processed use support the provisions of H.R. 12430 and in general support the statement of The Secretary of Agriculture, as submitted to the Committee. However, we do take exception to the limitations on payments to growers being made unless similar limitations are applied to all other governmental programs, including those of the Maritime Commission, with respect to the payments made for building of ships, to the Space, Natural Resources, Commerce and Transportation programs, Health, Education and Welfare programs, bulk mail rebates made by the Post Office Department, as well as such other programs as are administered by the government.

Unless limitations are placed on these other programs we do not support any limitation being placed on agricultural programs. This statement is made by an organization representing vegetable growers for the past 61 years.

According to the latest release on farm incomes, namely Farm Income ERS FIS 183, the 1968 value of the crop of green vegetables for fresh and processed use, was estimated at \$1,944,173,000, or 4.4 percent of the total farm income, or 10.3 percent of the income from all crops. Growers of green vegetables for fresh and processed use have never received any price support payments for their crops.

We do want to see the agricultural income for 1969 and future years maintained at not less than the incomes of the previous years for we are deeply involved in a cost price squeeze.

Thanking you for including this testimony in the record of the hearings being held on the subject bill, I am,

Respectfully yours,

A. E. MERCKER,
Executive Secretary.

STATEMENT OF HON. GUS YATRON, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF PENNSYLVANIA

Mr. Chairman, I would like to thank you for giving me the opportunity to submit a statement before this committee in behalf of H.R. 11705, a bill which I have cosponsored. I would also like to commend you, Mr. Chairman, for the fine job you have done in conducting these important hearings.

The Agricultural Adjustment Act of 1969 is necessary legislation because the present farm program with its dominant emphasis on government supported price levels has proven to be exorbitant in cost and unsuccessful in effect. This bill seeks to free farmers from the prevailing artificial price levels created by the federal government in order to let farm prices reach more favorable levels in a free market.

The bill would phase-out existing government supply management programs for wheat, feed grains and cotton. Effective with 1975 crops, all acreage allot-

ments, base acreages, marketing quotas, processing taxes and direct payments for wheat, feed grains and cotton would be discontinued. Price support loans beginning with the 1971 crop year for wheat, feed grains, cotton and soybeans, would be set at not more than 85% of the previous three-year average price.

Furthermore, a special transitional program would be offered to any farmer who has had average gross annual farm product sales of not more than \$5,000 and off-farm income of not more than \$2,000 per year for a husband and wife in the immediately preceding three years.

This program would make such farmers eligible to receive one or more of the following benefits: 1) Compensation for acreage allotments and base acreages surrendered to the Secretary of Agriculture for permanent cancellation, 2) Retraining grants of up to \$1,000, 3) Adjustment assistance not to exceed \$2,500 per year for two years, and 4) Other loans under existing credit programs to further facilitate the transition of eligible farms to more gainful employment.

Mr. Chairman, the present farm program works against the interests of farmers in the State of Pennsylvania and those of its sixth congressional district which I represent. It is detrimental to the livestock, dairy and poultry farmers because it acts to increase the cost of feed grains purchased by these farmers.

Furthermore, the present program has resulted in a decline in the amount of feed grains produced by Pennsylvania farmers. Feed grain tonnage produced in my state for the years 1964, 1965 and 1966 went from 2,049,000 to 2,129,000 to 1,411,000 respectively. For the same period, however, the feed grain tonnage required by Pennsylvania farmers remained relatively constant, i.e., 2,846,000, 3,142,000 and 2,994,000 tons. Consequently, the present forces, which militate against production and toward the purchase of these feed grains, serve to burden our farmers with the increased costs of such purchasing.

Pennsylvania farms have also been adversely affected by the present program's effect on wheat prices and in particular on the price paid for their soft red winter wheat, so desirable for use in bread and pretzels. The price per bushel to farmers not participating in the government program is reflected by the following figures: \$1.34 in 1964, \$1.35 in 1965, \$1.64 in 1966, \$1.31 in 1967 and \$1.11 in 1968. Before passage of the Food and Agriculture Act of 1965 our farmers earned a 50c premium for this wheat. Since that time, however, the wheat certificate system has deprived them of their formerly enjoyed premium. The new bill about which I am testifying today would eliminate wheat certificates in five years and allow market forces to determine the price of wheat.

It is this tendency, the one of permitting free market actions to determine agricultural costs and prices, that must be encouraged. H.R. 11705 does so and deserves favorable treatment by this Congress.

Thank you, Mr. Chairman.

STATEMENT OF HON. JAMES HARVEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. Chairman, I appreciate your courtesy and that of the House Committee on Agriculture to present this statement relative to Committee hearings on the general farm program and food stamp program. As one who has introduced legislation on this subject, H.R. 13126 late in July, I am grateful for this opportunity to comment on our future efforts to better assist our farmers.

I doubt if there is anyone in our country, with just a passing knowledge of farming and its demands in today's world, who would deny that at least some changes in the present agricultural programs must be made. This is particularly true for our small farmers.

Let me speak, however, of the farm area that I know best—Michigan's Eighth Congressional District. In our five county area—Huron, Saginaw, Sanilac, St. Clair and Tuscola—we are known as the navy bean capital of the world, producing 90% of the world's navy beans. We are strong in sugar beets, pickles and corn. It is also a healthy dairy area. There is diversity within our agricultural produce.

But, to give you an idea as to how our Eighth District farmers currently feel, let me mention the results of our annual Congressional Questionnaire. This is a mailing sent to over 120,000 individuals in July of this year.

The one question on farming was listed as follows: "Should the farm program be changed to gradually reduce dependence on price supports?"

Of all responding, 7,994, or 79.4%, favored changing the farm program and voted yes on the above question.

But, of particular significance was the fact that the question carried by a 4-1 margin among farmers participating.

As the questionnaire is broken down by occupation, 420 farmers favored the reduction of price supports, while only 147 voted no. I realize that hundreds of farmers in our District did not vote. Yet, I do believe that the final vote total is representative of the mood and thinking of the farmers.

For example, early in October I concluded my annual Congressional mobile trailer office tour of the District. This tour took me into some 35 communities, many of which are small farming communities. I had the opportunity to visit and hear firsthand of the price difficulties confronting our farmers.

In a nutshell, I was told by our farmers "never had they worked harder or longer for less return." We all know this. We all know that of all segments of our economy, the farmer has fared less than all in keeping up with the return of his investment of money, work and time.

But a farmer in Sanilac County put it best when he stated: "We work all summer for expenses and pay taxes all winter."

Take a moment to read the words—sincere and with great honesty—of a Tuscola County farmer who wrote to me recently. The farmer said:

"I am writing to you about the farmers. I have three sons that are farmers. It is just a gamble. We had so much rain in the spring that it drowned out a lot of crops and now it is so dry that the crops are not very good. We just have to take what the Lord sends us. The prices are way down, the beans were \$8.00 all winter long when the farmers didn't have any more. Now the farmers start harvesting the beans so the price drops way down. The beans are \$5.75 now.

"How can the farmers pay their debts. A combine cost \$18,000 and a tractor is \$10,000 to \$12,000. A sugar beet harvester is \$14,000 to \$18,000. There is a lot more tools they need on the farm. The farmers have about \$75,000 to \$100,000 invested in their farms. Can't the government do anything for the farmers. They have to work 18 hours a day and no vacation the year round. The prices as so low they have to work besides farming to make ends meet . . ."

Perhaps the Agricultural Adjustment Act of 1969, in which I have joined in sponsorship with many other colleagues, doesn't supply all the answers. As Secretary of Agriculture Hardin has indicated, the Department does favor some changes in the present agricultural stabilization program and it does agree with the over-all objectives of the bill.

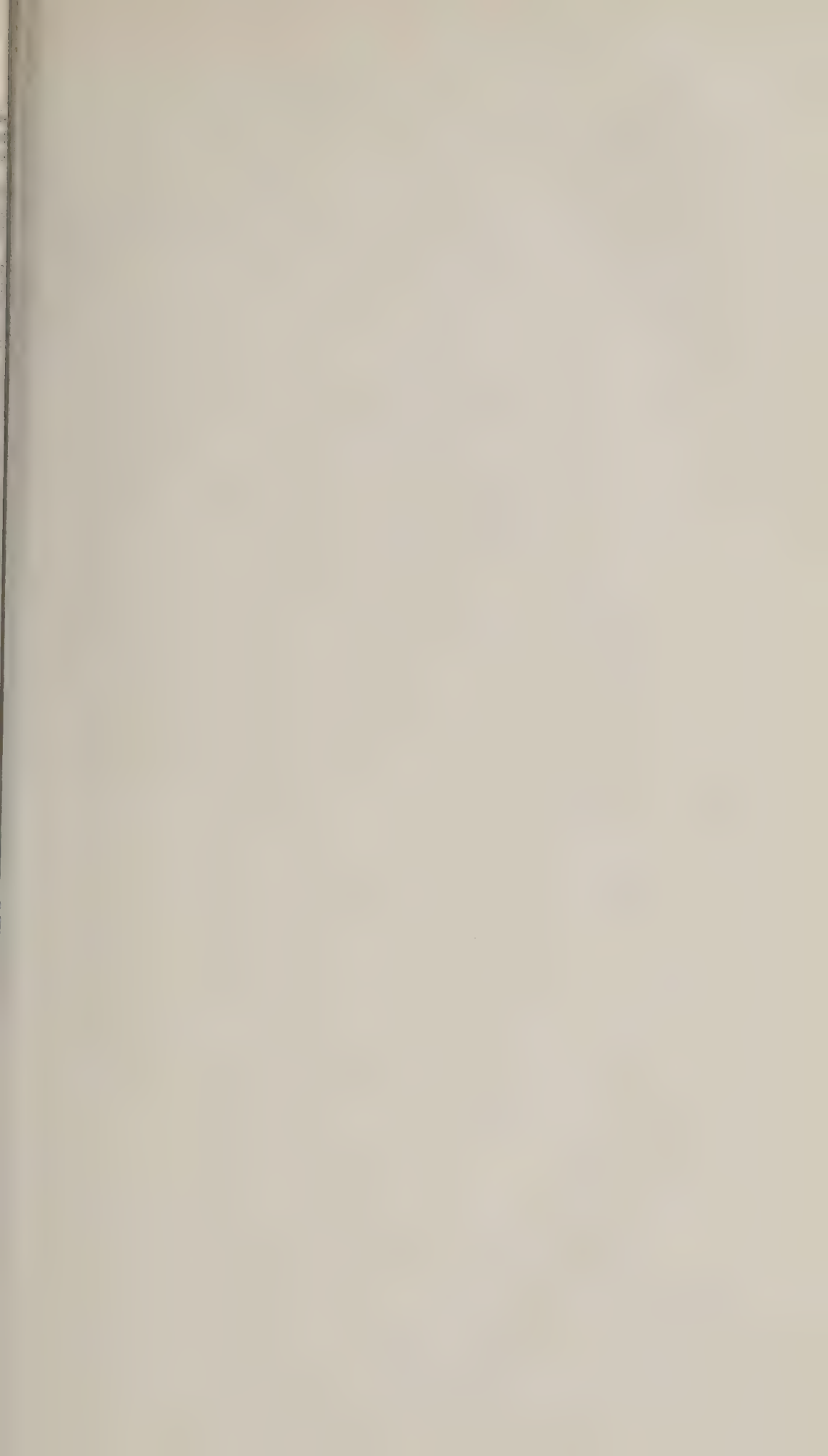
But, I think most would agree that there is a need for a change in the direction of Federal farm program legislation and help. We must not only give new direction, but we must provide new hope and help to our farmers.

We cannot ignore their plight. The farmer needs an equal opportunity, too, to succeed and to enjoy the benefits of his labor just like every other worker in this country.

Thank you, Mr. Chairman.

The CHAIRMAN. If there are no further questions, the committee is adjourned subject to the call of the Chair. Thank you.

(Whereupon, at 12:10 p.m. the committee adjourned subject to the call of the Chair.)



File with P.L. 91-671

**GENERAL FARM PROGRAM
AND
FOOD STAMP PROGRAM
(FOOD STAMPS)**

**HEARINGS
BEFORE THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
NINETY-FIRST CONGRESS
FIRST SESSION**

OCTOBER 21, 27, 28, 29, 30, AND 31, 1969

**Serial Q
Part 2**

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FOOD STAMPS

TUESDAY, OCTOBER 21, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to notice, at 10:05 a.m., in room 1301, Longworth House Office Building, the Honorable W. R. Poage (chairman) presiding.

Present: Representatives Poage, Abernethy, Purcell, O'Neal, de la Garza, Vigorito, Montgomery, Alexander, Burlison, Lowenstein, Rarick, Melcher, Belcher, Teague, May, Wampler, Goodling, Miller, Mayne, Zwach, Kleppe, Myers, Sebelius, McKneally, Mizell, and Resident Commissioner Córdova.

Also present: Mrs. Christine S. Gallagher, chief clerk; Hyde H. Murray, associate counsel; John A. Knebel, assistant counsel; and L. T. Easley, staff consultant.

The CHAIRMAN. The committee will please be in order.

We are meeting this morning to further consider general agriculture and food stamp legislation, with particular reference this morning to food stamps.

We have with us our colleague, the Honorable Bob Michel, who will give us some information of authority on food stamps. We are also pleased to have Mr. Michel, both as an individual and as a member of the committee which holds the purse strings and one who can give us good, sound advice.

We are glad to have you, Bob.

Off the record.

(Off-the-record discussion.)

The CHAIRMAN. On the record.

STATEMENT OF HON. ROBERT H. MICHEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. MICHEL. Mr. Chairman, members of the committee:

I am pleased to appear before this committee today to support needed modification in the food stamp program. The need for such action was ably and dramatically presented to the Congress in a special message by the President on May 6 of this year. As the President stated at that time, the existence of hunger and malnutrition in a land such as ours is embarrassing and intolerable. Just this past week the President reaffirmed his commitment to the legislation necessary to provide food assistance to all those who need it. He expressed the wish that Congress would move quickly on the proposals that have been made. I, too, think it is time to move ahead in this crucial area and respectfully urge this committee to act as expeditiously as possible.

While this legislation provides for a substantial increase in monetary authorization for the food stamp program, I should say that it is, indeed, infrequent when money alone is the total answer to a serious problem. And money is clearly not the total answer to the food problems of the poor. I believe it is imperative that this committee move on to act on the substantive modifications that are required.

I am in complete agreement with the approach which the administration is proposing, although I should say that heretofore I have had some very serious reservations with respect to the giving of free stamps to families with very low incomes. I guess I just didn't want us to lose sight of the cost of sustaining the poor with no accounting for food, which I was taught in the old school of economics as requiring roughly 25 percent for the average family's budget. Today that figure is something more near 17 percent for the average family. But we know for the poor it is considerably higher than that.

The poorest of the poor should be given highest priority, and while I like to see our local communities making some token contribution to these most destitute of cases, I don't see in the final analysis whether there is much difference if one contributes a paltry 50 cents for an entire month's grocery bill or nothing at all.

All families in need of food help should get enough help to enable them to eat properly. A program which perpetuates nutritional inadequacy is simply not worthy of our support. It is essential, therefore, that all poor families have enough stamps to purchase a nutritionally complete diet as the administration has proposed.

At present, families are being asked to spend more for food stamps than they can afford. In some cases, families are required to pay as much as 50 percent of their incomes for stamps. They are expected to accumulate amounts of cash far beyond their means in order to purchase their food stamp allotment. As a result of such unrealistic requirements, all too many families in real need don't apply for the program, and many of those who don't apply don't participate when faced with such excessive costs. The current legislation must, therefore, be changed as the administration has proposed so that no family pays more than 30 percent of its income for the stamps. The administration's proposal would mean that most families, in fact, would pay less than 30 percent. It seems to me this legislative change is essential.

The administration has also proposed that the new food stamp program be administered to permit families to buy less than the full amount of stamps available to them at a proportionately reduced cost. Many families have difficulty now scraping together enough cash to purchase their entire allotment of stamps. This is one of the major reasons why they fail to participate in the program. Even with reduced purchase requirements, some families would still have this difficulty. This variable purchase arrangement will permit such families to participate at a level they can afford, and effectively increase the number of families able to participate in the program.

The legislation before you would also allow the Department to set uniform national eligibility standards. Currently, these standards must be related to the standards used in the administration of federally assisted State welfare programs. This results in a hodge-podge of eligibility standards that vary widely from State to State. Nutri-

tional needs do not rise and fall with State welfare standards, and they do not recognize or respect State boundary lines. A hungry child is a hungry child. Regardless of where he lives, he should be fed.

Finally, this administration has wisely begun to design cash assistance and food assistance programs in conjunction with each other so that they will be totally complementary. Both are designed to provide substantial assistance to the poorest of the poor. Both are designed to be reduced on a gradual basis as income rises so that the incentive to work is preserved. With two such programs operating together we can, it seems to me, for the first time begin a comprehensive approach to the income problems of the poor.

For these reasons, Mr. Chairman, I urge this committee to act promptly to provide the necessary legislative base on which a successful fight against the evils of hunger and malnutrition can be waged. Certainly, nothing before this Congress can be of more importance.

Finally, Mr. Chairman, I would like to sound a word of caution with respect to keeping this program under control at a time when we are obviously moving toward rapid expansion of the program.

During the hearings before our Agriculture Subcommittee on Appropriations this year we were asked for significant increases for auditing and investigations of the food stamp program, both in the Office of the Inspector General and General Counsel's Office of the Department of Agriculture, and significant increases in the overall consumer and marketing services.

On pages 446 and 467, part III of our hearings is a summary of the findings for a 12-month period by the Office of the Inspector General for food stamp operation.

On the audit side, I think it will show that control of the stamps and cash collections are the big problem, for in a program that is administered through State agencies down through lower echelons reporting to those agencies, there is a real problem of administrative control.

Second, there is a definite problem with respect to eligibility—the extent to which it is checked, and to see that the entitlement of people to the stamps is properly supervised and watched.

I have just at random picked up a few increases in this year's request. In the Consumer and Marketing Service this year, we had a request for an increase of 186 positions just with respect to the food stamp program.

I looked back, too, to just a few years ago with respect to the number of persons in the food stamp program. In 1966 there were, 289, in 1967, it was 547; in 1968, 886. This year, 1969, we have 1,148 positions to fund and in 1970, it will be up to 1,334. So when we think in terms of expanding this program to the extent that we are talking about here, we want to make pretty doggone sure that we are keeping this thing under control, that we do not find it going awry by some of the hanky-panky that can take place.

You will find, as I indicated in the pages of the testimony that I have cited here, the specific instances and the number of instances around the country where these discrepancies have been disclosed.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Michel. We appreciate your statement.

I want to get clear in my own mind just what you are advocating in one or two of these items. And I want to make it clear that I am the author of the legislation now before this committee that would take off the limit, let you make the decision as to what should be spent. In other words, I am not trying at all to see that we do not have enough money, but rather let you appropriate whatever you find you should spend. But I was not really clear as to a little of your philosophy. I do not mean it argumentatively, simply to try to find out: Do you feel that the food stamp program should be a program that would provide for all of the dietary needs of all of the people in the United States, or should it be merely a supplement?

Mr. MICHEL. Well, I think we have to narrow it down to the poor, those who are not able to pay.

The CHAIRMAN. Those who are able to pay can take care of their dietary needs.

Mr. MICHEL. Right.

The CHAIRMAN. But do you feel that this should provide all of the dietary needs of all of the people of the United States to the extent that they can't pay for it themselves?

Mr. MICHEL. No, I just don't think that is practical. I made mention of our hopefully getting to that point where we can integrate our whole new welfare structure with this food program. It seems to me that very basic essentials of life are food and shelter. For the poorest of the poor, I would like to see us be able to take care of the thing strictly on a local and State basis. Obviously, that has not been done or is not being done to the satisfaction of a lot of people in the country and the Federal Government that feels, or we feel, a necessity to move into this area on a grand scale, as we are.

The CHAIRMAN. Now, you suggested that the essentials of life are diet and shelter. What about clothing?

Mr. MICHEL. Well, clothing, too, of course.

The CHAIRMAN. One of our members has a bill in here to provide clothing stamps as well as food stamps. Would you feel that it is desirable to increase the scope of this to include clothing?

Mr. MICHEL. Certainly not at this time, Mr. Chairman. I would have serious reservations about that. We do an awful lot with respect to voluntary agency work in our local communities and that includes a great deal of clothing. If we are going to have a basic floor, a welfare floor payment around the country, it seems to me that those funds ought to go then, essentially for rent, for lodging and for clothes. I do not think at this time, I would want to go beyond providing of food on a grand scale, as we are proposing here.

The CHAIRMAN. Would you oppose, then, the proposal of many of the advocates that we should extend the food stamp program to such an extent that we would enable the recipients of the food stamps to buy any of the commodities normally sold at the supermarket grocery store for food stamps?

Mr. MICHEL. I would have to oppose that.

The CHAIRMAN. You would oppose it?

Mr. MICHEL. I would. I just think it would get completely out of hand.

As a matter of fact, I find myself, after considerable deliberation, finally coming around to the point where I think it is all right for

no contribution on the part of the poorest of the poor toward their food bill. I know there has been great mention of the fact that there is very little difference between the contribution of 50 cents or nothing over the period of a month. But we cannot lose sight of the fact that "He eats, who works." In other words he who works, eats. I just do not want to see us going the route of Government providing all the necessities of life so that one does not have to provide anything for himself.

The CHAIRMAN. You suggested that you hoped the States and localities could handle this, but as I understood, you said that that was impossible, and I take it that you then favor taking this responsibility away from the States and localities and placing it in the hands of the Federal Government?

Mr. MICHEL. Well, I think we ought to have some Federal standards. And it goes directly to the problem of welfare. In my own State of Illinois, it is to the advantage of people to move just across the Mississippi River from Missouri and get a welfare payment of \$100 a month more, simply by living in Illinois rather than in Missouri. As we look down the road and begin to integrate this overall welfare program with the food stamps program I would hope we may at some future date be able to phase out the food stamps and make nothing but a cash payment, I really can't see much difference, Mr. Chairman, whether or not—

The CHAIRMAN. Then I do understand—I am just trying to get your position here.

Mr. MICHEL. Sure.

The CHAIRMAN. I do understand that you favor the Federal Government paying the entire amount and, of course, calling the tune?

Mr. MICHEL. Well, let's confine ourselves to the food stamp program.

The CHAIRMAN. Yes, I am talking about the food stamp program.

Mr. MICHEL. I made reference in my statement to the fact that I frankly would prefer our local communities making at least a token payment in this food stamp program for their most destitute of cases. The ones we are talking about now who cannot even afford to pay 50 cents or \$1 toward their food contribution, are public charges and I just think that as long as we can't get the local communities to fulfill their responsibility to foot the bill, we have to do it here at the Federal level.

The CHAIRMAN. You would not suggest that this committee place any requirement in the legislation for any kind of local support?

Mr. MICHEL. I cannot say that, really, Mr. Chairman. I would like to see it. I think what I am suggesting here and reflecting is what I perceive to be the will of the majority of the Members of Congress. Maybe I am wrong in that assumption. I would like to see it and I would sure press for my home community to do its token share in this regard, but I am not so sure that it is going to be done in the larger metropolitan centers of the country.

The CHAIRMAN. I am not so interested in what you would suggest for your local community or what you as an individual would contribute to charity. What would you suggest to this committee, which has to write the bill, about putting a provision in here that would require any kind of local participation in the cost? We put such a provision in the law that we reported out a year ago and you know what happened.

Mr. MICHEL. Right.

The CHAIRMAN. What would you suggest to us?

Mr. MICHEL. Well, I think we could very well make a try to get a reading and if we find that that is not the will of the majority to have at least some token local contribution, why, then, I think we just have to face up to the facts of life and do it ourselves.

The CHAIRMAN. Thank you very much, Mr. Michel.

Mr. Teague?

Mr. TEAGUE. Just one question, Mr. Michel. Mr. Poage asked you whether you would favor the allowance of food stamps to buy other things in grocery stores besides food. I believe you answered no.

Mr. MICHEL. Right.

Mr. TEAGUE. I am inclined to agree with you, but it has been suggested that there might be one type of item that should be included. That would be soaps and detergents. I am not advocating this necessarily. Do you think it would be opening the door too much to do that? We could include almost anything.

Mr. MICHEL. Right. I think once you get that little door just slightly ajar, you are inviting trouble. It is probably much better if we just keep it confined to what we are currently doing, food, and with the limitations, really, on the food as distinguished from imported and domestically produced food items.

Mr. TEAGUE. Thank you

The CHAIRMAN. Mr. Purcell?

Mr. PURCELL. I have no questions, Mr. Chairman.

The CHAIRMAN. Mr. Goodling?

Mr. GOODLING. No questions.

The CHAIRMAN. Mr. Vigorito?

Mr. VIGORITO. No questions.

The CHAIRMAN. Mr. Mayne?

Mr. MAYNE. Mr. Chairman, I have no questions, but I certainly want to commend the gentleman from Illinois for his very perceptive testimony.

The CHAIRMAN. Mr. Montgomery?

Mr. MONTGOMERY. Thank you, Mr. Chairman.

I also would like to commend the gentleman for testifying today.

Bob, I also have a bill, H.R. 13277. I have a summary of the bill which I would, at your opportunity, like you to read.

Along with the questioning, my bill provides that there will be State participation up to 10 percent of the cost of the program after 4 years, at an annual rate increase of 2½ percent. What's your feeling on State participation?

I might say that as Mr. Poage mentioned, Congressman Dole had a 20-percent State participation that passed this committee and it was taken out, either in conference or on the floor, I do not recall. But it did come out of this committee.

Mr. MICHEL. Well, as the gentleman pretty well knows, I have always been an advocate of as much local contribution and control as we can possibly get and an advocate of that. I am just saying that I think we have more or less taken a turn in the road here where without a Federal standard, you have such disparity between the States that that local contribution in some States just is not there. In other States, the problems vary so much between States that I think that is why

you have found it is not generally accepted when put to a vote of the full House or the Senate.

But frankly, the gentleman and I, I think, would be in agreement. We would like to see that take place. But after you beat your head against the wall so many times on these items, you finally give in and say, well, I have made a good fight and I am going down swinging. But the temper of the Congress seems to be at variance with that proposition.

Mr. MONTGOMERY. One other comment. I notice in your bill, you call for \$610 million for the fiscal year ending June 30, 1970. I am about convinced that what the chairman is doing, is proper. He has left it open-ended, it would be left up to the Appropriations Committee, of which you serve on the subcommittee, to set the appropriation.

My point is I also have offered an amendment to cut back from the \$610 million to \$410 million which I believe is the total amount the Agriculture Department could spend efficiently this fiscal year. So it seems to me that we could cut back on this \$610 million and I am sincere in trying to save the Government \$200 million, yet provide the needs in the Food Stamp Act.

Mr. MICHEL. Well, I think this figure actually was arrived at in terms of a full fiscal year's operation. I will admit that currently, the way we are operating is just deplorable. Here we are over a third of the way through the new fiscal year and still operating under continuing resolutions, which is ridiculous. I will say this, that at a time when apparently the temper of the Congress is one for full funding, whether it be for water pollution or education, we do find ourselves in the Appropriations Committee in a real bind when we do not thoroughly consider in committee and on the floor an authorizing figure at a particular level. Too often, we will agree quickly to a higher figure, with a gentleman's understanding and agreement that, oh, we know the figure is too high, but the Appropriations Committee will not ever give us the full amount, so it will be something lower than that. I hate to see us get into that kind of a box. And I will say this, that I think on our committee, we do go into this thing thoroughly enough to make certain of the gentleman's concern here that we do not appropriate more than can be spent judiciously and prudently. Conceivably, that \$610 million figure now can be a padded figure because of the fact that we are a third of the way through the fiscal year.

Mr. MONTGOMERY. I certainly thank the gentleman for his comments along that line. I have a feeling that the \$610 million is going to be passed.

Mr. MICHEL. The gentleman will note, incidentally, we are going into conference tomorrow to iron out the difference between \$750 million voted over there as against \$340 million in our House bill.

Mr. MONTGOMERY. Well, whatever the figure is, I am sure it is not going to be \$410 million, it is going to be higher than that. But I have a feeling that they cannot spend that much money and I hope the Department of Agriculture, because they get a larger amount, will be diligent in its expenditure. This does not mean they have to spend the whole amount of money, whatever we appropriate, is that correct?

Mr. MICHEL. Absolutely not. This is why I gave this word of caution in my opening with respect to the number of discrepancies and that we heed what the investigations have disclosed with respect to fraud

and eligibility, et cetera. We have to keep control of the program because if it gets out of hand, we are going to have the wrath of the people just come down on us.

Mr. MONTGOMERY. I thank the gentleman.

The CHAIRMAN. Thank you, Mr. Montgomery.

Mr. Zwach?

Mr. ZWACH. Thank you, Mr. Chairman.

May I commend you, Congressman Michel, for your support of this legislation.

I am concerned about the figures you show on a tremendous increase in employment for this agency, from 289 to a request for 1,334?

Mr. MICHEL. 1,334 in fiscal 1970.

Mr. ZWACH. Every time we appropriate more money, then there is this additional request for more people.

Mr. MICHEL. Yes.

Mr. ZWACH. Is this mainly in Washington or is this throughout the country?

Mr. MICHEL. This is throughout the country. There is a good portion of those here in Washington, but we also try to watch that very carefully, that they are not building an exorbitant bureaucracy here in Washington, but it happens. In this particular case, as the food stamp program becomes more widespread throughout the country, you have to have many more people in the field, in auditing and in an investigating capacity. That is where many of these people are.

Mr. ZWACH. The State people certify people for the food stamp?

Mr. MICHEL. Yes. And here there is such a disparity between the States on eligibility requirements, that I just feel we have to come in and set some national standards and keep within those bounds.

Mr. ZWACH. But your subcommittee will control this request for employment and hold it in line? I feel every dollar that goes to this bureaucracy does not go for food.

Mr. MICHEL. True, and I do not want to see us in this position just because there have been these significant increases and expansion of the program up to this point, if we are funding it at a level of \$300 million now and it goes to \$600 million next year, it is automatically a signal to the Agriculture Department to double their employment. There ought to be an indication here that we expect more for the dollar and it is not just additional people, but we do have to keep a close surveillance in auditing and investigating.

Mr. ZWACH. Thank you for that statement.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Melcher?

Mr. MELCHER. Mr. Michel, I am a little confused by your testimony. I think you made a reference to those who want to eat should work.

Mr. MICHEL. Well, the old axiom that those who work do eat. We obviously have some cases where people can't or they are disabled or incapacitated to the extent that they cannot. I recognize this fact.

Mr. MELCHER. I want to compliment you and the other authors of your bill, but along this line, would you approve of a portion here in a different bill, that notwithstanding any other provisions of law, households shall be charged such portion of the face value of the coupon to them as determined to be equivalent of their normal expenditure for food, provided however, that employment service or

public work equivalent in value to such charges shall be acceptable in lieu thereof when performed by adult members of the household for local governments? Would this type of work in lieu of cash payments meet with your approval?

Mr. MICHEL. Well, I think that it is nice to talk about it, but I am just not so sure that it can be worked out in a practical way. I think, frankly, what we see ourselves moving toward is a minimum cash payment. I guess it makes no difference whether or not we are distributing stamps that in the end are paid for or subsidized by the Federal Government, or whether they are actual cash payments. The only point is, you get control to the extent that we know it has to go for food. The general feeling has been that there should not be anyone in this country going hungry or lacking a nutritious diet.

Now, we all know, too, that there are those of us who can be most affluent and educated and not have altogether a balanced diet.

Mr. MELCHER. I appreciate the fact that when the food stamps are issued, they will be going for food. But specifically, if it were handled on a local level that is implied here, would this interest you?

Mr. MICHEL. It would if there be a practical means of working it out.

Mr. MELCHER. And leaving it up to the discretion of those local authorities that are charged with the food stamps?

Mr. MICHEL. Well, it is always a nice thing to talk about and I have been an advocate of it, but there surely would be a wide disparity between communities as to the value or worth of the work performed. I am not sure that it could be practically worked out to the satisfaction of the majority of the people of the country.

Mr. MELCHER. In other words, while it would be under local control, it is your feeling that they might stipulate——

Mr. MICHEL. I think here we would have to have some Federal standards set so the thing is not abused.

Mr. MELCHER. There might be some abuse on the local level.

Mr. MICHEL. I think there could be; a chance of it, certainly.

Mr. MELCHER. One other thing, Mr. Michel. Since all the bills before us, the intent of them would be to increase the amount of expenditures, which I think is very worthy, have you any feeling or have you considered the point of a sales tax in those States that have a sales tax on food and whether or not the committee should attempt to exempt the Federal contribution from the taxing agency of the States?

Mr. MICHEL. Well, I have really never given that any thought. I know here again, there is a great deal of difference between the various States. We have a move right in our home State now to take sales tax off food. This varies between the States.

I do not know whether here again, we want to have the Federal Government telling the States specifically what they can and can't do with respect to raising of money and revenues. That is part of the problem why we are here today and doing this thing on a national level. The States and local communities are saying they cannot afford to pay it anymore. Unfortunately, even in our most industrialized and populous States, mine included, we find this to be true today.

Mr. MELCHER. My question is directed to the Federal portion of the food stamps, because in a State, for instance, that had the 4-percent sales tax on food, the food stamps would go, the Federal portion

of it, would be 4-percent less than the face value, which would make quite a difference.

Mr. MICHEL. I think it is deserving of consideration by the committee. As I said, I have not looked into that aspect of it close enough to make a real valued judgment off the top of my head right at this point. But for those of you who are dealing with this thing and really have to end up writing a bill after all the testimony is taken, I think it would be a matter for your consideration, surely.

Mr. MELCHER. Thank you.

The CHAIRMAN. Mr. Kleppe?

Mr. KLEPPE. Thank you, Mr. Chairman.

Bob, I want to compliment you on your testimony, because it indicates that you know something about this subject.

Mr. MICHEL. Thank you.

Mr. KLEPPE. You are on the Appropriations Subcommittee that deals with this and it sure shows in your approach to it.

Can you add anything to what you have already said about your feelings and beliefs on complete free food stamps for a segment of our poor people, a segment of our population? The figure that you used of 50 cents a month on food stamps, I think, was my figure from the previous hearings. I am having an awful hard time digesting the fact that we should have total free food stamps for anybody. Can you add anything to what you have said to help me with my digestion?

Mr. MICHEL. As I have said, I have been a long, long time coming around to this view, because as I have said, I have been reared in the old fashioned way, that you at least did your darndest to make as much of a contribution as you can, even though it is a very small amount, like tithing in church. You ought to give 10 percent, but if it is only two mites that is given you have done your part. I would still like to have that requirement, but I have come around to the feeling that if we are going to proceed on such a grand scale as we are here, I do not know that there is really that much difference. But here again, I would want to confine it to food and not open up the floodgates to all items, like some proposals.

Mr. KLEPPE. I recognize that there is a need, without any question of a doubt. The only question in my mind is I would like to see these people retain whatever portion of pride they can retain by the fact that they are contributing something to feed their own bodies. Whether that is 50 cents or whatever it might be, if they just used it to get the food stamps to feed their bodies, I think it might contribute something to the individual.

Mr. MICHEL. If I might suggest to the gentleman, the controlling factor for me was in the direct distribution program, we give the food free for the asking.

Mr. KLEPPE. That does not give me a great deal of comfort, either.

Mr. MICHEL. That is true, but we have done that and we are doing it and we have made a determination that you either have one program or the other. As a matter of fact, in the hearings this year, I have developed some line of questioning as to whether or not we ought to have a mix, feeling that in those real destitute cases, where there was no ability to pay some contribution, then the direct distribution might come into the program. The problem is there is not the wide variety of items one can have under direct distribution as in the food stamp program.

Mr. KLEPPE. I think you have expressed yourself very well.

Thank you, Mr. Chairman.

Mrs. MAY. Would you yield?

Mr. KLEPPE. I would be glad to if the chairman would permit me to yield.

Mr. MAY. I have already made that arrangement.

Mr. KLEPPE. I will be glad to yield.

Mrs. MAY. This is a question. I have been listening with great interest to the dialog between you and Congressman Michel.

Is it not true that the principle that you gentlemen are discussing is embodied in President Nixon's proposal for the family assistance program and we in this committee must watch very carefully that any food stamp bill we pass does not work against that program, but fits in with it? Because then you get the principle of making it possible for very low-income families to have enough income to contribute, even though it is only a small amount, and maintain what you referred to, Mr. Kleppe, as a contribution for their own self respect and dignity. Am I not correct on that?

Mr. KLEPPE. I want to thank the gentlewoman for this observation. I think it is very fitting here and very good at this point.

Mrs. MAY. That was a question, Mr. Kleppe.

Mr. KLEPPE. Yes. I do agree to what you have just stated. I think it is very well put.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Kleppe.

Mr. Córdova?

Mr. CORDOVA. No questions, Mr. Chairman, thank you.

The CHAIRMAN. Mr. Mizell?

Mr. MIZELL. Thank you, Mr. Chairman.

Bob, you have certainly enlightened me on some aspects of the food stamp program. But there are a couple of things that leave a question in my mind.

When you speak of those who participate in the programs paying a certain percent of their income for food stamps, are you also in favor of letting them participate in the program in whatever measure they can, that it does not have to be set at a certain figure of their total income?

Mr. MICHEL. Well, I think there has to be some more flexibility than what there has been in the past. Experience shows us problems arise when all the stamps have to be purchased on one day at the beginning of the month in the maximum amount. Conditions vary with a particular family from month to month. Maybe there are medical bills or some extraordinary expense that have to be paid out of whatever income it is, whether it is part welfare and a little bit of work or what have you. It seems to me there has to be some more flexibility here for the family to adjust to that, rather than locking them in as we have done in the past. I just think we need this kind of flexibility and we ought to give it a try.

Mr. MIZELL. Thank you.

One other question here. When you think of setting standards for the program, are you thinking of the income that a person would be permitted to have in order to participate in the program?

Mr. MICHEL. Yes, I think we have to give some thought to that. Otherwise, we have such a wide disparity and we are not really meeting the problem on a national scale.

Mr. MIZELL. Then referring to the standards, are you also thinking of the administration of the program, the standards that each family would be allowed to pay into the program? These are the types of standards that you are referring to being set federally?

Mr. MICHEL. Well, I think if we want this Federal-State relationship, it has to be complementary, but I think some basic minimum standards have to be set when you have a program of this magnitude.

Mr. MIZELL. This is so you would have uniformity between all your States?

Mr. MICHEL. It is not going to be altogether uniform, but at least a better degree of uniformity than we have had before.

Mr. MIZELL. All right.

Now, Mr. Montgomery mentioned permitting the States to make a contribution and, therefore, administer on the local level the program. You gave us some figures of the enlargement of the bureaucracy of administration at this point. From all indications, it is going to be greatly enlarged, the program is going to be greatly enlarged.

Mr. MICHEL. Of course, this is going to, in turn, force the States themselves to put more into administration at their level, too. We have to be conscious of that fact.

Mr. MIZELL. But I wanted to ask a question there. Is it not true, though, that the more controls you give at the Federal level, it seems that the bureaucracy for administering is greatly enlarged in comparison to what it is when the control and the administration of the program is on the local level?

Mr. MICHEL. I will agree with you.

Mr. MIZELL. So if it would be possible and feasible for this committee to draft legislation that would permit the States to administer and have the greatest influence over administering, it would be more desirable from the point of view of number of employees?

Mr. MICHEL. I agree with that.

Mr. MIZELL. Thank you.

The CHAIRMAN. Thank you, Mr. Mizell.

Mr. Sebelius?

Mr. SEBELIUS. No questions.

The CHAIRMAN. Mr. Myers?

Mr. MYERS. No questions, Mr. Chairman; just one comment. I missed the gentleman's presentation, but I have talked with him and each one of us shares his concern about helping people that have no way to help themselves. I share his concern about just how rapidly we expand this program without losing the efficiency and without losing the intent of the program.

I think this is something you have expressed in your views here, just how rapidly it can develop. Do you think in your judgment, the \$600 million would not be expanding it too rapidly to lose the intent and the impact of the program?

Mr. MICHEL. Well, I am going to be willing to go by what the best people we have down in the Department tell us they can do and spend wisely and judiciously. I like to have confidence in some of the people we do have administering some of these programs downtown. I think

in the dialog in our Subcommittee on Appropriations, we have been pretty candid with one another. If they find they just can't spend it wisely, the people responsible for it in the Department are going to be honest enough to tell us so. I certainly do not want to see us in a position of just throwing money at a program with no thought whatsoever of how it is going to be administered. The taxpayers are not going to stand for that.

As I indicated in my earlier testimony, you just do not meet this problem alone with bundles of money. It takes some close administration and a little more flexibility written into the law to be more efficient. That is what I would like to see, to come up with the kind of thing that will work right and meet every one of these needs around the country so we cannot find in any pocket around the country an area where people are being deprived of basic food and sustenance for life.

Mr. MYERS. In other words, you are suggesting that we should rifle in zero in on the specific problem and not just shotgun it?

Mr. MICHEL. Right.

The CHAIRMAN. Thank you, Mr. Myers.

That concludes those who were here and heard the original testimony. We have spent 55 minutes on the first witness. I remind you we have several other witnesses.

We are greatly obliged to you, Mr. Michel. It is obvious that the committee has been interested in this. Without further ado, we will go to the next witness.

We will hear next from Mr. Brooks Hays, a former member of this House, known to many of us.

It is always good to have you, Brooks.

Mr. Hays is now representing the Southern Committee on Political Ethics.

STATEMENT OF HON. BROOKS HAYS, CHAIRMAN, SOUTHERN COMMITTEE ON POLITICAL ETHICS (SCOPE)

Mr. HAYS. Mr. Chairman, I asked for the time on behalf of this southern group to thank the committee for the great work you have done in the field of food and to say that as you proceed to bring this legislation down to date, we would like to help interpret it in a way that would give you broad national support, not just sectional, but representing a region that has been somewhat dramatized in recent statements before the Congress by Dr. Raymond Wheeler and others. We would like to say this word of praise for those who, in the Congress, with the leadership of this committee, primarily, are bringing some imagination into this grave problem. I have a statement that I would like to introduce as part of the record, because perhaps to some extent, it will support the measure that I am confident you will produce, and at the same time to make a little supplementary statement, if I might.

The CHAIRMAN. Without objection, it will be made a part of the record.

Mr. HAYS. Naturally, my emotions are somewhat stirred as I come back to the Congress and see old friends and see some friends I have been privileged to meet since I left the Congress. This is one of my

favorite committees. I have a feeling I would have asked for membership on the Committee on Agriculture if an Arkansas colleague, Mr. Gathings, had not already preempted it. I served for 7 years at the Department of Agriculture in various positions in the thirties, and since I worked with the Department, I felt that I might offer some appropriate statements on the subject.

Let me first endorse what Mr. Michel had to say, a very wonderful statement, I thought. I would like to endorse it practically to the full extent.

There can be no glossing over of the urgency of this problem. The Congress today is not dealing with any domestic problem that is more on the minds of millions of people.

Moving to the second point I wanted to make, which was emphasized by him, you have reached the place, in my judgment, Mr. Chairman, where national responsibility must be emphasized. If you do what the legislation is designed to do, I see no escape from spelling out in greater detail the national assumption of responsibility, not to bypass the local functionaries, because if you agree with the gentleman who preceded me that the eligibility standards should have a greater degree of uniformity—then you can use local functionaries in administering the act. But it is terribly important that you do this, because as I see it, there can be no defense for a situation that leaves some areas favored and others entirely left out. The eligibility standards should be spelled out and it should be with national uniformity. But this does not, as I have indicated, necessarily leave out a degree of local responsibility.

The other point that I would like to underscore, with which I am entirely in agreement, is that if a family does not have the money for the purchase of food stamps, then the Government should supply it. I think we have come to that point.

I suppose it was inescapable that he would make reference to the old axiom that if a man does not work, he should not eat. As a matter of fact, that has Biblical authority, as we all know. Yet it was a limited thing Paul was talking about when he said that. Paul, as I recall, was the author of it. You entirely lose its applicability when you move into the area where the need is greatest, which is the nutritional standards for a child.

There are two approaches to this problem. One is the moral approach, with which I am dealing now, and the other is the economic approach. The child of an improvident parent is just as hungry when food is not available as the child of a person who tries hard to support his family. So it is the plight of children which is particularly appalling, I think, in the area with which I am most familiar, which is the rural South. It is the plight of children that should be very much on the minds of this committee.

Now, on the economic side, it is true and it does not need laboring at this point with this committee, that the social costs of neglect in this field, our failure to do a statesmanlike job and a compassionate job, is so great that the cost of doing it as we are suggesting becomes minimal. So it seems to me that the committee has a tremendous opportunity here to render magnificent service and I am confident that you will not pass up that chance.

I would also underscore the point that food is so basic that this problem should not be complicated by references to other basic needs of

shelter and clothing. Who knows what we will get to in time in the way of providing other facilities?

I would further say that it seems to me the merit of the President's proposals in his proposed welfare changes is so evident that this should be taken into account.

So to conclude this rather rambling and informal statement, let me say that the bills that I have had an opportunity to examine—Mrs. May's bill, the Foley bill, and the Senate-passed bill—seem to me to deal validly with this proposition, that children should not be denied food under this program merely because of the inability of the parent to purchase stamps.

These are some of the observations I have wanted to make, but primarily, as I have indicated, that this Nation is going to back up the Congress in providing a modern food bill.

(The prepared statement of Mr. Hays follows:)

STATEMENT OF HON. BROOKS HAYS, CHAIRMAN, SOUTHERN COMMITTEE ON
POLITICAL ETHICS

Mr. Chairman, I appreciate the opportunity to present a brief statement to the committee on behalf of the Southern Committee on Political Ethics (SCOPE). Our organization is composed of a small group of southerners who have been long concerned with the social and political problems of our regions. We do not claim any strong power base. We joined together in SCOPE as a means of expressing our concern for the problems of the South and for exploring alternative solutions for those problems.

Attached to this statement is a list of our founding members. You will note that it includes leading publishers and editors, former members of Congress, labor and civil rights leaders, and businessmen.

The plight of the poor and the disadvantaged in our region is of major concern to us. The hunger and malnutrition which we know exist are particularly odious and completely unacceptable to countless southerners who, like ourselves, are proud of the finer traditions of our region. We know that people are hungry also in the slums of northern cities, the Indian reservations of the West, the Eskimo villages of Alaska and elsewhere. As compassionate human beings we grieve for this condition wherever it exists; but as southerners who feel a responsibility for the conditions which exist in our own States we are embarrassed and chagrined that we have permitted hunger to exist in our own midst. Somewhere, sometime, in some way, we should have done better.

We are encouraged that the national conscience has been aroused and that at last the disgraceful specter of hunger may vanish from our land. The American dream is that each man have an opportunity, through his own labors, to earn a decent living for himself and his family. But we know that in far too many cases this opportunity does not exist at all and that for millions of the disadvantaged, opportunity is severely limited. The result is that in the richest nation in history, which can spend billions of dollars on armaments or exploration of the moon, men, women, and children go to bed hungry every night. The plight of children is particularly appealing. To know that this condition exists, troubles the conscience of all of us.

And we are troubled. The Nation is troubled. During the past few months, we have seen, in newspapers, magazines, and on televisions, the pitiful faces of the poor and hungry. We have read with alarm the accounts of the personal findings of Members of Congress who have found widespread hunger and malnutrition in their own States.

We know that every Member of Congress could find similar cases among his own constituency. More stories could be written, more pictures taken, more delegations could be sent to Washington, more bills could be written.

But aren't we past the need for that. We already know the facts. What we need now is action, and action should start in this committee.

I would like to thank you, Mr. Chairman, for calling these hearings and continuing the legislative process toward an improvement in Federal food programs, particularly the Food Stamp Act. This committee, over the years, has concerned itself with providing needy citizens with Federal food assistance.

Now it seems that the Congress should take a bold step forward to build on the foundation that you have already laid and to greatly expand the reach of food assistance to all who need it. And this step should be taken as quickly as possible. The need has been shown to be urgent.

We find much that is good in each of the food stamp bills which are before the committee. The concept of the food stamp as one weapon against hunger has long since been proven and accepted. But it is also obvious that the food stamp program as it is now being operated is too limited and too restrictive.

In considering ways to expand the program, we urge the committee to accept as its standard the proposition that no person in America should be hungry because he cannot afford to buy food. If a family is so poor that it cannot afford to buy food stamps, then by all means those stamps should be available at no cost. We recognize that the committee will want to establish safeguards, but we urge that these not be so restrictive that the objective of the legislation is defeated. It is far better to err on the side of the poor and disadvantaged.

This principle of free food stamps is recognized in several of the bills pending before this committee. H.R. 12222, Mrs. May's bill as well as Mr. Foley's bill, H.R. 13423, and the Senate passed bill, S. 2547, all address themselves to the need to provide free food stamps to those who cannot afford to pay for them.

We hope the committee will also insure that the benefits of this legislation will be available to all Americans, wherever they live. The idea that some local officials, because of their own feelings, could frustrate this program in a way that would deny food to hungry people belongs to an era far past in our national life.

If elected officials in any area will not permit the distribution of food stamps in the manner prescribed by Congress, then by all means the stamp program should be administered by the Secretary of Agriculture through a committee of citizens who are pledged to carry out both the letter and the spirit of the law.

Some additional important principles should also be embodied in any legislation reported by this committee in order to expand the reach of the food stamp program. Again, some of these principles are recognized in some of the bills pending before you.

The Federal Government should establish a standard for a nutritionally adequate diet and all efforts to help citizens in need of food assistance should meet that standard. At a minimum, the purchase value of food stamps should equal the cost of what the U.S. Department of Agriculture determines to be the cost of a minimally adequate diet.

In addition to a federally established standard for a nutritionally adequate diet, a Federal income standard for participation in the food stamp program should be written into the law. At the moment, State agencies set eligibility standards. As a result, there is a wide variation in criteria for eligibility around the country. In a federally supported program, Mr. Chairman, no one should be discriminated against or shortchanged on the basis of his place of residence.

Also, Mr. Chairman, the average American family in 1967 spent 17 percent of its disposable income for food. This figure should also be the goal of programs designed to help those in need of food assistance.

We appreciate the opportunity to present these views to the committee.

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The CHAIRMAN. Thank you, Mr. Hays. The Chairman is not going to go through the routine of calling on each member for questions, because we have other witnesses and not much time. We will recognize in order as many as possible among those who want to ask questions.

Mr. Abernethy?

Mr. ABERNETHY. Mr. Chairman, I would simply ask the privilege of expressing my appreciation for the presence of Mr. Hays, a long time friend and former colleague of ours. We came here together many years ago. I wish to welcome him to this committee room.

Mr. HAYS. Thank you.

Mrs. MAY. Mr. Chairman.

The CHAIRMAN. Mrs. May.

Mrs. MAY. Mr. Hays, I, too, would like to tell you how grateful we are for this statement, representing SCOPE.

You commented in your remarks that you felt that the bills that had been introduced by myself, Mr. Zwach, Mr. McKneally of this committee and Mr. Foley and others who are not on the committee, and the Senate-passed bill, were on the right track. Have you had a chance, Mr. Hays, to analyze the food stamp bill recently passed by the Senate?

Mr. HAYS. No, I have not, and I am afraid I should not have included it. I did read your statement in the Congressional Record, and I am somewhat familiar with the general idea. But I had better not undertake to make any comparison.

Mrs. MAY. I thought I might take this opportunity to say for the record that I have not received a full cost analysis on that Senate-passed bill. That is being prepared for several of us right now. But there are two things I think you should be warned about. You have indicated in your statement that you see the importance of passing a food stamp bill that will fit in with the family assistance plan.

Mr. HAYS. Yes.

Mrs. MAY. Because this will take care of a great many of the inequities for food stamp and other types of help throughout the country by eliminating the tremendous difference between States on welfare standards as well as food standards.

Mr. HAYS. Yes.

Mrs. MAY. That we are careful to be sure that any food stamp legislation which Congress passes works closely with that whole new approach, to give more effective help to disadvantaged people. I should also point out that according to my preliminary information the Senate bill apparently requests appropriations of \$1.25 billion for 1970, \$2 billion for 1971, and \$2.5 billion for 1972.

Now, what the Senate bill—the report on it—does not indicate is that a cost analysis will show that the bill, as it was passed, actually requires expenditures of up to \$5.4 billion. This is going to be a big question as it comes before this committee.

We were just talking to a member of the House Appropriations Committee, Mr. Michel. I think we will have to have a very careful

evaluation of those figures, because we might be killing the goose that laid the golden egg if we try to go too far too fast that way to put this on the back of the American public. Perhaps we should be thinking in terms rather, of writing the kind of bill that I believe you are talking about and that I am talking about.

Mr. HAYS. I could not agree more. I think undoubtedly, the committees will have to take into mind the cost. You cannot afford to be indifferent to the cost considerations.

At the same time, I am sure that the greatest significance would attach to these eligibility standard changes and the uniformity requirements that get into the mechanisms that are involved.

It is a very difficult problem, I am sure, for you when you consider our budget situation and there is a great deal of wisdom, it seems to me, in the point you make.

Mrs. MAY. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. O'Neal?

Mr. O'NEAL. Thank you, Mr. Chairman. I promise to take only a moment, but I would like to ask unanimous consent to speak out of order for just a moment so I can plug Mr. Hays' book.

The CHAIRMAN. Without objection.

Mr. O'NEAL. I have bought the book and read it from cover to cover and enjoyed it very much. I would like to say how glad I am to have Mr. Hays with us this morning.

Mr. HAYS. You are kinder than my own father. Someone said to him, "Mr. Hays, have you read Brooks' last book?" He said, "I hope so."

The CHAIRMAN. Mr. Wampler?

Mr. WAMPLER. Mr. Chairman, I would like to add my word of welcome to Mr. Hays. I was privileged to serve in the 83d Congress with him and we were neighbors over in the Cannon House Office Building.

I appreciate your statement this morning and I know of no man who was more universally loved and respected who ever served in the Congress than the gentleman addressing us this morning. I know he has filled many positions of trust and responsibility, one of which was serving for a time as director of TVA.

I am sure you appreciate the problems that this committee has. There are some who charge us with being callous and indifferent because we have a fiscal responsibility to fulfill. I do not believe there is any member of this committee who wants to deny food to people who are hungry and people who are in need. But it seems to me that we are dealing with a problem that is perhaps as old as civilization itself, trying to provide for those who cannot provide for themselves or can't provide so well for themselves.

It seems to me also that sometimes, in giving a person something, it is the least thing you can do for them. So we do have these overriding considerations that we have to take into account. But I want to assure you that I will support a reasonable food stamp program, recognizing the realistic fiscal situation confronting the country. I think we are all in agreement on what we want for the country, but I think the question is how best to achieve this through legislation.

I want to thank you for your remarks here this morning and for your interest in this question. I am not at all surprised at your being here, because you have been a friend to many good causes in the past.

Mr. HAYS. Thank you very much. I enjoyed my 2 years in east Tennessee and felt like I was your neighbor there. I am now living in North Carolina.

Mr. Chairman, I am one of the 60 percent of the American people who live in a different place from their place of residence 20 years ago. This I think fortifies the point that has been made that we live in a shrinking national community and some of the problems can no longer be treated in any other way.

Mr. WAMPLER. I am sure your influence for good will be felt in North Carolina as it has in other places.

The CHAIRMAN. Mr. Alexander.

Mr. ALEXANDER. Mr. Chairman.

Mr. Hays, certainly, you need no introduction to the committee. For that reason, I did not presume to introduce you. I would like to say that as a member of the Arkansas delegation, we are very proud to have you here testifying as you have on a subject that is very timely and meaningful to those of use who represent portions of the rural South.

I would like to comment, Mr. Chairman and members of the committee, that Mr. Hays has rendered great service to the State of Arkansas and to the Nation as well and from the demeanor and feeling of expression that he exhibited this morning with reference to the subject on which he testified, I would like to add that he is still rendering valuable service to the State of Arkansas and the Nation as well.

Thank you very much, Mr. Hays.

The CHAIRMAN. Mr. Lowenstein?

Mr. LOWENSTEIN. Mr. Hays looks predictably uncomfortable at this chorus of praise, but I want to add just a few more words to say that people all over the country, in cities as well as in rural and suburban areas, in the North as well as the South, know that this country is a much better place for his spirit having been with us, and we hope it will be with us for a long time to come.

I'm especially glad that he's now living in North Carolina, where so many of my own happiest years were spent, and which gave to the Congress such great Hays-like spirits as C. B. Deane, Kerr Scott, and Frank Graham. Brooks Hays will be appreciated and loved in North Carolina, and his presence there will be a spur to the conscience and a balm to the spirit of a State that is capable of making enormous contributions to a troubled region and Nation.

Mr. HAYS. I am uncomfortable, Mr. Chairman. But I am like the country girl whose sweetheart told her how beautiful and wonderful and lovely she was. She said, "I know its a big lie, but please don't stop."

The CHAIRMAN. Any other questions?

(No response.)

The CHAIRMAN. If not, we are very much obliged to you, Brooks. We like to have you with us.

Mr. HAYS. Thank you.

The CHAIRMAN. Our next witness is Miss Maria Papallardo. She is accompanied by Debbie Bliss, Ellie Cruz, Nick Waugh, Lorene Bennett, and Mrs. Catalina Frezier.

STATEMENT OF MISS MARIA PAPALLARDO, AMERICAN FRIENDS SERVICE COMMITTEE, PHILADELPHIA, PA., ON BEHALF OF CRASH (CALL TO RESEARCH AND ACT TO STOP HUNGER), SPONSORED BY AMERICAN FRIENDS SERVICE COMMITTEE

MISS PAPALLARDO. First of all, I would like to say we are missing two of our members who could not make it here today, Mr. Nicholas Waugh and Miss Ellie Cruz.

My name is Maria Papallardo. I am on the staff of the Community Relations Division of the American Friends Service Committee. This past spring and summer, I was involved in the overall development and operation of a special project—the Call to Research and Act to Stop Hunger (CRASH). I am testifying on behalf of the American Friends Service Committee. I speak for that committee and for many like-minded friends. However, no single body can speak officially for the Religious Society of Friends (Quakers).

The CRASH program was a special effort to survey the actual operation of Federal food programs at the local level. Over 200 people, the majority of them high school and college students, surveyed 35 counties in 15 States. Through interviews with officials and participants, and through direct observation, the CRASH program primarily investigated the food stamp, donated commodities, and school lunch program.

We would like to report to you some of the results of that survey. We would also like to submit the complete CRASH report, which is now being compiled, at a later date for the record. Right now, we would like to tell what we found, in general, was the local food situation. We would also like to touch briefly on the commodity program, since that still exists.

We are aware of the many proposals and pieces of legislation which relate to food programs. Rather than comment on any individual piece of legislation or proposal, we prefer to speak of our own experience and make recommendations on that basis. The people with me are a few of those who actually conducted the survey. They would each like to say a few words when I have finished.

First, CRASH found that all those in need of food stamps are not getting them. The following statistics, taken from official reports, tell their own story :

In Delaware County, Pa., 12,000 families live below the poverty level; 1,900 cases participate in the food stamp program.

In Warren County, N.C., 12,000 live below the poverty level; 3,000 receive food stamps.

In Multnomah County, Oreg., which is Portland, 19,000 families are below poverty level; 4,000 families get stamps.

In Allegheny County, Md., 5,210 families live below the poverty level; 609 families participate in the stamp program.

The same situation is true in the commodity program :

In Manatee County, Fla., 10,000 families live below the poverty level; 1,400 receive commodities.

In Riverside County, Calif., 13,000 families are below poverty; 8,463 families receive commodities.

Why aren't people who need them participating in food programs? CRASH found that people did not know food programs existed;

that local officials had no outreach programs at all; that people lacked transportation; that people could neither read nor speak English; that regulations were so rigidly enforced that their main intent seemed to be the exclusion of people; or that the attitudes of officials made stamps or commodities not worth the price of the insults and degradation necessary to secure them.

Some examples of what is going on at the local level which CRASH found to be typical of situations in most counties we worked include:

Rigid enforcement of regulations which in effect exclude families which need stamps. For example, regulations require that a family have cooking facilities—a phrase nowhere defined—and that only the head of the household apply for the program.

In the case of migratory and farm workers, these regulations exclude families who desperately need food. If the head of the household has gone to look for work in another county or State, the family cannot get stamps. If the migrant workers are living in camps, they often have no cooking facilities, especially in the eyes of local food program officials.

We also feel that it is not unreasonable to expect that some families are too poor to have proper cooking facilities in their own home. Even when families have access to a friend's or relative's kitchen, we have found that they were still denied stamps.

USE OF PROJECTED OR ANTICIPATED INCOME TO DETERMINE ELIGIBILITY

In North Carolina, we found that officials asked employers what they expected to pay families during harvest time. Based on that projection, which would represent their peak earnings and sometimes their sole earnings, families were automatically cutoff stamps for a certain period of time, usually beginning July 1.

Great time lag between application and certification, with no provisions for emergency food during that period.

In Los Angeles County, certification can take anywhere from 6 to 8 weeks. In New Mexico, that could stretch to form 1 to 3 months.

In too many counties, the hours and even the days during which the certification offices and the offices or banks selling stamps were open were not only inconvenient, but served to make it impossible for some people to participate in the food stamp program.

CRASH found too many welfare offices open only part of a day, sometimes only in the morning, sometimes closing at 2:30. Some welfare offices are open only 1 or 2 days a week. Banks sell stamps only during their regular hours, at best. Some banks still determine which days stamps may be purchased, usually stopping this service on Fridays.

Besides the fact that this is an inconvenience to almost all the poor, it is particularly a disservice to the working poor.

That is only a brief sketch of what CRASH found. So that my co-workers will have time to testify, I will now confine myself to the major recommendations of CRASH with regard to the food stamp program.

I. The food stamp program, and all food programs, is basically a piecemeal approach to eliminating hunger. All food programs should be replaced by a guaranteed adequate income for all Americans. We

have heard suggestions which set the basic level for income support set at \$4,000 per year per adult, and \$1,500 per year per child.

II. Recognizing that any form of income maintenance, much less one adequate to meet the needs of people, is not going to be functioning fully for the next 3 or 4 years, we recommend that :

1. The stamp and commodity programs be allowed to operate at the same time in the same community. Neither program alone allows for an adequate diet.

2. The stamp program especially be expanded not only within communities already on the program, but also to counties with no stamps, and particularly to those counties with no food programs at all.

3. There be some system of getting food stamps to people who have no cash income. A system of free food stamps, particularly to people who have no income during some months of the year should be worked out.

4. Legislation be passed enabling families to purchase soap and necessary paper products with stamps. The current limitations are particularly hard on families with children.

5. Stamps be sold more often and people allowed more discretion in deciding how often to buy them. In practice, the monthly system is still widely used. Why do we expect only the poor to put out their entire food budget for a month all at once? This leaves no opportunity to meet regular bills, or emergencies.

In addition, a more flexible schedule of allowing people to buy stamps when they feel they either need or can afford them would relieve people who simply cannot come up with the money in a lump sum every single purchase time.

6. People should not be required to buy a certain amount of stamps, regardless of how often they buy. This is a particular problem for the elderly. As the schedule is arranged now, no factor other than income and family size is considered. Children need more food than adults, and elderly people need less but more specialized food than the rest of the population.

Some have suggested a percentage system, such that if a person is supposed to buy a certain amount and get a 15-percent bonus in stamps, they can pay what they want and still get the bonus of 15 percent of the amount paid. CRASH believes this would alleviate the "all or nothing" operation of the program.

7. Whatever department, agency, division or special program administers any food programs needs to have sufficient funds and staff to operate a viable system of monitoring. We are confident that if the national administration and the Congress were aware of the situations and conditions which we found to exist in counties and towns throughout this country, they would remedy those situations. As it is now, you and the administration may have statistics but little first- or even second-hand knowledge of how these programs actually operate, or fail to operate.

A monitoring system, accompanied by the power to make needed changes should be instituted immediately and for as long as the present system of attacking hunger continues to exist.

8. Finally, whoever is in charge of any food programs must have as their primary concern getting food to people who need it. As the pro-

grams currently operate, this seems to be the last and least emphasized aim of the program.

Now, I would like to introduce the people with me, so that you can hear what the food programs are like in their local communities. In some cases, the counties have food stamps, in others a shift is planned, and in others, the people feel they simply cannot afford the food stamp program as it is now operated.

This is: Miss Lorene Bennett from Crown Point, N. Mex.; Mrs. Catalina Frezier from Ventura County, Calif.; and Miss Deborah Bliss, who worked in North Carolina.

Miss Bennett will lead off.

**STATEMENT OF MISS LORENE BENNETT, FORT DEFIANCE, ARIZ.,
ON BEHALF OF CRASH SURVEY AT CROWN POINT, N. MEX.**

MISS BENNETT. I am Lorene Bennett from Fort Defiance, Ariz., having done some work in the Crown Point, N. Mex., area, particularly with the Navajo people in three counties in New Mexico, McKinley County, Sandoval County, and Sanhuan County. The majority of Navajo Indians who live in this area are monolingual, illiterate, and live below the poverty level. In many cases, they are unemployed. The Navajos in this area are receiving assistance from three welfare departments—the tribal welfare, the State welfare, and the Bureau of Indian Affairs welfare.

It seems to me this morning, we are talking about getting people to become self-sufficient. It seems to me that you cannot do this if you are assuming that all people are alike throughout the United States. However, I find this untrue, because in my area, the people of the Navajo Reservation have become too dependent on various agencies, in the respect that the agencies are not working to get people to try to do anything better, for the simple reason that I think it is just paternalistic racism on the Navajo Reservation. The people who are working for the welfare in many cases are holding down the Navajo. At the same time, they are screaming that help should not be given to the Navajo. At the same time, they are sitting on these Navajos who can and would like, in many cases, to get self-help.

The Navajos live scattered throughout New Mexico. The roads are in bad condition. In many cases, the roads are dirt roads and in many cases, when it rains or snows, it is impossible to get through.

The food stamp program has only been used in the Sandoval County where 250 Navajo families use it. Otherwise, in McKinley and San Juan County, commodities are still being used. We conducted a study and we found that food stamps are being discouraged. When we asked county welfare programs if they had given information regarding food stamps, they said they were not under the food stamp program, therefore, found it irrelevant to give information regarding food stamps. So many people asked in these areas did not know what food stamps were and were totally unaware that such a program existed.

For those people who do know, they are being discouraged daily by the welfare department. They are either told that they can try to get their own funds or that they are being too dependent and that the agencies are being too lenient in helping or even providing such programs.

The majority of the people in Sandoval County who are receiving food stamps switched willingly to food stamps from commodities for the simple reason that in most cases, people are complaining that commodities do not meet their needs. For one thing, certain commodities are not used correctly by the people. That is, the commodities that they use is the main food they eat daily and not a supplement for the Navajo people.

In some cases, it was reported that commodities are used to hold bridges together, such as powdered milk which in most cases, people do not use, and in some cases, they are used to feed animals.

The food stamp program is going to be a big problem if these different counties switch over for the simple reason that traders in certain areas control communities. They are the U.S. Post Office, they are a transportation center, they are an employment center in most cases, and they are general merchants. In one area, a trader uses his private credit to give food stamps. When food stamps are distributed, the trader is harassing the Navajo people to pay the bill, or perhaps he encourages loans for food stamps, whereby 20- to 50-percent interest rate is added on to the loan he gives for the people to buy food stamps. In some cases, the food stamps have been used to pay off credit by the trader.

When brought to the attention of the Sandoval County Welfare Department, they were, according to them, shocked to hear of such incidents, because as far as they knew, there were no problems, which proved to many of us that they were not doing their work, working directly with the people. Up until now, nothing has been done about that situation.

The Senator and the Governor from that State, New Mexico, was notified. We have not had a chance to meet with him yet. However, the Governor has discouraged anything to be done about it. As a matter of fact, a mile from the trading center is a tribally owned land where the people were willing to make the center to have their food stamps distributed. However, because of the trader's political weight as well as the Senator's political weight, we found that the HELP school was discouraged and asked to pull out the invitation. Up to date, nothing has been done about that situation.

The welfare departments are aware of these problems. They are aware of the fact that the traders manipulate welfare checks, that they manipulate food stamps for their own gain. However, they have not done anything about it. I do not think they are that concerned, just so they get the food stamps in the hands of the people. What they do with them is none of their concern from what I gather.

The attitude of the people who work for these welfare agencies are not at all helping. It seems to me like they are constantly worried about the taxpayers' money and, therefore, discourage any kind of assistance for the Navajo. The Navajo takes this for granted. He does not protest because for years, we have been treated in this manner.

Just recently, the welfare rights organizations have been set up in four agencies and people are beginning to get together to ask what are our rights? We are beginning to question some of the programs such as the food stamps. As I say, there are people who do not know about the food stamps and they are shocked to hear of such an existing program.

In many cases, the Navajo, as I say, is discouraged. There is one incident of a Navajo walking to a welfare office and inquiring about assistance. When the person there saw the Navajo, that she had a beautiful Navajo necklace, why don't you pawn that, he told her? So here is someone asking the Navajo to give up what's the symbol, what's the last dignity or the last pride of a person. These are some of the incidents that happen daily.

Another thing is that there is lack of communication on the part of what programs are available, commodity programs as well as food stamp programs. For one thing, the majority of the welfare workers are Anglos and do not speak Navajo or do not know how to go about relating to the Navajo, therefore, the Navajo is shy to come and speak to the worker.

In many communities, the agencies and different welfare workers, we brought out the fact that there should be more Navajos hired as caseworkers, doing away with the 4-year college requirements or whatever they have, because the majority of the people who do get along, do know some of the problems that exist, do not have 4 years of college. Those that do are drawn away from working with the welfare departments to something else that might provide better pay.

So you see, there is a lack of communication on the reservations. The majority of the people who are working with the welfare departments do have an obnoxious attitude, as in one case, a caseworker was very obnoxious when we went up to a trading post to hand out welfare rights leaflets. He commented that we did not like Anglo superiority. So these are some of the caseworkers that do work with the Navajo.

The Navajos usually do not have ready cash, so they would run into a problem with food stamps. As I say, they would have to get loans from the trading posts. In many cases, they will go under the harassment of the trader. Food stamps are known, at least in Sandoval County, where Navajos are receiving food stamps, to provide better foods. The Navajo does have the choice to go to a trading post or to the nearest town to buy vegetables and meats, which they rarely have.

I think when you talk about getting the people, as I think someone mentioned this morning, that someone should contribute, communities should contribute to get something, I think you are dealing with a completely different situation, because I think here you would have to first do away with these kind of attitudes the majority of the workers have there and do away with the attitude the traders have of manipulating the situation to their own political or economic gain.

It would seem to me that some investigation should take place in regard to food stamps on the Navajo Reservation as well and in regard to the attitude of the welfare workers with regard to food stamps given to the people. Since the people do not have ready cash on hand, it would be necessary that the food stamps programs should be flexible so that people, whenever they have money, can buy food stamps. It is not always at a certain time that they have money and that certain time being the time when food stamps are distributed.

Also, the majority of people are not working, as I say. They do lack money. As I pointed out earlier, a lot of time, they are on credit and they are in need of money constantly. Because of this, they do not have any money and would have to go to the trader, which binds him to this credit situation. Therefore, I would recommend that the stamps be

lower or that some of the people who do not have any income whatsoever get free stamps. I think in many cases, many of these people do have children to provide clothing for and in many cases, they will not have this money to buy food stamps. They would prefer to buy more clothing for their children who go to school during the winter months.

In many cases, many of these people are not eating a balanced diet and many of these children are not eating a balanced diet, except for the time they are in school.

In the commodity program, I would like to point out the fact that in many cases, many of the Navajos do not get what they need, as for instance, in New Mexico, Navajos receive lima beans, which in many cases, they do not eat, for the simple reason that the pinto beans that are usually given out are given out to the Spanish Americans in the different counties because they do use pinto beans in a lot of their diet. The Navajos get the leftovers, which is lima beans. In many cases, they do not eat lima beans and do not know how to fix them in many cases, because there is lack of food demonstration in different areas. For instance, in one area, a woman told me that she did not know how to use many of the foods and they cut up that meat and ate it just that way. In many cases, many of them do not read; therefore, can't read directions on the label, and there is no one to go around to show them how to use these foods creatively.

The commodities, when given out, are taken home by people. Usually, they weigh a lot and in many cases, many of these people hitchhike. They do not have transportation and they live, say, from 20 miles to to 50 miles from the distribution center, so they put them in bags and boxes and stand by the roadside and are lucky if they get a ride. Otherwise, they would have to borrow money from the trader again to buy gas for someone who might have a vehicle. Therefore, he is bound to the trader in that respect, for a high-interest rate from the trader.

When asked that the welfare department look into such a situation as providing transportation for people who do not have transportation, the answer from a San Juan County employee was that the Navajos were becoming too dependent. However, he failed to even get the Navajos to provide a situation where the Navajos can gain confidence and independence.

People have to wait long periods of time for certification, which involves unnecessary red tape in most cases and in most cases, because of their long wait, which I think is intentional, many people are discouraged and never bother going back and are hardly having a balanced meal. In fact, many of the people who do receive commodities do have a balanced meal, so you would understand what many of the people who do not receive commodities would have.

After a long wait for certification, if a family does not pick up his commodity 3 consecutive months, he is automatically cut off. In most cases, like during the summer months, families because they are so desperate in their need of money and because they want to work, go off to migratory labor, off the reservation or outside the State and there they make very little. Because they are there working and trying to make what money they can, they are automatically cut off. Upon

return, they have to wait for, say, a period of 3 months to a year for recertification.

Evaluations sometimes on certification are based upon the assumed income. As for instance, a grazing permit. Perhaps a family has a grazing permit. They are allowed so many sheep on certain lands. Because of this permit, many of the welfare workers say that they have an assumed income of, say, 20 heads of sheep times \$20 and assume that income per year. If this person, if they think this person can make enough money off that sheep, they do not certify him because he is getting some kind of income. But actually, the Navajos do not sell their sheep that much. In fact, maybe one sheep is saved for food per year.

Or else, as I said earlier, a Navajo was asked to give up her jewelry for pawn so she could eat. In other cases, because a certain family went off on migratory labor and bought a vehicle to come back in, the welfare department will refuse to give them assistance because they have a vehicle that is valued at so much.

These are some of the things they use for evaluating. Because the Navajos go through this and take it for granted that this is the way it is supposed to be, they do not protest. The various welfare departments who have been made aware of this, however, have failed to act upon it. These are some of the incidents I found this summer. I would go into more detail on it. However, I have a report here if anybody would like or is interested in getting a copy of one. I would be more than happy to give you a copy.

I would like to comment on another thing. I was also involved in another study conducted by the Southwestern Indian Development in Arizona, who went out to the Navajo Reservation and did a study on the trading post system. A lot of what I brought out is brought out in that report and if you would like a copy, copies will be made available for you.

The CHAIRMAN. Thank you very much. I do not want to hurry anybody, but we have other witnesses who have to be heard.

MISS PAPPALARDO. Mrs. Frazier.

STATEMENT OF MRS. CATALINA FREZIER, VENTURA, CALIF.

Mrs. FREZIER. Mr. Chairman, honorable members of the committee, my name is Catalina Frazier and I live at 113 North Gibraltar Street in Ventura, which is in the 13th Congressional District in the State of California.

I am grateful for the opportunity to be able to testify before you on the situation of hunger in the State of California.

In the last 5 months I have taken a special interest in the conditions in which the seasonal and migratory farmworkers live, both in the urban and rural areas in California.

I am presently employed by the Central California Agricultural Associates area office in Ventura, Calif. Central California Agricultural Associates conducts a migratory farmworker educational program that is funded by the Office of Economic Opportunity. Because of my involvement with this organization and because this organization is constantly working to provide services and information that will benefit the seasonal and migrant farmworkers, I come in close contact with hundreds of unemployed and poor individuals that come

to us for assistance. However, my knowledge of conditions in the lower income communities in California has not all been acquired over the space of the last 5 months. I am well aware of these conditions because I have lived in several cities of the State of California and in the Southwestern United States. I am a Mexican American and I was born and raised in El Paso, Tex., I have lived among the poor. My neighbors and friends are poor and some of my family members are farmworkers and they are also poor.

In the month of June of this year, several of my friends and I offered our services to the American Friends Service Committee in conducting a research program on the several USDA assistance programs in our county. We interviewed hundreds of persons living in the low-income barrios. We got our information on the hot lunch program in our schools, the surplus commodities offered to the poor on and off the welfare rolls. We also interviewed retired poor persons, two of which are my mother and my father. We also interviewed the heads of the agencies serving the poor in our communities. We found that some of these people that work in these communities are monolingual, English only.

All this activity took place in a 6-week program. This area in which we worked has approximately 65,000 Mexican-Americans in a population of approximately 350,000—this is in the county. According to the antipoverty agencies in the area we surveyed, 80 percent of the poor people that fell into the category under the OEO guidelines are Mexican-Americans. I do not want to get to the root of why we are such a large percentage of the poor. Let it be monolingual, race prejudice or what, the fact is that we are poor and hunger exists within the Mexican-American community.

The information that we gathered is varied and important in that it contains the true feelings of the people that were interviewed. Ninety percent of those interviewed receive welfare payments in USDA surplus commodities. They complain that the powdered milk and other concentrated foodstuffs were hard to prepare and not very appetizing. Furthermore, the long-term use of this same stuff became boring and monotonous for consumption, particularly to the Mexican-American, whose diet is vastly different in nature. In Ventura County, there are no pinto beans, no masa distributed. Their labels are all in English.

Transportation—let us not even discuss transportation because the centers are not—you could count them in Ventura County. In Oxnard City, for instance, there is this center. It is staffed by volunteer service to the Catholic Welfare. The lady, who calls herself a social scientist, does this on a volunteer basis and their office hours are 3 to 5 o'clock, 5 days a week. I have seen these people in line waiting to receive the surplus commodities since 9 o'clock in the morning, and there is a large line. I have seen it while it has been raining and these people have to stand there in line outside, right next to Frosty-freez, while people are sitting there for their lunch in the afternoon, ice cream and what have you. Yet they are waiting in line for their commodities.

Dignity? Let us not discuss dignity. For whatever their circumstances, the fact is they are hungry, otherwise they would not be there. They would not take all this much.

In addition to everyone's belief that welfare checks are not large enough to meet their needs in general, in Ventura County, the Department of Social Welfare does not offer food stamps to welfare recipients or the poor. Nor has the Ventura County Department of Social Welfare offered this opportunity to people. When I interviewed these agencies, they felt that commodities were good enough, so they were not going to offer any other alternative. They did not have any right to choose. The agency had already decided for them.

In Ventura County, the poor can't afford to buy stamps, even if they were offered. Yet they need fresh meat. I do not mean exactly steak. Our soul food does require meat, not only pinto beans. Yet we do not have this fresh meat. The people that receive commodities, they have to settle for Spam, and Spam, it is a canned, nice meat once in a while. I wouldn't mind having it for lunch two or three times a month. But every day, three times a day, that is too much. We would settle for kidneys or guts or what have you, but fresh meat.

My neighbor, Mrs. Alicia Salazar, who does not speak English, the mother of 15 children, is on welfare. Her son Alfred has just returned after having served in the service in Vietnam. But her welfare check is not sufficient to provide for grocery money for her family. She also receives surplus commodities, but she cannot stretch them out longer than a week and a half. And she is a very nice housewife. I mean she is creative when it comes to cooking. But she cannot stretch it this far.

Just before she is due for her next welfare check, her children go hungry. I have seen them go to school hungry. I have stopped and asked them, "Alex, did you have breakfast? Come and have some with the child I have at home. You can have my portion."

Ventura County is now the fastest growing county in the United States and also one of the richest in agriculture, the biggest ranches are in Ventura County, the ranches in citrus, avocado, strawberries. It is a nice county. It is rich in agriculture, all products. Yet conditions are such that it is also one of the most expensive places in which to raise a family. Rents of \$100 for a two-bedroom shack are not uncommon. There are practically no vacant homes to be rented. A low-rent house is only a phrase, not a reality. Yet most of the workers in Ventura County are seasonal migrant farmworkers. Their basic pay is \$1.65 an hour—imagine that, stooping down to work in the fields in the hot sun to receive \$1.65. How far can \$1.65 go when prices are so high in the market? Yet if you are working and making this much money, \$1.65 an hour, you do not receive commodities.

I know a group of people that live in poverty in Ventura County, old-age pensioners and the poorest of the pensioners again are Mexican-Americans. They are retired persons, that fall into this category, had been farmworkers up until they could not work. They have to be pretty old when they quit working. This category, this is how they get their money. They came under the old age retirement act just recently, in the early 1950's and their lifetime earnings were not taken into account in the computation of benefits payments for their social security, so their income is very limited.

I do not want to bore you with my long story. I could go on and on and on. It is interesting. I feel that this is my people and even if it

were not my people, the fact that they are hungry is the reason that I care.

Gentlemen, I have offered this strong testimony in the belief that you can appreciate human suffering—suffering, because it is not that our people do not have dignity. They do have dignity, but they are hungry. When you come to a new country, or you have been in this country and have not been able to get anything, you kind of become passive. You take it and say, “The good Lord means for us to be like this. That is our chalice, he wants us to fast and fast and be humble.” But a lot of these people are not believing in him any longer because he is too humble. Yet I come to you and I would like to offer you this information in good faith and with a great deal of hope. I feel that this presentation has not been taken lightly. I think I have gotten your attention.

We, the residents of the poor communities in the State of California put a great deal of trust in you to come forward with programs and solutions that are not only adequate but right for our communities. Therefore, I want to express my appreciation for the opportunity to come before you on this day.

Thank you.

The CHAIRMAN. Thank you very much.

Mr. TEAGUE. Mr. Chairman, inasmuch as Mrs. Frezier is in my district, on behalf of the committee, I want to thank you, Mrs. Frezier, for being here and giving us the benefit of your investigations.

I would like to state for the record—we do not have time to ask questions—that while it is true that farm wages are not what we would like to see them, they are as high, at least, in Ventura County as anywhere in the United States. In addition to the basic rate which you mention, most workers work on a piece rate and earn as high as \$2 to \$4 an hour.

In conclusion, I certainly would not expect anybody to live on lima beans, but I wish you would tell Miss Bennett that they are quite nutritious and a good many of them are grown in Ventura County. They are quite simple to prepare.

Mrs. FREZIER. Thank you.

STATEMENT OF MISS DEBORAH BLISS, GREEN COUNTY, N.C.

Miss BLISS. My name is Deborah Bliss. I carried out this study in Greene County, N.C., which is in the eastern part of North Carolina. It is an entirely rural area, dominated by the tobacco growing, I should say completely devoted to the tobacco growing industry.

I certainly can't add anything to the need for food stamps which Miss Bennett and Mrs. Frezier have done much better than I could. But I would like to say a few specific things about the reduction in price of food stamps and about free stamps.

In Greene County, there are 12,000 people below the poverty line out of the total population of 16,000. Of those 12,000 people, 2,000 receive food stamps. We wonder just where are all these 10,000 people who are poor and receive no food assistance whatsoever. Greene County has been in the food stamp, switched from the commodity program in May 1968. Though all the people that we interviewed like food stamps better than commodities, when they were on commodities, they had some-

thing to eat. Buying food stamps, they cannot participate in the program and have no food assistance.

So what happens to these 10,000 people. Well, for one thing, in North Carolina, the eligibility standards are below the poverty line. You can have a family of 10 that had an income of \$3,400 a year, it is not eligible for food stamps. Yet if you have a family of four and a yearly income of \$2,400, you are not eligible for food stamps. There are a lot of those poor people who are not getting food stamps because they are not eligible under the North Carolina standards. North Carolina does not have the lowest standards in the South by any means.

So this is a strong argument in favor of a minimal national standard of eligibility, adjusted, perhaps, for living costs in different parts of the country, but still some kind of a national standard.

Even aside from this, people who are eligible under the standards set up by the State are not receiving food stamps for many reasons. Part of it is that they just can't afford them, even under the prices that are set up, because—well, of the families we interviewed, about 80 or 90 families, most of those were paying more than 35 percent of their income for food. Some of them were paying 50 percent, some of them were paying more than 75 percent of their income. This is what they were supposed to be paying. Many of them just could not do it. But many of them could buy these things if they were properly certified. This gets down to the vast complexity of this thing, the certification as it is set up, because you do not just go by your straight income, taking the amount of money you receive, then deducting certain things—the income tax, social security payments, you deduct the regular medical expenses, you deduct payments for the care of your children while you work, you deduct payments for transportation to and from work, if you drive to work, that is 8 cents a mile. Then multiply that and add it up. Then after you get through deducting all these things, you add the cost of your house, you add all your rent, your gas, your light, and if these come to more than 30 percent of your income, that is what you take, then you get special provision. The thing is that officials in Greene County do not understand all these or can't remember all of them.

We interviewed the State food stamp administrator in Raleigh and he pointed out that the reason for all these deductions is that the scale of payments as it is set up is just too high, so you have to allow these provisions to get it down so people can get in at a price that they might be able to afford. But the thing is if you bring the scale down, then you would not have to get into all this business. The thing is that the caseworkers sometimes do not understand, sometimes do not have the time to go through all this stuff. Every one of these deductible items has to be verified by a bill, a statement, receipt, or something like this. They see people waiting outside the door and they do not have enough money to hire caseworkers to do all this. Sometimes these deductions are made, sometimes not. Sometimes it is because the caseworker is busy or does not understand it or sometimes he does not like the person. So you get into all this arbitrary stuff and all this ambiguous stuff. The thing is especially the people who need it, they do not understand a thing about what is going on.

You talk about a pride thing—well, the biggest robber of pride is the fact that nothing is explained to you. You go in and you are not

even allowed to say you make such and such a week. You have to bring this form to your landlord, who is a tenant farmer, you are a tenant day laborer in this kind of situation. You bring this form to your landlord, and he tells you what you are going to make and if you say something different from the landlord, he is believed and you are not. The caseworker says: "All right, we will mail you your authorization for your food stamps." You bring these things in and get something back, and you have no idea about how one thing got turned into the other. Not only is it not explained, you can hardly blame the welfare workers for not explaining this in detail to everybody, because it is such a complicated thing.

But you talk about pride—you know, paying 50 cents a month is not going to give people the pride that they need, because the sort of pride is something else. It is not receiving the stamps for free, but it is knowing what is going into it.

This may be kind of sidetracking, but the point is that, you see, a lower cost of the stamps would take into account the fact of these things I have talked about, take into account all these things and allow people to buy them, which they cannot buy; it would enable people who are supposed to be participating to participate and to eat.

The CHAIRMAN. Thank you very much.

Miss PAPPALARDO. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much. We appreciate these statements.

Now we have Dr. Don Hadwiger. We will be glad to hear from you, sir.

STATEMENT OF DON F. HADWIGER, PROFESSOR OF GOVERNMENT, IOWA STATE UNIVERSITY

Mr. HADWIGER. Mr. Chairman, ladies and gentlemen, my name is Don Hadwiger, professor of government at Iowa State University and presently instructor-coordinator for the Washington research project of the southern center for studies in public policy.

My main field of study has been agriculture policy, an interest which was furthered by an internship with this committee in 1959.

During the past year and a half I have studied family food assistance programs in Iowa, interviewing administrators and recipients, and analyzing statistics. In addition, I directed a survey of commodity recipients in Story County, Iowa. Story County is in the commercial corn belt, and is the home of Iowa State University and the Iowa Highway Commission. It is a prosperous community but with many low-income families. The number of persons receiving commodities in March 1967, before the county changed to stamps, was 734.

Our county survey was prompted by a remark by one of our county supervisors. He noted that participation had fallen sharply when the county switched from commodities to stamps, but he hoped that the neediest citizens had stayed in the program.

We found that just half of the commodity recipients went on to try food stamps, and of these, half subsequently dropped out. One-fourth of all commodity recipients stayed in the stamp program, one-fourth became ineligible, and the other half dropped out for reasons other than eligibility.

We tried to find out to what extent the neediest families had stayed in the program. We asked several questions to determine need, and decided to use this question: "Have there been times in the past when your family did not get as much food as you would have liked for them to have?" About half of the families answered yes to this question. Most of these had reference to periods since World War II, and their food shortages were sometimes persistent and serious.

Of these neediest families in the Story County survey, just over half either did not join, or soon dropped out of the food stamp program. Thus, these families were currently receiving no food assistance as of last winter when we took the survey.

While most of the commodity participants decided not to take food stamps, the food stamp program did attract some new participants. The Story County welfare director, Mr. Wesley Hoffman, told me that about two-thirds of the present stamp participants are college students. This contrasted with no college students in our sample of commodity recipients.

Participation in the food stamp program is comparatively low. For Iowa as a whole, only 11 percent of eligible Iowans participated in those counties with food stamps, as of February 1969. This compares with 25-percent participation by eligible persons in the few counties that still had commodity programs. This percentage is based on adjusted U.S. Census figures. Looking at participation by public assistance recipients as of October 1968, commodity counties ranked higher than stamp counties with only one exception, and the variations ranged from 10 commodity counties having over 75 percent of public assistance participation, to 12 stamp counties with less than 20-percent public assistance participation.

Why is stamp participation so low? In our county survey, the reason given by almost half of those who did not go on to take the stamps was that they could not afford them. Now it is probably true that most low-income families do spend as much or more on food as they would have to pay for stamps. You will find that some aggressive food stamp directors have used this argument to persuade people to join. But in doing so, these directors have found that they may have to certify three or more times as many families as they are able to keep in the program. Many families simply cannot afford food stamps. The food stamp plan may be workable for families with stable incomes, with capacity to budget funds, and with savings to cover unexpected bills. Very few poor Iowa families fit this picture.

A second reason for nonparticipation is low benefits. An elderly couple whose bonus would have been only \$12 had to pay \$5 for transportation to the county seat, and they also felt they lost money during the confusion of counting stamps at the grocery store. Another of our respondents, in explaining why she did not participate, said:

My friends said it was a fraud, in that they just gave you a little bit more than you paid in, and you couldn't buy some of the necessities such as toilet paper.

A third reason for nonparticipation is embarrassment, or loss of status. Perhaps this reason should be listed first in Iowa. The food stamp program is, of course, a nutritional program to help all low-income families. Occasionally, a local director manages to sell the

program to the community as a nutritional program, and in those counties participation is likely to be high. But typically, the image of the food stamp program is that of a welfare program. A person must apply at the local welfare office, which has a certain reputation, and a certain clientele, and which investigates him. Food stamps are supposed to be more dignified than commodities, but most recipients we talked with do not see it that way. They find it painful to separate their groceries into two piles at the counter, in the presence of clerks and customers who might happen to include their children's friends or teacher, or their employer, or a member of their church. So in small Iowa communities stamp users may buy their groceries at odd hours to avoid being seen, or they may drive outside the community to buy their groceries. Most Iowa recipients I have talked with have great respect for the opinion and the pressures of their community, and they share community values. They are not likely to jeopardize their self-respect and their status, so they have backed away from the stamp program in areas where it developed an unacceptable image.

Commodity recipients apparently found it less embarrassing to pick up supplies at the courthouse in the company of other commodity participants, and they justified their participation in the commodity program on the ground that commodities were surpluses that might otherwise have been wasted.

There are other barriers to stamp participation, all of which I shall not mention. There was no effective appeal from uncooperative employers or arbitrary local administrators. Low limits on resources excluded older people with a small cushion of savings.

To sum up, we found that the food stamp program missed half or more of the neediest families who formerly received commodities. Undoubtedly it has been of assistance to some families but in the view of a majority of the needy families we interviewed, the stamp program is a step backward from the commodity programs that most Iowa counties once administered.

As for remedies, it is my impression that there may be substantial agreement now among both local administrators and recipients in Iowa, as to what is wrong with the food stamp program, and as to how it can be improved. May I pass along the following suggestions:

1. Soften the purchase requirement so that the neediest families at all income levels can afford to participate. This should bring a sharp increase in participation, particularly by needy families not on public assistance.

2. Provide for certification and stamp issuance from agencies or locations additional to that of the welfare office. To the extent that several agencies or groups are involved, and participation is by all sectors of the eligible income categories, the image problem tends to disappear. And county welfare directors have told me that their agencies would benefit from a wide participation in the food stamp program.

3. Permit stamp recipients to purchase soap and hygienic products. Recipients want this change more than anything else. They continually refer to it with a kind of sense of injustice. This should ease the problem at the grocery counter.

4. Increase benefits, at least to assure that needy families get an adequate diet.

5. To reach all families who now have inadequate food, it seems necessary to institute both commodity and stamp programs in some areas. The county welfare director of Polk County (Des Moines), Mr. Maurice Ahearn, told me that both programs are needed in his county. And in some rural areas the USDA, I suggest, might institute an efficient multicounty distribution program. Those counties that now have commodity programs, I think, should definitely not be encouraged to terminate these programs until major changes have been made in the food stamp program.

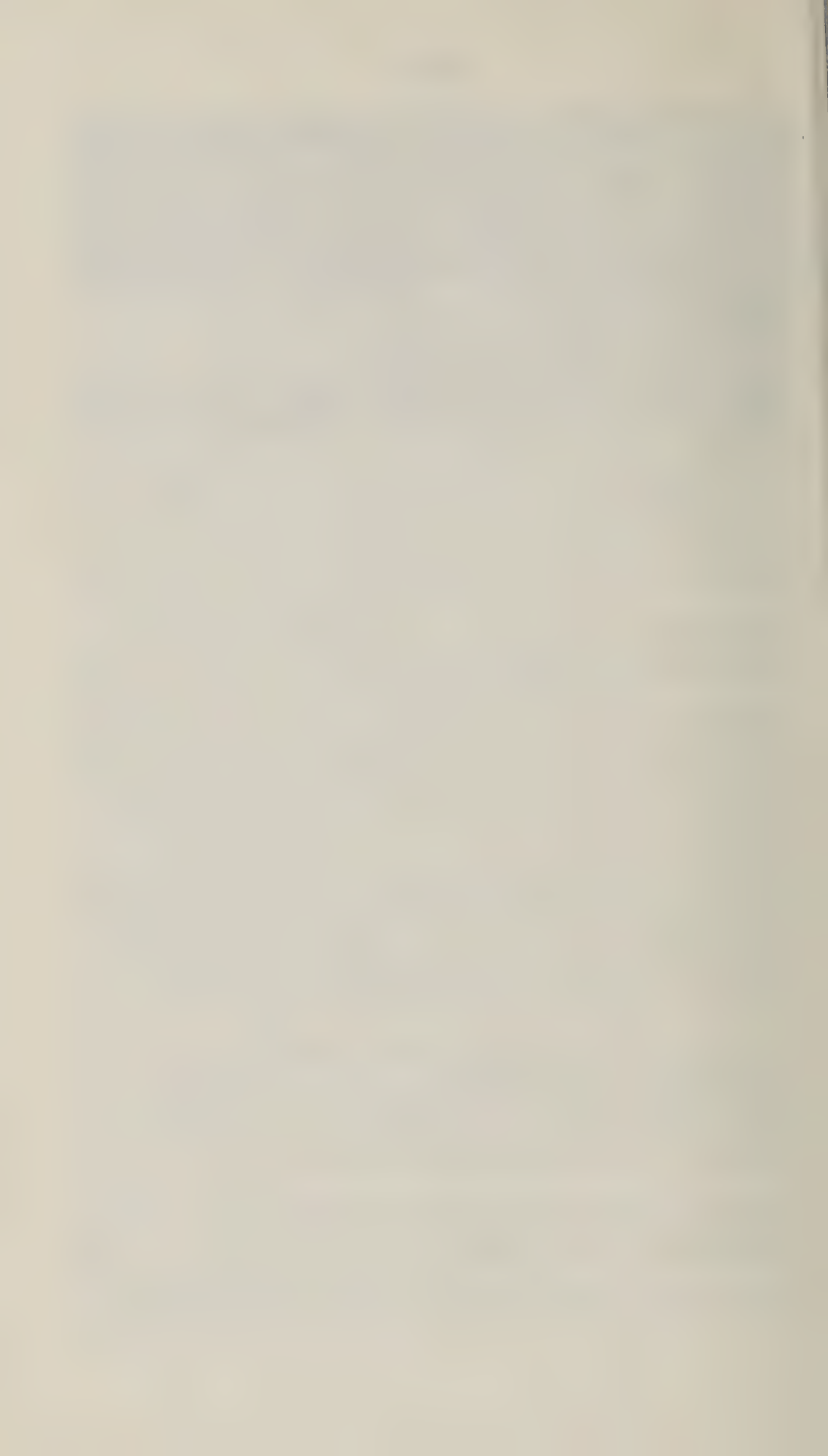
Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you very much.

That completes our list of witnesses today.

The committee will stand in adjournment until Monday morning.

(Whereupon, at 12:10 p.m., the committee adjourned to reconvene on Monday, October 27, 1969.)



FOOD STAMPS

MONDAY, OCTOBER 27, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10:05 a.m., in room 1301, Longworth House Office Building, Hon. W. R. Poage (chairman) presiding.

Present: Representatives Poage, Purcell, O'Neal, Foley, Vigorito, Montgomery, Burlison, Rarick, Jones of Tennessee, Melcher, Belcher, May, Wampler, Zwach, Myers, Sebelius, Mizell, and Resident Commissioner Córdova.

Also present: Christine S. Gallagher, chief clerk; Hyde H. Murray, associate counsel; John A. Knebel, assistant counsel; and L. T. Easley, staff consultant.

The CHAIRMAN. The committee will please come to order.

We are before you this morning to further consider the general farm and food stamp legislation and the testimony this morning is being directed to food stamps.

We have statements filed by Congressman Biester and Congressman Mikva, both of which without objection, will be included in the record.

Mr. SEBELIUS. Congressman Biester is here, Mr. Chairman.

The CHAIRMAN. I thought he wanted to—I thought you wanted to make a statement in the record. Did you want to appear in person?

Mr. BIESTER. Very briefly; yes.

The CHAIRMAN. All right. We will be glad to hear from you. And I believe you are the first one that will want to appear. Congressmen Schwengel and Ruppe are not present.

Mr. Biester, we will be glad to hear from you.

Now, before Mr. Biester starts, the Chair wants to make a comment about the examination of the witnesses. We have a number of witnesses and I notice that one witness has filed a 73-page statement. Obviously, we could not hear that in 2 hours. Is Mr. Kramer present? He is not here.

It was my thought that we would ask all of the witnesses to wait until we had finished them all and then question them en bloc, but I think from the standpoint of Congressmen that we will hear Mr. Biester and if there are any other Congressmen that come in, we will hear them and then question them and then we will hear the other witnesses and question them.

Mr. Biester, we are delighted to have you with us. We appreciate your interest in this matter and appreciate the fact that you have come before our committee. We will be glad to have your suggestions.

STATEMENT OF HON. EDWARD G. BIESTER, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. BIESTER. Mr. Chairman, thank you very much. I will not presume upon the patience of the committee to read my statement——

The CHAIRMAN. That is all right.

Mr. BIESTER (continuing). Although it is brief. It is in the record and——

The CHAIRMAN. It will be included in the record.

Mr. BIESTER. I wanted to appear this morning rather than simply submit a written statement to impress upon the committee the sense of urgency I feel about the legislation of which I am one of the authors, and I think that perhaps the most clear way in which I can express those personal feelings of my own would be to discuss a personal experience my family had, perhaps 8 or 9 years ago.

I come from a rural and suburban area of Pennsylvania. I live in a town which has a population of about 200 people. I formerly lived in a crossroads village with perhaps maybe 40 or 50 people in it. One of those people—we never knew quite what her age was but I always suspected it was between 80 and 90, and she was a maiden lady who had lived on her family farm all of her life.

As she grew old in years, she consistently refused to enter an institution because I think she shared the apprehensions of those who also knew her that to do so would mean a fast termination of her life.

She began to suffer toward the end minor cerebral accidents which made it sometimes difficult for her to think clearly. My wife helped her out in ordering food for the chickens and other things on her place.

The very few members of her family that she had become concerned about her because she was not able to cook. The reason she refused to cook eventually was that she was afraid of burning down her house and setting herself on fire. In fact, she had one small accident of that kind. And eventually, it was because she started to go downhill physically as a result of her inability to cook that she finally was forced to go into an institution and, Mr. Chairman, she survived less than 3 weeks in that institution.

The kind of program which our bill would authorize would meet, I think, the needs of people like that good lady. How many others there are across the country like her, both in cities and in small towns and villages such as I have described, I do not know. I suspect that they are more legion than we know because they are probably more silent than some of our more valuable protesters in society.

There is no question in my mind but that people in that circumstance should be able—should be able to use the food stamp program to receive in their homes under circumstances which continue their independence in society, their noninstitutionalization in society, in some way, and it was my concern with respect to that and my learning of these programs as they occur across the country, and I have included in my statement a list of the various programs across the country which now occur, to foster and augment that program in such a way as to meet the needs of these very lonely, sometimes very isolated, and extremely deserving elderly people in our country, and I will not presume further upon the time of the committee. I respect its expertise in an area which I am frankly not an expert in and do not presume to be.

I thank you very much.

The CHAIRMAN. We thank you very much. Since there is no other Member of Congress to be heard I wonder if anyone wants to ask Mr. Biester some questions.

Mr. Biester, if there are no questions——

Mr. ZWACH. Mr. Chairman, I would just like to commend the gentleman, Congresssman Biester, for his statement and for his opening up this area in which he expresses a concern. This is an additional area to the entire food stamp program. I am happy to have him broach that program to us this morning.

Mr. BIESTER. Thank you, Mr. Zwach.

The CHAIRMAN. Thank you very much, Mr. Biester. We appreciate your attendance.

Mr. BIESTER. Thank you.

(Mr. Biester's full statement follows:)

STATEMENT OF HON. EDWARD G. BIESTER, JR., A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF PENNSYLVANIA

Mr. Chairman, along with 84 Members of Congress, I have introduced legislation which would amend the Food Stamp Act of 1964 to authorize elderly persons to exchange food stamps under certain circumstances for meals prepared and served by nonprofit organizations.

This legislation attempts to reach the needy elderly who are prevented from using the benefits of the food stamp program because they are without kitchen facilities or cannot prepare meals due to illness or physical disability. Under this legislation, nonprofit, charitable organizations would be authorized to accept food stamps in exchange for cooked meals prepared either for home delivery or for consumption in community dining halls.

Under the present law, persons who otherwise meet age, residency, and income requirements are not eligible for food stamps if they do not have cooking facilities in their home. Persons who are physically incapacitated or who suffer from serious illnesses that make it impossible for them to shop or prepare meals should not be denied the use of food stamps. These citizens, who are often among the most isolated and needy in the community, should receive the benefits which the Food Stamp Act was enacted to provide.

This legislation, which is identical to language contained in the recently passed Senate food stamp bill, was originally introduced by Senator Hugh Scott of Pennsylvania. It would authorize the Secretary of Agriculture, under regulations carefully prescribed and administered by him, to designate specific church and nonprofit organizations of a bona fide charitable nature, to accept food stamps in exchange for prepared meals. Although the redemption of these stamps would assist eligible groups in the purchase of food, the stamps themselves would be issued only to individuals who would be the direct beneficiaries of this legislation. By engaging the cooperation of nonprofit charitable organizations, this proposal would be in keeping with the current trend of relying more heavily on private initiative for solutions to pressing national problems.

At least 75 charitable organizations in 27 States throughout America now are helping to alleviate hunger with programs which offer prepared meals to shut-ins and other elderly persons who are unable to cook for themselves and who, without this assistance, might otherwise face the dismal prospect of being forced into an institution (see attached list). Many of the current meals-on-wheels programs are operating on a limited basis and are in need of expansion. This bill is designed to encourage and make possible the expansion and establishment of such programs for the many communities and cities throughout the Nation where similar situations and needs exist.

This extension in the use of food stamps would benefit those elderly physically handicapped and chronically ill persons who otherwise could not afford to obtain home delivered meals from religious and other nonprofit voluntary sources. Just last week the Washington Post had a story pointing out that the St. James Lutheran Church, located at 16th Street and Eastern Avenue, NW., is proposing a program whereby it would supply a hot noon meal and a cold supper 5 days a week for some 30 residents of the Eastern area. When a zoning problem is

resolved, St. James hopes to supply the meals to some 3,000 shut-ins, operating from churches all over the city.

In these times of unprecedented economic achievement, the basic goal of having enough to eat still remains, for too many Americans, a promise rather than a reality.

I urge the adoption of this legislation. Thank you.

MEALS ON WHEELS PROGRAMS

(Community dining rooms not included)

California :

Carmel Foundation, Carmel
Self-help for the Elderly, San Francisco (San Francisco Council of Churches)
Central Costa County Meals on Wheels, Concord (Concord Coordinated Services)
Meals on Wheels, Santa Clara (Commercial concern)
Berkeley's Homebound Seniors, Berkeley (Dept. of Social Planning)
The Chinese Senior Citizen Center, San Francisco
Western Addition Senior Citizens Service Center, San Francisco
United Jewish Community Centers, San Francisco
Downtown Senior Center, San Francisco
Catholic Committee for the Aging of San Francisco

Connecticut :

Meals on Wheels, Inc. of Greenwich
Meals on Wheels, Family Service Society, Hartford

District of Columbia :

Jewish Social Service Agency, Washington, D.C.
St. Stephen and the Incarnation Church, Washington, D.C.

Delaware : Meals on Wheels, Wilmington (Geriatric Service of Delaware)

Florida : The Neighborly Center, Inc., St. Petersburg

Idaho : Western Idaho Community Action Programs, Inc., Emmett

Illinois :

Home Delivered Meals, Chicago (Holy Cross Hospital)
Evanston Meals at Home, Evanston
Meals on Wheels, Peoria (Visiting Nurse Association)
Visiting Nurse Association of Macon County, Decatur
Services to the Aging, Evanston (the United Methodist Church)

Indiana :

Meals on Wheels, South Bend
Home Delivered Meals, Evansville

Iowa :

Mobile Meals, Dewitt Community Hospital Auxiliary, Dewitt
Home Delivered Meals, Ames (Visiting Nurse Service)
Boone County Homemaker Health Aide Service and Meals on Wheels, Boone
Meals on Wheels, Burlington Hospital, Burlington
Appanoose County H.H.A. Service, Centerville
Meals Service, Danvenport (Senior Citizen Pilot Project)
Daily Hot Meal Delivery to the Elderly, Dubuque (Health and Nutrition Committee)
Meals and Wheels of Keokuk (Meals Steering Committee)
Meals on Wheels, Marshalltown (Meals and Wheels Association of Marshalltown)
Meals on Wheels, Nevada (County)
Clarke County Community Action Program, Osceola (Outreach Workers CAP)

Senior Citizens Meals on Wheels, Washington (Senior Citizen Council)

Kentucky : Boone Fork Community Kitchen, Fleming

Louisiana : Meals on Wheels, Shreveport

Maryland :

Meals on Wheels, Baltimore Metropolitan, Baltimore (Lutheran Social Service and Meals Committee)

Lutheran Social Services Meals on Wheels, Hagerstown

Massachusetts : Levi Gould Housing for the Elderly, Melrose

Michigan : Mobile Meals, Inc., Lansing (College Women's Volunteer Service)

Montana: Rocky Mountains Daily Dinner Clubs, Helena (Rocky Mountains Development Council)

New York:

Henry Street Settlement, New York City

Meals on Wheels, Corning (Council of Churches)

Meals on Wheels Stanley M. Isaacs Meals, New York City (S. I. Housing Center)

Hudson Guild-Fulton Senior Citizens Center, New York City

Meals on Wheels, Utica

Meals on Wheels, Rochester (Visiting Nurse Service)

Meals on Wheels, Syracuse (Council on Aging)

Food and Nutrition Services, Buffalo

North Carolina: Meals on Wheels, Winston-Salem (Model Community Project)

New Jersey:

Meals on Wheels of Jersey City, Inc. Jersey City

Housing Authority of the City of Jersey City, Jersey City

Paterson New Jersey YWCA, Paterson

Ohio:

Meals on Wheels, Mount Vernon (Psi Iota Xi Sorority)

Meals on Wheels, Cleveland (East End Neighborhood House, Woodhill)

Mobile Meals, Dayton (Public Health Nursing Service)

Meals on Wheels of Mansfield, Mansfield (Memorial Homes, Inc.)

Mobile Meals of Toledo (Mobile Meals, Inc.)

Pennsylvania:

Luzerne County Bureau for the Aging, Wilkes-Barre

Senior Activity Center of Greater Johnstown, Inc.

Meals on Wheels, Pittsburgh (Lutheran Service Society of Western Pennsylvania)

Meals on Wheels, York (Lutheran Social Services)

South Carolina: Meals on Wheels for Senior Citizens, Greenville

South Dakota: Meals on Wheels, Sioux Falls (Lutheran Social Services)

Tennessee:

Portable Meals program, Chattanooga (Senior Neighbors of Chatt., Inc.)

Gordon's Hot Meals on Wheels, Nashville (Gordon United Methodist Church)

Texas: Meals on Wheels VNA, Dallas (Visiting Nurse Association)

Senior Citizens Activities, Inc., Temple

Utah: Meals on Wheels, Salt Lake City

Virginia: Meals on Wheels, Richmond (National Council of Jewish Women, Richmond)

Wisconsin:

Mobile Meals, Milwaukee (Visiting Nurse Association)

Meals on Wheels, Neenah (Neenah-Menasha Emergency Society Committee)

Meals on Wheels, Oshkosh (Family Service)

Meals on Wheels, West Allis (W.A. Memorial Hospital)

Meals on Wheels Lincoln Lutheran Home, Racine (Lincoln Lutheran Home)

The CHAIRMAN. Now, has Mr. Kramer come in?

Mr. KRAMER. Yes, sir.

The CHAIRMAN. Mr. Kramer, I notice you have a statement of 73 pages. It is obvious that we cannot spend—did you contemplate reading this statement?

Mr. KRAMER. No, I did not.

The CHAIRMAN. We want to give you a reasonable amount of time but obviously, we cannot go into that much detail but we will be glad to hear from you.

STATEMENT OF JOHN R. KRAMER, EXECUTIVE DIRECTOR, NATIONAL COUNCIL ON HUNGER AND MALNUTRITION IN THE UNITED STATES

Mr. KRAMER. I will gladly yield way to any Congressman that comes in of the other three that were scheduled.

The CHAIRMAN. We will be glad to hear from you.

Mr. KRAMER. Let me say initially that the entire 73 pages are a comparison and rather detailed comparison of all the provisions in the major food stamp bills currently before you, including the present act.

I have appended to this statement a 10-page comparison which goes through approximately 26 separate changes that have been suggested in the food stamp bill.

The CHAIRMAN. Well, without objection, the statement and the attachments will be filed with our record and you may proceed to make such statement as you care to.

Mr. KRAMER. Although I will not read the entire statement, I would like to direct the committee's attention to the first 10 or so pages of the statement, particularly because that seems to have been this committee's greatest concern during the previous course of hearings on food stamps. So, let me begin on page 1.

On May 6 of this year, the President of the United States, compelled by political realism to take a stand some of his advisers had resisted for 2 months, declared that "the moment is at hand to put an end to hunger in America itself for all time * * *. It is a moment to act with vigor."

The elasticity of that moment is fantastic, 174 days have elapsed—nearly half a year—and you are still enjoying yourselves making wisecracks about deadbeats who waste their limited resources on liquor and marihuana. Even Nero did not fiddle that long. Meanwhile, the food stamp program, which the President made the focal point of his challenge to act in May, decided to bury in August, and resurrected again in September, remains severely undernourished. It atrophies in the hands of the Department of Agriculture bureaucrats who need a stiff cattle prod from both the White House and Congress if they are not to continue to toss in the discard bin at least 15 percent of the funds they are expressly given to distribute in the form of bonus coupons. I refer there to the fact that after considerable struggle in Congress last year to obtain an increased appropriation, ultimately which amounted to \$265 million, for bonus coupons, the Department of Agriculture purposely spent, and I say purposely spent, because we had a lawsuit, only \$228 million in those new coupons. They came to you asking you to raise their appropriations and then turned around and did not spend 15 percent of them. Every other governmental body concerned with the vitality of the food stamp program and the health of the people it is supposed to serve—from the President to the Senate—has acted with at least some degree of diligence and compassion. Only you have dawdled and exploited the occasion to vend ad nauseum your disrespect for the humanity of the poor.

I refer, Mr. Chairman, to the statements in these hearings as they have occurred really since the hearings started indirectly on food stamps last April on the Foley bill, Human Nutrition Act of 1969.

I appear before you today on behalf of the National Council on Hunger and Malnutrition in the United States to seek an end to dalliance and a start to drafting and prompt passage of a meaningful food stamp reform bill. I do not propose to attempt to convince you with anecdotes or statistics that there are a substantial number of

malnourished people in this country and that they are to be found among the 36 million persons who cannot afford to purchase the Agriculture Department's low-cost food plan—\$127.50 a month for a family of four—with 25 percent of their income. I suspect that very few of you will ever really believe that there is a serious poverty-related nutrition problem in this country requiring urgent Federal action, regardless of the documentation of studies and surveys and the evidence of the eyes of those journalists who have looked at the living conditions of their fellow men with discerning sensitivity. Statesmen like Senator Hollings of South Carolina, who admit that they have purposefully turned their backs upon the plight of others, are rare.

But most of you are acutely aware that there are a substantial number of farmers and farm corporations—some constituents, some contributors—whose incomes would dwindle so as to place them in peril of genteel poverty unless you move with all deliberate haste to enact a new farm bill that gives them sufficient leadtime to bank on the receipt of \$3.46 billion in Federal subsidies. Speed, of course, is of the essence when the farmer's ox may be gored.

Indeed, the public pronouncements of your chairman reveal that he believes in that crisis so deeply that he is willing to sweeten a program of guaranteed annual income for well-to-do farmers with a dollar of food stamps for the poor to make sure that the House is willing to swallow the entire potion. Hence, the provision of H.R. 12430, the chairman's Food and Agriculture Act of 1969, which, as an afterthought to a reprise of the present farm program, would make the food stamp program permanently ceilingless, while coercing able-bodied adults into make-work reimbursed only by stamps. In the coalition farm bill, these food stamp amendments are placed symbolically at the bottom of the heap as title XI.

The gist of my testimony today is that this kind of cyclamate, which you seem to think will make the public and the rest of Congress accept whatever farm program you are able to concoct, is dangerous: to the health of this Nation's poor; to the already stunted stature of this committee in the eyes of the House and of the world; and, ultimately perhaps, to the longevity of your precious farm welfare system. No one will benefit from the changes in food stamp operations you deem to be sufficient. Not you, who will have to defend them in front of a House the majority of whose Members appear to be increasingly convinced at final passage—really the closest vote on the particular bill has gone from 40 votes in 1964 to 55 votes last year. The majority of the Members seem to be convinced that food stamps are a necessity and not a luxury for their constituents. Not the farmers. They will not benefit either by having their access to a slice of the pie jeopardized by the skimpy crumbs you propose to toss to the rural, suburban, and urban poor.

When I say rural poor, I think you are aware that several weeks ago Secretary Hardin indicated that under the Nixon welfare program at least 400,000 farmers would be entitled to some guaranteed income from the Government in addition to their working earnings. Certainly, not the poor. They would not benefit, those whose nutritional well-being you would hold hostage until the payment of ransom in the form of farm bill. Today, some 20 million of "them," and that is

the way you refer to them, are excluded from our Federal feeding programs and only 13 percent—3.3 million in July of 1969, the latest statistics the Department has, are able to purchase food stamps, which even then fail to provide "them" with a subsistence level diet. The only proposals before this committee that would materially change this situation and are thus worthy of your consideration are the administration bill, H.R. 12222, a 10-page statute whose 31-day gestation period demonstrates the administration's high degree of technical competence in handling the legislative process, the McGovern-Javits Senate substitute, S. 2547, which eventually won the support of 78 Senators on final passage, and the Foley-Green bill, H.R. 13423, which at last count, had 23 cosponsors.

These proposals, especially the first, are by no means definitive, but they do deal with the crucial barriers that prevent food stamps from reaching those who need them in sufficient quantities to make a difference in food purchasing power. The list of those barriers is awesome. I list here specifically nine barriers that are really at the heart of what prevents people from getting to this program. It is why only 21.6 percent of the poor in the counties where the program exists are able to get food stamps.

The first and foremost is the unreasonably high and inflexibly exacted purchase price or user cost. Second is inadequate total stamp allotment value, and in the course of the testimony which, as I said I will not read in full, each of these are detailed in terms of the program and the solutions to each of these contained in the various bills, the Nixon-May bill, McGovern-Javits bill, and the Foley-Green bill are compared.

Divergent but invariably low eligibility standards.

Complex, time consuming, and wasting certification requirements.

Exclusion of the elderly. And Mr. Biester has already referred to that.

Limited product coverage.

Inconvenient stamp issuance.

Local or State refusal to operate program either at all or effectively to reach all of the eligible poor.

Restricted program funding.

Et cetera, et cetera, and so forth. There are lots more and that is why this took 73 pages to go through.

You cannot and should not proceed to ignore the existence of those barriers by agreeing through the mechanism of the Poage bill simply to turn the program's financial future over to your friends on the Appropriations Committee, while adding a further, even more difficult to negotiate obstacle on the already semi-impassable pathway to the limited pot of gold at the end of the food stamp rainbow.

You should begin at the beginning by accepting what most of you have refused to admit—food stamps is and will remain, until it is phased into direct cash assistance, which, of course, is the administration's program 10 years down the line, a welfare program, albeit a minimal one. Do not continue to fight the obvious. When the first food stamp program—and that has been over the last 3 years the heart of the rhetorical discourse over the food stamp program. Is it a welfare program or a farm program? I think today and certainly before today it is time to realize it is not and never will be a farm program. I will

give you some good reasons why not, not rhetorical reasons. When the first food stamp program began in 1939 with the issuance of orange stamps for cash that were exchangeable for soap and starch as well as foodstuffs and blue stamps for nothing that could be used only for surplus foods, the program's undeniable objectives were to increase farm incomes by pump priming the demand for farm goods among low-income families and to channel food surpluses through normal trade routes to the improvement of the diets of the undernourished. That was stated in the program. But 1939 was 30 years ago. Even the present act states on its face that it is designed to raise levels—it does not say how far—of nutrition among the poor. In 1969 the ostensible purposes of the program concentrate somewhat more on the well-being of needy consumers and less on the financial happiness of the farmer, perhaps because both you and the executive have come to realize that the food stamp program in fiscal 1969 poured only \$228.8 million Federal dollars into a retail farm food market estimated at \$85 billion from each dollar of which the farmer secures an average of only 39 cents. Thus, the Federal portion of food stamps currently expands the grocery store owners' intake only by one-third of 1 percent and the farmers' income by the same. You can work that out as to—one-third of 1 percent of \$27.4 billion is not very substantial. This is not a meaningful farm income program.

The National Planning Association has calculated that even if all of the poor families in the country were brought up to the food expenditure levels of families whose incomes range from \$7,000 to \$10,000, what we commonly call the middle-class range, \$7,000 to \$10,000, and even that is getting kind of low these days for middle class, farm output would have to be boosted only 2.1 percent, which would have no significant impact on present farm programs.

The Agriculture Department, which is belated in everything, does not seem to have gotten the word about the food stamp program's economic reality. It still issues pamphlets informing the eager farm public that farmers benefit from the program by citing a test area in which farmers' returns from food bought by low-income families soared 26 cents to \$2.01 after food stamps became available. Really, it is the retail grocers who have the real bonanza. They are the only ones who have expressed to you any real economic interest, self-interest, in having this program expanded. But the message seems to have eluded you, and I am referring now throughout this to press releases that have come from this committee since July discussing the basis for this committee's decision to go into the food stamp program.

The chairman would lock food stamp changes into revision of the farm program ostensibly—and this is really a quote from these press releases—because the problems of production and distribution of food are closely related. This superficial logic overlooks the obvious fact that what the farm program is all about is shoring up cotton farmers—I have heard of cotton-pickin' people, but never cotton eatin'—corn and feed grain growers. To tie that into food distribution would seem to relate the poor to cattle and pigs which may be what you feel, tobacco plantations, and the nutritional value of the weed is novel, wool producers, and the concern is there with the outside of the sheep, not innards, and wheat growers; even the poor cannot live on bread alone.

The truth is that the close relationship between the food stamp program and the farm programs and I guess I am saying now what has been the undercut in all of these hearings, is dictated not by logic but by politics and your fear of the so-called urban bloc in the House. I am not so sure the urban bloc exists but you think it does.

You seem to be convinced that unless the poor are given food stamps, the inedible crop farmers may be denied their price supports, non-recourse loans, payments, and the like. Certainly, no one could accuse you of being bleeding hearts concerned with the welfare of the needy. From your point of view, food stamps is still a program to benefit the farmer—by permitting renewed passage of the farm welfare system.

Despite your Machiavellianism, there is only one meaningful reason to provide poor people with food stamps—to assure everyone in America the means to acquire a nutritionally adequate diet. That is the program's *raison d'être*, and it must also be the measure of its success or failure. Cavil to your heart's content about the evils of socialism, the program is a welfare program to feed those who cannot afford to feed themselves. And it is a cheap program at that from the taxpayer's point of view. The \$228.8 million spent for bonus coupons in fiscal 1969 is equivalent to \$1.09 per average taxpayer. Each John Q. Taxpayer has to shell out at least \$28 more to support the nonproductive subsidy farmer.

Let me say something that does not appear on the face of this statement; and that is, I am not here today testifying against my having to pay or indeed you are as taxpayers having to pay \$28 to help the farmer. What I am saying is that a \$1.09 is not sufficient for the poor and that the two are not and never should be linked together. What really seems to bother most of you, and now I am trying to get to the jugular of these hearings, from reading the hearings, if your chairman's daily bulletins to the press are an accurate indication, is not that you are being beseeched to authorize Federal feeding of the needy; after all, you say you like to feed the elderly, you like to feed the young, but what troubles us is what comes in the middle. What agitates you is the fear that you may be simultaneously permitting Federal aid to go to the "deserving" by whom I am supposing you mean the young and elderly, and the shiftless deadbeats who do not want to work any more.

Your attitude on this matter and the proposal your chairman and perhaps the majority of you—although I hope not—are espousing to sift the shiftless from the faultless through some undefined super workfare is morally obtuse and impractical and represents both an overestimate of this committee's jurisdiction and ability and a failure to understand the declaration affidavit method for ascertaining eligibility. The chairman has complained that he has not had much help in obtaining specific recommendations, as to setting eligibility standards for receiving food stamps, from previous witnesses. Since you are laughing, what we would like to do is offer our humorous help by requesting you to abandon your resolute intent to eliminate the 1½ or 2 percent of deadbeats, and those are your figures, your terminology, no one else's, before allowing the rest of the needy to receive stamps. Our pleas could be based on the immorality of your efforts to turn your backs on people who must have food in order to survive as healthy

human beings, but who do not have the means to obtain it in sufficient quantity, regardless of the reason for their limited means. But if you disdain spokesmen for the churches you are not likely to listen to us. And I am not sure you are going to listen to us anyway. Your refusal to view the poor as human beings like yourselves, your attribution to them of all the sinful desires you harbor within yourselves, your fundamental lack of charity to those you deem inferior—all bespeak a double moral standard. Do you require those who are able to defend themselves to secure their own armaments or else risk being not covered by the offensive shield of our military might? Of course not—because you are determined that you will protect every American from being destroyed by external enemies, although you apparently could care less if the lives of certain few are blighted and prematurely terminated by malnutrition-induced diseases. Would you dare to suggest to a soybean or cotton farmer that you will pay him only in education stamps for his crops because otherwise he might dribble the payments away on a TV or a fancy car? No—because somehow you are able to place yourself in his shoes and you would not think of saying about yourself as you say about the poor: “Why give him money? He’d only waste it.”

This, I think—just that particular example is crucial because time and again, you have said you want to give the poor food stamps. No cash, and you want to make sure they do not get their hands on things you do not want them to have. But somehow at the mysterious income level, \$3,500, you suddenly are able to trust people and you give them cash. You do not tie the cash down. Subsidy payment is not directed only to worthwhile things. It is directed to whatever the farmer wants to use it for.

Would you conceive of limiting farm subsidy payments by requiring all farmers who receive them to prove that they are still working some acreage or doing something socially useful rather than spending their \$20,000 plus in the Caribbean or Paris? And I am not suggesting most of them are. I suggest you do not care who is doing what with what. No, no, a thousand times no, because you respect their innate worth as human beings as well as their votes and campaign funds.

Imagine trying to apply the same moral standard to yourselves that you do to “them.” Senator Aiken, with Mrs. Sullivan, the longest-term supporter of food stamps in this Congress, really on the Senate side the introducer of the Nixon bill and by no means a flaming radical, has done the job for you. In the course of the recent Senate debate on food stamp reform, in fact, on September 22, referring to your screening out of the good-for-nothings concept, he stated:

Mr. President, can you imagine that? The implication was that nothing could be done for the other 98 percent until some way had been found to control the two per cent who cheated. I said when I read that article that I certainly hope they do not apply that rule to the Congress because if they find two percent of the members of Congress cheated in any way, they would have to deny the remainder of the members of Congress their seats until some way was found to deal with the two per cent. I thought that was a rather weak argument for not acting on a food stamp bill.

When, oh when, will you learn that the poor want the same good life that the rest of us desire and are prepared to take whatever steps appear feasible to them to better their condition? The fault, dear Congressmen, is not in themselves that they are underlings, but in the

status quo that offers them no worthwhile opportunities because of their skin color or their lack of education or their nutrition-related physical disabilities or some other characteristic for which they cannot be adjudged guilty.

The lazy Negro—or white—although I assume from the composition of this committee you probably have a Negro in mind, who sits in the sun wearing his master's castoff clothing and eating table scraps from the kitchen and who refuses to work once he is fed you all seem to have in the forefront of your minds is at least 40 years old, if not 50. Why should he work? Would he get paid in cash? Of course not. His bill at the local store might be adjusted downward or some other debt paid off, but he could hardly expect change in his pocket, and if he did, what else would be worth buying with such a pittance other than liquor to help him forget the pain of life. Could he advance if he worked? Where to? What employer with a decent job, construction work, for example, would, without a civil rights law like a gun at his back, offer a black a job before a white man or contemplate hiring in a white collar capacity a man who went to school with eight other grades in one room and never got through high school because his family needed the little help he could give? Why should he work? What could he get out of it—the dignity and self-respect the system had already stolen from him? Hardly. On any Benthamite cost-benefit calculus, work would be worthless.

You do not propose to change this. The job you will offer him under H.R. 12430 will be equally unrewarding: no cash (only stamps), no advances (only glorified WPAism), no dignity or self-respect (not when you have to work or else starve and work moreover for the very officials who have always been your severest oppressors. I do not know how many of you are aware, and I go into this in detail, but the chairman's proposal is to create as he said jobs as there are in the Communist system. I would like to read you something from the chairman's proposal on this. He said he would, "Put them to work even if I had to make jobs as they do in Russia. Get them to sweep the streets with brooms or push leaves back and forth, just do something." And this in return not for cash but for food stamps. So, you would give no cash, no advancement, no dignity or self-respect.

You and the industrious middle-class system you represent have effectively and ruthlessly stifled the drive and life in the hypothetical man you now condemn as shiftless and a dead beat. His 20-year-old brothers and sons have so far escaped. They will not, if you insist upon locking them into a sterile system of payless make work as the price for eating, instead of creating meaningful job opportunities with a future and good pay backed up by adequate training and a supply of food stamps to enable these men to buy the food they must have to stay in the physical and physiological condition necessary to perform well at work.

I would like to turn here very briefly to the workfare proposal and to analyze it in detail. The vague formless workfare——

Mr. ZWACH. Mr. Kramer, what page?

Mr. KRAMER. I am still on page 10. I am going to skim through the next four or five pages rather quickly and then you may ask me no questions or as many as you wish or have time for.

The vague formless workfare you have in mind as a precondition to receipt of stamps is not only outrageous from the standpoint of decency, it is totally untenable from an administrative point of view. I think perhaps you should realize the impracticality. It sounds nice to say all able-bodied adults ought to work but there are some serious questions here both as to your jurisdiction and the thought you put into this kind of idea. If you attempt to coerce all able-bodied food stamp applicants of both sexes to go to State or local employment offices and work in any job they are proffered for 8 hours a day, 5 days a week regardless of the nature of the job and without any compensation other than stamps, which is what the chairman has indicated he would like to do, you will disrupt and gut the food stamp program. Perhaps that is what you want to do.

In the universe of the poor, according to estimates prepared by an interagency manpower planning task force composed of representatives of five agencies, there are an estimated 11 million chronically poor people for whom employment could be an escape route from poverty if it were available. On page 11 there are detailed the way these people break down and the disabilities they have from work.

Yet, you on the Agriculture Committee, without any significant experience in the field of manpower training or adult education or rural nondiscrimination or child care and even less jurisdiction—I should add if you want to write a manpower training bill perhaps the Education and Labor Committee should be entitled to propose a new food stamp program—you would have the temerity to require these 11 million to work or forego access to food stamps. What kind of monster do you propose to unleash?

Are you aware that the unemployment rate is at 4 percent and rising? And this, of course, was the first time Congress expressed the point of view that you seem to be expressing in these hearings, that they ought to work and get off welfare and in 1967 you passed the work incentive program. The House Ways and Means Committee passed the work-incentive program and it ultimately began in September 1968 to get people off the welfare rolls and they have tried, they have tried their best, but have to date enrolled and trained 70,335 welfare recipients but they were able to find jobs for only 9,988 of them, less than 14 percent, and even then they removed only 1,300 of those from public aid. The jobs were that low paying. Do you seriously know what you are about in this area if you are talking about 11 million as opposed to 70,000, and even then out of 70,000 14 percent a year later have jobs?

President Nixon has tacked on to his welfare program revisions a moderate form of workfare that would require some 1.1 million adults—those are his figures. I do not know how many of you are familiar with them. One point one million under his bill, after a reasonable period of time to register at their employment offices for work and accept a bona fide offer of suitable employment, in the absence of good cause for refusing it, or else risk losing their portion and their portion only of family assistance benefits. The Nixon registration—job offer provisions are delineated with a measure of care (albeit not enough); they would apply to a select group of people; 1.1 million, not 11 million; would commence disbursement of benefits for a reasonable period of time to all financially eligible individuals before compelling registration in your case nobody could get food stamps unless they had

a job; would protect individuals from arbitrary cutoffs based on failure to register or refusal to work by necessitating reasonable notice and opportunity for hearing before the cutoffs could occur; there are no such protections in your suggestion; would guarantee that the rest of the family not lose its benefits because of the failure/refusal of one member; no such suggestions in your program; would assure that the jobs in order to be deemed "suitable" must be meaningful work with a private employer and compensated at the minimum or prevailing wage, whichever is higher; and your proposal is make work; Communist sweeping of the streets paid in stamps and working only for government officials; would provide training opportunities and a host of supportive services such as counseling, relocation aid, adult education, et cetera, to prepare individuals for regular employment with an opportunity for advancement; and the Nixon proposals would also furnish child care for those who needed it in order to work. This is complex, 86 pages in length. Your workfare is six lines long.

No national organization involved in the welfare field is convinced that these measures are sufficiently protective of the rights of welfare recipients, and the House Ways and Means Committee, which has considerable experience in analyzing such work requirements, and imposing them, will be scrutinizing them minutely over the course of the next few months. Yet, this committee is bold and brazen enough to suggest a work requirement that dwarfs Nixon's in scope and makes Nixon's look like a blessing bestowed upon the poor.

The administration projects that its food stamp proposal with its \$4,000 eligibility ceiling could extend to as many as 11 million people in households across the country, if every county and political subdivision were to install a stamp program and when its program is fully implemented.

Under the administration's proposal—it would probably be more under the McGovern-Javits bill and under the Foley-Green bill.

Your workfare means and refers to the able bodied. How many millions of individuals who are otherwise eligible for stamps on a means test would that encompass? And I go through a lot of examples that you simply have not thought through. For instance, is a non-working able-bodied person a farmer whose farming operations halt during the winter months or who works less than 40 hours a week because he does not have enough to do? You do not know the answers and you have not put them in statutory form because you have not thought it through. All you want to do is demonstrate your instinct to crack down on the poor regardless of whose head you knuckle.

If you excluded all the people in the above categories that I have not read out, then you merely duplicate Nixon workfare in extent without much gain for the Puritan ethic but substantial waste of statutory effort. There would, of course, be substantial benefits for State and local government officials who would like a passel of maids or office slaves to order around if only they could pay for them out of the pocket of the Federal Government which provides 100 percent of the costs of bonus stamps. That is the proposal, the Federal Government paying the costs of the bonus stamps. A new form of self-help for the local governments. If you do not excise some or all of these people, then your workfare could dump up to 10 or 15 million more people on State employment offices that are scarcely equipped to service the few

poor persons they handle now. The specter of lines around the block and down the lane and across the field waiting every month in the broiling sun and chilly cold and quietly starving in order to get an OK slip for receipt of food stamps from incredibly overworked employment service personnel is no figment of the imagination. You would merely transfer people from their homes to pseudobreadlines. You would not secure them jobs, since the manpower people would have to spend all their time processing millions of forms and the jobs do not exist and the people are not properly prepared for them in terms of training, education and child care.

I talk about these breadlines. You are going to hear on Wednesday from a group of people very much like yourself, although perhaps even more so. They are upper class, the rich citizens of Birmingham who have done a study of the food stamp program in Birmingham, and they will describe to you in Birmingham, which does not serve very many poor people, how bad the lines get there at the food stamp offices when a less percent of the food poor are being served and here you are talking about putting 10 or 15 million people into the employment offices before they can buy their food stamps. They have really two lines to cross in this case.

Of course, your failure seriously to plumb the depths of your modest proposal goes beyond the nature of the population to which it would apply to the nature of the work you would demand them to accept or face malnutrition and ill health. The chairman has said he would, "Put them to work even if I had to make jobs, as they do in Russia. Get them to sweep the streets with brooms or push leaves back and forth, just do something."

Is the chairman for real? Does he fairly represent you? Do you want to transfer the Communist system to the United States as the price for distributing food stamps? Of course, I am sure you must hate stamps with a passion if that is your ultimatum to this Nation.

The Poage amendment talks about public work performed under the supervision and direction of local government officials. Are you about to unleash an army of ditchdiggers and filler-uppers in every town or are you proposing what the Nixon administration has so far turned its back on, but Congressman O'Hara and others have supported, which is a mammoth public service employment program designed to improve our schools, hospitals, prisons, recreation centers, and other public institutions? If so, we are delighted so long as the jobs pay the minimum wage, guarantee career advancement opportunity and provide a host of supplementary needs. But do not expect education and labor to jump for joy when you start writing their bills for them.

To summarize, then, we would suggest that you abandon entirely the idea of excluding the able bodied and imposing your form of workfare on a food stamp bill, a bill that would either duplicate Nixon's and, therefore, is unnecessary or would cause incredible stress and pain for everybody in the food stamp program and would overwhelm every branch of government you propose to have administer it.

We suggest, and I am not going to read now any more, very careful detail, figures, statistics, which you probably do not want to read, and the tone is not quite like the first 15 pages because we are talking about serious proposals from page 16 to page 73. We suggest what you

could substitute in its place, comparing the provisions as I said of the Nixon-May bill, the McGovern-Javits Senate substitute and the Foley-Green bill. And at the end of each provision we quickly summarize and in a caption called Recommendation, the one we think makes sense.

Now, one quick word on the certification process, self-declaration, which you seem to think means anybody comes along and says, I am poor; give me food stamps. That is not what it means. As we point out here, even Texas is using it now in their public welfare system and they find it working very well. But we have included a sample from the State of Maine—this is the very end of the statement—an attachment, a four-page declaration form for the aged, blind, and disabled public assistance, so it is not just a statement “give me.” It is a statement that sets forth a person’s resources and his family and everything that is necessary to determine—to decide just how many food stamps he is eligible for. And this would do away with the incredible wastage that now goes on in the food stamp program in certification.

The welfare people are doing away with it in the welfare area and there is no good reason why the food stamp program should be worse administered than the welfare program.

Of course, I know you are concerned with and certainly the Department is concerned with—in fact, I point out later in the exclusion of interest in anything else—the problem of fraud and loss and theft of the food stamps. This is a real problem and the Foley-Green bill in this particular instance offers a solution to this and indeed, the auditing, 10 percent sampling of certification, seems to have worked very well in most States. I gather New York is one major question mark in the welfare area. Certainly, in Texas the head of the Texas public welfare system seems to think that auditing a self-certification mechanism in which you take 10 percent of the forms just like you do in income tax—in income tax you have middleclass, even poor people, declaring their income and you do not put them through an eligibility test with auditors, a 100 percent of them. You audit 10 percent. That is what we are asking for here on eligibility for food stamps.

The Foley-Green bill and the Senate bill would provide migrants into the program. Now, they are really unable to do so because as they move, their certification lapses and in fact, most of the time they move before they can get certified.

The program on the elderly—I think Mr. Foley, who is sitting up there has a right to be proud. In fact, the Foley-Green bill modified the Scott provisions in the Senate and then the Senate adopted what was in effect, the language of the Foley-Green bill, which Mr. Biester has introduced along with 78 other Congressmen, and I hope you will all agree the elderly are worthy of being fed. In fact, if this bill went through, the irony is that the elderly would probably be better off. Food stamps give you single leverage. The average is you put down \$3, get back \$2, so you get a 40-percent leverage on your money on the average. But the elderly would put down their \$3 and get \$2 and would go to “meals on wheels” groups, buy food at wholesale rather than retail and therefore expand the money a little bit further. So, the elderly would really be profiting doubly by letting them into the food stamp program.

That open door idea refers to redefining the idea of households, which at the moment limit you if you do not have cooking facilities and do not prepare food for yourself, and a lot of the elderly people live in apartments without even a hot plate and are not able to prepare food for themselves.

The heart of the program—you seem to think the heart of the program is eligibility problems. We think the heart of the problem is how much you have to put down and how much do you get. In this area the biggest fight has been in the free food stamps. Significantly, the three major bills you have in front of you are all united at least on the fact that there ought to be free food stamps. I think there is a very clear relationship between how many food stamps, free, you need to give and the price you are going to charge everybody else after you reach the free food stamp dividing line, and the Foley-Green bill and the Senate bill push the price way down so that perhaps it becomes less necessary to have a lot of free food stamps. In fact, of course, if the Nixon welfare provisions go into effect a year or two from now, there would be no free food stamps because the free food provision at no point goes up to \$1,600. The most it is in the McGovern bill is about \$770 a year. And below that you get free food stamps.

We would suggest, and the details are in here, that 25 percent be the maximum set. This is what the Senate set, this is what Foley-Green suggests, rather than 30 percent as the President proposes be set as the maximum income.

I do not know how many of you are aware of the fact that in the area of rent the House last week agreed in the housing bill to put the rent maximum input down from 25 to 20 percent and I do not think the cost of food should be one and a half what it is for housing, and as you know, last week Secretary Hardin, not testifying here, I think before the Joint Economic Committee, revealed that this year's figure for percentage of income on food on the average is 16.5 percent, not 17, down to 16.5, and I see no reason why the poor have to put approximately two times that amount into food.

We have given some tables in here. These are pages in the 30 and 40 area. This is all relatively complex.

One problem that there is in devising these tables, how much you get and how much you put down, is that there are problems of disincentives. If you are a lawn-mower you can say to somebody who asks you to mow his lawn in October, that your accountant said not to because you will lose your food stamps. If you get another dollar, you go off the food eligibility figure. This is not a laughing matter. The Foley-Green bill does the best job of trying to cut down on disincentives and they exist to some limited extent in the welfare program but the point is to make it as limited as possible.

Turn to "Produce and store coverage." There are at least two problems not brought to this committee's attention before, one major one. Although many of you will not believe this because a lot of you are from meat producing States, there are areas in this country in which there is no good cheap American meat. South Carolina's coastal towns are an example. There are American sirloins but the only hamburger is Argentinian and to have a poor person forced to buy sirloin instead of hamburger is self-defeating.

The Foley-Green bill suggests if the Secretary under very careful regulations—and, of course, with the meat industry looking over his shoulder, he would be very careful—could allow the purchase of imported food products only where domestic equivalents were not readily available at a comparable price. That might help the people in South Carolina who now cannot buy hamburger with all the free food stamps in the world.

In addition the Foley-Green bill would extend to products involving personal hygiene and home sanitation. Now on the Senate floor there was a lot of rhetoric that people are going to be buying mops and brooms and Drift and Tide and every other thing that manufacturers can sell. Well, I think you could certainly in legislative history make very clear the kinds of items you intend to exclude and you could do it by focusing on the health standard. There is no need for a detergent under any health standard and we, on page 50, give a list of the possibilities you might want to think about if you were going to go into the personal hygiene, home sanitation products coverage.

In addition, we very strongly urge you to expand the territorial coverage of this bill to include Puerto Rico, the Virgin Islands, Guam, and the Trust Territories of the Pacific. There are approximately 500,000 people in those areas now receiving commodities and they, too, deserve food stamps. They are now excluded by the definition of the word "State."

And finally, we would ask you to force the Department of the Army—not just the Army, DOD entirely, to do something they have been loath to do for 4 years, which is allow food stamps to be used by poor military families in their commissaries. It may shock you to think that is even necessary and it shocks me, but military pay is no guarantee that you are poor and under almost any of the eligibility standards including President Nixon's and the Nixon-May bill, there is a suggestion that perhaps 200,000 military servicemen's families could be eligible for food stamps because Uncle Sam does not pay them enough to avoid the food stamps and the only way we are going to make use of those food stamps in a meaningful manner is to let them use them in commissaries.

Now, one provision that has not been brought to your attention I do not think on the hearings before as I have read them is the question of how this program is funded. If you are serious about wanting to link farm programs to food programs, and I think you obviously are from the political point of view, then what is wrong with linking their financing? If they are inextricably interlinked, then let us interlink them.

The Foley-Green bill would do this by making the food stamp program a Commodity Credit Corporation program and the reason for this is quite simple. The reason the Department did not spend \$265 million last year is they kept looking over their shoulder at next year's authorization level. I have this contained here in an affidavit that the Assistant Secretary signed in a court suit we had to try to force him to spend those last \$37 million. He would not and we lost, because the court said that Congress is taking care of this matter, and that is why we are here today.

The Foley-Green bill proposes to expand CCC financing by \$5 billion, which would not necessarily be the cost of the food stamp program. The irony about the food stamp program just as the farm program is no one can really tell you how much they are going to cost. Nobody knows and the Department least of all. The Department does not even know how many people participate for how many months during a given year. They could not tell you if 2 million participate for 1 month and 5,000 for 10.

They do not know those kinds of things, have no statistics, no information retrievable and they certainly cannot reasonably predict, they have all felt—they know that as well as you probably do—how much is going to be spent in any given year. They know how much they can hold down but they do not know what the exact sum is going to come out to be.

In the affidavit written about June 25 or 26 they estimated they were going to spend about \$235 million to \$240 million and about a month and a half later it turned out to be \$228 million. It is a significant difference over the course of 6 weeks and it shows you how little control or understanding they really have of what the program will cost.

The only way to make this program work is not open ended authorizations because that still faces you with spending only exactly what you are given but the same way you handle the farm program. A year later financing.

Now this does not mean suddenly you are spending \$10 billion on food stamps. Quite obviously, the Secretary and Bureau of the Budget are not going to allow that to happen. I think it would be very instructive—well, perhaps it would not be—if you asked the Bureau of the Budget to come up here and tell us exactly how much they plan to **spend on food stamps this year even if they get your 610 authorization.** Perhaps the Bureau of the Budget is more conservative than you are where money is concerned. Just by adding \$5 billion to CCC does not mean they are suddenly going to turn around and spend \$5 billion on food stamps but it does mean they are going to try to make the food stamp program reach as many people as possible.

The Nixon administration, although this is not in the Nixon-May bill, has also suggested and in fact, asked Senator Dole on the floor to make this amendment—it was included in the final bill—to permit variable purchase by consumers which means that you can go in and put a down payment on your food stamps and not pay the whole price.

An example I might give you so you know what we are talking about, is under the current tables in the north a mother of six with a monthly income of \$250 would have to put down \$40 in cold cash every 2 weeks to finance her stamp collection and, of course, if she was only there buying once a month she would have to put down \$80. You imagine your own wife going into a supermarket once a month with \$80 in cold cash. It just does not happen that way.

What happens, particularly with poor people where the cash flow is much more restricted it may add up to \$80 a month but not \$80 once a month or \$40 twice a month. And the only way to beat that obstacle is to let them come in four, five, six times a month and put down whatever they have got and that makes a lot of sense, and the Nixon administration has come to approve that.

I gather that was at the personal instigation of Mr. Nixon in August. Secretaries Hardin and Finch came out in favor of that on September 15.

As for sites for coupon issuance, the Senate, Senator Talmadge's proposal suggests that post offices be used. We would suggest this would be the case here, and significantly cut down local cost.

Finally, turning to the administration of the program, the President has recommended what we think is almost an incredible proposal, that the Governor have to overrule local welfare people and come to the President and say, look, help me install a food program in every one of these counties because they do not want to do it themselves, because if he did not, after a certain date, nobody in that State would receive food stamps. This is the cutoff concept which most of you object to in lots of ways, the cutoff concept run wild. The personal example of California—there was a legislative bill which said every county in the State had to have a food program. They wanted it. Governor Reagan vetoed it by saying we should preserve local options.

You can imagine how many people are going to have food stamps in California a year from now if the President's provision passed. So, we suggest that you require as of January first, 1971, every county in the country have a food stamp program or less the Federal Government will run it for them because otherwise what you will have is California without any stamps at all.

In addition there are other circumstances under which the Federal Government should take over the program and that is when it is performing poorly. We go into that. The Senate bill has such a provision, so does the Foley-Green bill, and finally, the thing that most concerns local administrators is how much is this going to cost me, the two big costs being certification and coupon issues. If you allow the post offices to issue the coupons, the costs go down, so by putting this in the post offices and with the simplified certification, you help local governments as much if not more than you help the poor people.

That is the burden of my testimony. It is perhaps too complete.

As I said at the very end of the testimony there are three attachments. One is this comparison of all bills, 26 items. Another is the sample declaration form for Maine. And the final is the June 1969, figures of low cost, moderate cost and liberal food plans. You might take a look at those, take them home to your wife and see how much she spends for a week when you fit yourself into the characteristics indicated on the left hand side of the table. That is the very last attachment to our statement.

(Mr. Kramer's full statement with attachments is in the files of the committee.)

The CHAIRMAN. Thank you, Mr. Kramer. We suggest you stand aside for some of the—Mr. Mikva has been here some time, and I wonder if you might not stand aside before questioning and let Congressman Mikva testify.

We will be glad to hear from you, Mr. Mikva. We appreciate your attendance here.

**STATEMENT OF HON. ABNER J. MIKVA, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF ILLINOIS**

Mr. MIKVA. Thank you, Mr. Chairman. That is a hard act to follow or even interrupt.

I come to you with no polemics or no fireworks, and I won't take much of your time.

With your leave, I would like to submit my statement and make it a part of the record and just summarize very briefly.

The CHAIRMAN. Without objection, the statement will be a part of the record. That is your written statement. Your oral statement will not be unless you want—you do not insert both your oral statement and the written statement.

Mr. MIKVA. The written statement will suffice.

The CHAIRMAN. Thank you.

Mr. MIKVA. Let me say just very briefly, Mr. Chairman and gentlemen of the committee, that it isn't very often that my urban constituency on the south side of Chicago is so directly affected by legislation that this committee is considering. I think it is always affected by it, but more on a trickle-down basis than this particular bill, where it is so vitally and directly concerned by your deliberations.

I won't cover all of the concerns I have. I am here on behalf of what I think is really a very narrow provision that transcends all of the philosophical and political disagreements that there might be about the food stamp program; that is, if there is going to be a program, it ought not to discriminate against people because of their age.

The present program, because of the physical disability that many people have for cooking, does just that. Therefore, I am here in support of the bill, which I cosponsored with Congressman Biester from Pennsylvania, which would provide amendments for the food stamp program to allow our elderly citizens to take advantage of that program, measure for measure, with others and to not be restricted simply because they cannot cook their own meals.

It is a modest proposal in terms of cost. It is one that can be easily policed and administered. The way the bill is written the food stamp provisions would be made available to not-for-profit organizations which, in fact, provide meals for the elderly, and I earnestly commend the provisions of that bill which did pass the other body to this committee. I hope whatever else comes out that we do not continue to say that some citizens can get food stamps and even some old citizens can get food stamps, but if they are old citizens who are invalids or disabled and can't cook their own meals, then we turn up our noses in disdain and say they don't have to eat.

I thank you, and I will be glad to answer any questions.

The CHAIRMAN. Thank you. We appreciate your sharing with us your view.

Any members who want to question Mr. Mikva?

Mr. MIZELL. Mr. Chairman, I have just one question, if I might.

For the "meals on wheels" that are served to the shut-ins at this time, is this charitable?

Mr. MIKVA. Yes. Well, it is charitable. It is not for profit, Mr. Mizell, in the sense that—

Mr. MIZELL. But the shut-ins don't have to pay for those meals?

Mr. MIKVA. In some instances, they do. It varies from locality to locality and not all of them are the "meals on wheels." In many instances church groups and others will provide an at cost program where shut-ins and others pay the very minimum cost and sometimes it is a floating scale even in terms of what they really can afford to pay, but some of them do pay something as I understand.

I know in my town some of the religious groups that sponsor these programs do charge on an at cost basis. They are all not for profit. I know of no one who is making any profit out of these "meals on wheels" or shut-in programs.

Mr. MIZELL. Thank you.

The CHAIRMAN. Mr. Myers.

Mr. MYERS. Thank you for a very good statement.

As I understand it, then, under your amendment the shut-ins would be provided for under a cooperative arrangement; is that correct?

Mr. MIKVA. That is correct.

Mr. MYERS. Where they bring their stamps in in lieu of cash and pool their stamps and someone else prepares it?

Mr. MIKVA. Someone else prepares the meal and as was pointed out previously, this would give a double advantage to them, but I don't know anyone who needs that advantage in the sense that they would get the advantage of the food stamps and they would also get the group-buying power.

Mr. MYERS. I don't know if it is any advantage. I think it is a necessity probably if they are not adequately able to take care of themselves.

Mr. MIKVA. That is correct, and there is still an extra cost in the fact that someone has to prepare the meal for them, so that dollar for dollar they are not going to be able to eat even with this any more cheaply than the person who prepares his own food with food stamps.

Mr. MYERS. In spite of what has been said today, I don't think this committee is out to keep anybody from eating but you have no objection. I take it, on page 2, to require people to work who are able to work so we can give more to—

Mr. MIKVA. No, and I will let you save the rest of your questions for the witness I interrupted.

Mr. MYERS. You suggest on page 2, the middle paragraph, that there might be some charges, maybe some validity to that argument and I take it, then, you have no disagreement with the committee's position on that.

Mr. MIKVA. I have no disagreement that people who are able to work ought to be given every encouragement, incentive and inducement to work and if that is a little equivocal I intended it that way.

Mr. MYERS. Thank you.

Mr. MIKVA. Thank you.

The CHAIRMAN. Any further questions?

If not, we appreciate your attendance.

Mr. MIKVA. Thank you, Mr. Chairman.

(The prepared statement follows:)

STATEMENT OF HON. ABNER J. MIKVA, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF ILLINOIS

Mr. Chairman, I am pleased to have this opportunity to appear before you and your distinguished colleagues of the Committee on Agriculture to lend my support to the proposed amendments to the Food Stamp Act of 1964. The citizens of

the Chicago area whom I represent are not usually so directly affected by the legislation under the jurisdiction of this committee. But these amendments are aimed at ameliorating a problem which must concern all Americans, urban and rural dwellers alike: the tragedy of hunger and malnutrition in our midst.

There has been a great deal of discussion lately, in the Congress and in the Nation, about our national priorities and the way in which these priorities are reflected in congressional action. There can be honest and sincere disagreement over the demands of our national security and welfare, and the manner in which our limited tax resources should best be used. However, it seems clear to me that we can all agree on at least one goal: That no American should suffer from hunger in a nation which enjoys the greatest prosperity of any people in history. This seems so simple and so obvious that it is sometimes difficult to realize that this problem really exists, that it isn't merely an artifact of our fear that there must be something wrong with our prosperity somewhere. No, Mr. Chairman, I can walk through several square miles of the most congested neighborhoods in my district, and assure you that the problem of hunger is a real one, that it is a daily tragedy that we can and must eliminate now.

The amendments to the Food Stamp Act which you are now considering will not do the whole job. However, the food stamp programs are providing many Americans with the daily sustenance that they would otherwise lack. In the complications of the legislative process, we can occasionally lose sight of the first principles upon which a proposal is based. In this case, the principle is a simple and humane one—namely, that human beings shall not go hungry so long as their neighbors have the resources to help them. This is a principle which no civilized society can forsake, and it is one which we must continually attempt to transform into a reality.

The food stamp programs have been the subject of considerable criticism. It has been argued that the stamps are being spent on luxuries rather than on necessities. It has also been argued that the people who now receive food stamps could work and support themselves if they wanted to. There may well be substance to some of these charges: It would be foolish to totally condemn or to totally exonerate a program as new as this one; but even to the extent that these criticisms are valid, they cannot apply to the amendments which you now have before you.

These amendments will assist in making available to the elderly in practice the benefits of this program which are now too often available only in principle. In principle, the benefits of the food stamp program are available to all Americans who lack the resources to feed themselves. In practice, many of our elderly citizens are physically unable to prepare their own food, even if it is available to them. The purpose of the program is not to give people food so much as it is to enable them to eat.

Our elderly are the persons to whom we owe our greatest debt as a society. What this country is and what it can be is a reflection of their many years of labor and industry. Can we now in good conscience deny them even the right to survive in the midst of the affluence they have created? Clearly we cannot.

Mr. Chairman, the problem of hunger cannot be a partisan issue. When people are hungry, they have little time or energy to worry about the intricacies of political ideology. The amendments before you today are being sponsored by members of both parties, and an identical bill, already passed by the Senate, was originally introduced by the current minority leader, Senator Hugh Scott. I appear in support of these amendments not as a Democrat, but as one citizen concerned that many of my elderly neighbors may not have a proper meal this evening.

The CHAIRMAN. Has Mr. John Wilson come in?

Mr. WILSON. Yes.

The CHAIRMAN. Mr. Wilson was supposed to file a statement last Friday afternoon. I don't believe he filed it.

Where is Mr. Wilson?

What sort of statement do you have, Mr. Wilson? You did not comply with the rules. You did not file your statement as you were advised you should.

Mr. WILSON. What did you say? I didn't hear you.

The CHAIRMAN. Christine (clerk), you sent out notices, I understand, advising prospective witnesses to file their statements by last Friday afternoon.

Mrs. GALLAGHER. All witnesses are notified to have their statements by 4:30 of the day previous to their testimony, which would have been last Friday.

The CHAIRMAN. Yes. You received notice; didn't you, Mr. Wilson.

Mr. WILSON. No, sir, Mr. Chairman; I did not receive any notice.

The CHAIRMAN. What notice did you get to be here today?

Mr. WILSON. Mr. Chairman, my secretary gave me a message that I was supposed to testify this morning. She did not give me a notice.

The CHAIRMAN. Well, the secretary got the notice.

Mr. WILSON. She got a phone message, Mr. Chairman. What happens, Mr. Chairman, is——

The CHAIRMAN. You got a phone message. From whom?

Mr. WILSON. When?

The CHAIRMAN. From whom?

Mr. WILSON. I don't know, Mr. Chairman.

The CHAIRMAN. You don't mean the phone just rang without anybody phoning you?

Mr. WILSON. The phone rang, Mr. Chairman. I did not answer the phone, so I don't have the slightest idea who made the call.

Mrs. GALLAGHER. Who is he with?

Mr. WILSON. I represent the National Sharecroppers Fund.

Mrs. GALLAGHER. Oh, yes, they have had several messages and they were told of the rules of the committee. We do not have their statement.

Mr. WILSON. No, you do not have our statement.

Mrs. GALLAGHER. They have had several phone messages back and forth between Mrs. Hannah and myself but, I had not received their statement at the time the committee went in session. I have been looking for the statement and the spokesman for the group.

The CHAIRMAN. That is the point, as to why we didn't get a copy of your statement. You can understand what we are faced with here, with as many witnesses as we have, some of them filing statements 73 pages long. It is not that we want to preclude you from being heard. We are going to hear you. But we are trying to find out why you didn't comply with the regulations.

Mr. WILSON. Well, Mr. Chairman, I didn't know the regulations.

The CHAIRMAN. All right. We will hear you. We will be glad to hear you. Come forward and let us hear you.

I do want to suggest to other prospective witnesses that the committees would appreciate the courtesy of either filing a statement or giving us some idea as to why you are not going to or why you haven't prepared one.

STATEMENT OF JOHN WILSON, WASHINGTON REPRESENTATIVE, NATIONAL SHARECROPPERS FUND

Mr. WILSON. Mr. Chairman, I don't wish to read this statement. What I would like to do is just file the statement with your office and have it placed in the record.

The CHAIRMAN. Without objection your statement can be printed in the record as it appears here. Your oral statement will not appear under those circumstances.

Mr. WILSON. Right.

The CHAIRMAN. We will be glad to hear from you.

Mr. WILSON. What happens is, Mr. Chairman, I think that the committee and the country are well aware of the fact that we need food stamps. I think they understand that there are poor people in this country. I think what happens is that decisions on that level will have to be made by you. What happens is that I don't think that the Government will make the proper decision. It never has in the case of the poor. And to some extent some people believe that it never will.

And we also feel that what has to take place in this country is that we have to stop talking about who is qualified to receive food stamps because we know who is qualified to receive food stamps. We know who is hungry in this country and if you and your colleagues sit in the House of Representatives, you should be well aware of what is going on in this country. So therefore, you should be well aware of the fact that people are hungry in this country and you should be aware of the fact that no one can do anything about that but you.

So what happens is that I don't think that the Congress at this point feels that poor people and hungry people in this country are something that they should be sorry about. But, however, I do feel that this problem is going to come back to haunt us and to haunt you basically in the coming years.

Thank you.

The CHAIRMAN. Thank you, Mr. Wilson.

(The prepared statement follows:)

STATEMENT OF JOHN WILSON, WASHINGTON REPRESENTATIVE, THE NATIONAL SHARECROPPERS FUND

My name is John Wilson, and I am the Washington Representative for the National Sharecroppers Fund. We appreciate this opportunity to testify in favor of the amendments to the 1964 Food Stamp Act, as enacted by the Senate on September 24, 1969. In the past few years, there has been a flood of material from both public and private sources regarding hunger and malnutrition in the United States. Since this committee has access to most of this material, it would be redundant for me to go over it with you. Besides, at this point, I do not think that there is any question as to the need for the food stamp program. There is, however, the question as to what constitutes an adequate and effective program. It is to this question that I wish to address my testimony today.

First of all, where the lives of millions of hungry Americans are concerned, this country, as Senator McGovern has said, "should not be satisfied to meet the problem halfway." Congress, therefore, should provide adequate financing for any food stamp program that is enacted. It is for this reason that the National Sharecroppers Fund gives its full support to the provisions in the amendments enacted by the Senate authorizing the appropriation of \$1.25 billion the first year, \$2 billion the second year, and \$2.5 billion the third year.

Second, no qualified person should be prevented from receiving food stamps because he cannot afford them. There is overwhelming evidence that many poor people have not been able to participate in the food stamp program simply because they have not had enough money. This was well illustrated when certain counties in Mississippi changed over to the food stamp program from the commodity distribution program. For example, in Forrest County in March 1966, the last month of commodity distribution, 5,958 participated. In March 1967, 2,991 persons were helped under the food stamp program. In Madison County, the number dropped from 11,244 receiving commodities in September 1965 to 5,714 receiving food stamps in March 1967. Therefore, we fully support those amendments enacted by the Senate easing the financial burden of the poor in

obtaining the stamps. These would include the following provisions: Any family of four earning less than \$60 per month income can receive free stamps; no family will be required to spend more than 25 percent of its income on stamps; a family can buy less than their full allotment of stamps, and so forth.

Third, the administration of the program on the local level must be such that any qualified persons can obtain food stamps with ease, with dignity, and without delay and harassment on the part of local officials. For it is on the local level that these programs too often break down. Perhaps, the following case histories related to us by a member of our southern field staff will help to illustrate what I mean:

Mrs. A. H. had to visit the surplus food office five times before she was accepted. She lives about 15 miles from the office. She has no car. Each time she had to arrange for rides with friends.

The first time she went to the office, she was told that they were taking inventory and couldn't take her application that day. She returned a few days later and was asked about her family. She has a foster son, 22, who is mentally retarded. She was told that unless she could prove that he was retarded, he would have to get a job. So she returned a third time with papers from the Army, certifying that he was rejected on grounds of his mental disability. But then they asked her if she owned any land. She said that she owns 8 acres of land and that she rented out 4 acres last year. She was told to bring a statement from the man who rented the land from her, certifying the amount he paid her. When she returned the fourth time with this information (she received \$16 in rent for the land) she was told to bring information about her late husband's railroad retirement plan. She contacted the railroad and provided this information on her fifth visit. She was finally certified to receive food.

On the 17th of May, the first day assigned to Mrs. A. H. to pick up her food, she got a ride into town at 6 a.m. with a friend who was going to work. The appointment to pick up her food was at 2:50 p.m., so she spent the day in town looking for someone to drive her that afternoon to the food office and then give her a ride home.

All of this delay and harassment was cruel and unnecessary, but it is typical of what many poor people must go through to get the food they so desperately need. Another case history in which the family did not receive food will further illustrate what I mean:

Mr. W. M. has gone to the surplus food office three times so far, and has not yet been accepted. The first time he went, he was told that he wasn't eligible because his grandson, who lives with him, should be working to support he and Mrs. W. M. His grandson is 16 years old and a junior in high school.

After a week or so, Mr. W. M. decided to go back. He was told that day that they were taking inventory; that they were not taking applications.

On May 1, he went back a third time. Before he was able to enter the building, one of the women who works in the office came to the door, wouldn't let him in, and told him that she "didn't have time to talk" with him. She wrote the date, May 20, on a slip of paper, handed it through the door, and told him to come back then to apply.

W. M., his wife, and grandson are hungry. Mrs. W. M. decided that her husband shouldn't wait until May 20, only to be turned away again. She called the surplus food office a few days later. She tried to explain their need, their limited income, and that they needed food. The employee hung up on Mrs. W. M. in the middle of a sentence.

In view of the treatment poor people receive on the local level, it is essential that those amendments providing for the determination of eligibility through the filing of an affidavit of income, permitting recipients to buy food stamps at post offices, the mailing of stamps to recipients, et cetera, be enacted.

The National Sharecroppers Fund also recommends the training and use of poor people as nutritional aides. In this position, they not only could give nutritional instruction to food-stamp recipients, but they could also spread information about the program to the poor, who often must rely on word of mouth to learn of the program; they could help qualified persons in getting the program; and, what is perhaps more important, they could watch the program to make certain that it is being administered in the interest of the poor.

We consider all of the above provisions essential to an adequate and effective food-stamp program. We would also like this committee to consider the possibility of using the food-assistance programs not only in combating hunger and malnutrition but also in combating rural poverty. This would require a drastic reorientation in both national agriculture policies and food-assistance programs. This program would permit the small, marginal farmers, who presently are being squeezed out of farming, grow the food, and the Government would then distribute it to the hungry. This would require extensive technical and financial assistance from the Government. Programs would have to be set up to teach the farmers to grow the various crops and raise the animals. MDTA programs would have to be set up to teach farm and cooperative management. Loans and grants would have to be given to the farmers. But certainly this is nothing new. The Federal Government has been doing this for years for many farmers who now farm successfully. For years they have received technical assistance with regard to such things as farm management and crop diversification, and they have received loans to buy land.

The U.S. Commission on Civil Rights has provided extensive documentation showing the great discrepancy in services provided by the U.S. Department of Agriculture to the white farmers in the South as opposed to the black farmers. The National Sharecroppers Fund believes that it is high time that an effort should be made to make up for the years of neglect that the black farmers, as well as other small farmers, have experienced.

Increasing concern has been expressed concerning the migration of the poor from the rural areas of this country to the cities. The fact is that many poor people would prefer to stay in the rural areas; that is, if it were possible for them to make a decent living. The program we have suggested would be a comparatively small investment by the Government and would bring large returns in helping strengthen the rural areas, curtail migration to the cities, and feed the hungry.

The CHAIRMAN. Now, Mr. Graham I marked off my list. Is he not going to appear?

Mrs. GALLAGHER. Not today. He asked to come later.

The CHAIRMAN. Mr. Wilson, if you will remain at the table and I will ask Mr. Kramer to come back. If there are members who care to question either of these witnesses, they will have the opportunity. Are there any questions of either of these witnesses?

Mr. Montgomery.

Mr. MONTGOMERY. Mr. Chairman, I have no questions of Mr. Kramer. I would just like to point out to him that if it hadn't been for the chairman of our committee, Mr. Kramer, you would not have had the opportunity to make such testimony as you made today. I might say the majority of the members of this committee have felt we have had enough hearings on food stamps by the July 5, 22, 29, 31, August 6, September 3, 4, 5, October 21 and 27 hearings. Our chairman on his own felt that we should have more hearings on food stamps and I know in your testimony you did not mention that you had the opportunity to testify and I wanted the committee to know that the chairman's feelings on this matter were to give everyone a chance to say something.

That is all I have, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Montgomery.

Mr. Melcher.

Mr. MELCHER. Mr. Kramer, for some reason you seem to have directed a considerable amount of wrath not only toward the chairman but toward me and the rest of the members of the committee, but there are points that I think all of us agree on within your vigorous presentation.

I do want to say, though, that I think it is quite a glib and phrase-making type of presentation and I do believe that it is a rather inten-

tional smear of American farmers and ranchers. When you speak about a farm program which allows farmers to buy new cars or television sets, or get \$20,000 annual income to take a Caribbean cruise, it seems to me quite contradictory to other areas of your testimony where you speak of the Secretary of Agriculture's belief that perhaps 400,000 farmers would go on welfare under the new Nixon welfare plan.

But I think we have to take the view here on this committee, and I hope throughout the Nation, that agriculture is a basic industry and that the \$3.4 billion that you referred to that is put into the farm program is something for all of the Nation. That leads me to this point.

Don't you feel that since 16 percent of consumer income is spent for food and is admittedly the best bargain worldwide, do you think that has quite a bearing on how much food can be purchased with the dollars of food stamps that the people have?

Mr. KRAMER. Let me answer really what you said in a threefold way.

To begin with, do not take my statement despite the violence of my rhetoric as condemning farmers. I don't know whether anybody uses the \$20,000—what they use it for. Neither do you, and the point I am making is that you don't care, but when you give a poor person on food stamps \$20 a month you want to be very sure they only use it for something. All I am talking about there is the double standard.

Mr. MELCHER. Mr. Kramer, what gives you the idea that I don't care about the \$20,000 or the people that are hungry?

Mr. KRAMER. Perhaps I am guilty of guilt by association, Mr. Melcher. I am really referring to the unrefuted press releases that have been released by the chairman's office seemingly in the name of the committee.

Mr. MELCHER. Well, I read the press releases and I don't find in them the reprehensible ideas that you seem to find, Mr. Kramer. But be that as it may, let us get back on agriculture as an industry, and whether or not the farm program has anything to do in your mind with the production of this food for the consumers, for all consumers, whether or not they have food stamps, at a very low price. Do you agree that they do?

Mr. KRAMER. I think there is a myth on both the conservative and liberal side of the House that the farm program has anything to do with what people eat. Perhaps it does with respect to the dairy products but certainly not with respect to cotton, tobacco, feed grains on a very, very indirect basis because, of course, cattle eat feed grains. I don't think the farm program is a food program and I think that when we yell about the farmers getting subsidies to produce—not to produce foods, that is false because these are not food producers and just the same way I don't think that the farm programs that you are talking about passing here have really very much except on an indirect basis to do with the fact that people only pay 16.5 percent for food. I think that is a different part of the agricultural production system, not included perhaps in the farm program.

Mr. MELCHER. You seem to have very definite views about a wheat program, or a feed program, or a dairy program but if they don't have something to do with the cost of food in the marketplace, how do you relate this fact, included in your testimony, and apparently agreeing with the Secretary of Agriculture, that 400,000 of our present farmers would go on welfare under the new proposed welfare program of President Nixon? What does this mean to you?

Mr. KRAMER. I think we are in agreement. Maybe you don't want to be in agreement with me, I would like to be with you. I felt the defect of the farm program you are talking about, of course, they do not get to the poor producer and it is those defects than lead to 400,000 marginal farmers forced to turn to Nixon welfare.

Mr. MELCHER. Well, I view this a little differently. Perhaps it is because where I come from and my intimate knowledge of what the various farm and ranch producers are doing and what their level of income is, and I will assure you that the farm programs do get to the farmers of every level in my area and the ranchers there, too.

Now, Mr. Kramer, while you are giving us a wide range of authority to solve all of the welfare problems the Nation has, by inference in your testimony, you do recognize the fact that this committee will not make the appropriation for the food stamp bill, it comes from the Appropriation Committee. You are aware of that?

Mr. KRAMER. Yes, I am.

Mr. MELCHER. And that regardless of what we would like to do, the proposal to make it open-ended in Chairman Poage's bill does indicate that we are urging the Appropriations Committee to appropriate a sizable portion of money for the food stamp program. You are also aware of that; are you not?

Mr. KRAMER. I have no quarrel with the open-ended requirement. I would quarrel with what accompanies it.

Mr. MELCHER. Then in your testimony you did not seem to make it very clear whether or not you are aware that the proposal to allow work in lieu of cash refers only to that amount of cash that the head of the household pays as his share of the food stamp cost. You are aware that the work would only entail his portion; are you not?

Mr. KRAMER. I am clear what the work would entail, but the provision is so vague and so short that it doesn't make that other issue clear at all. As I said, Nixon talked it out in terms of 86 pages in the welfare field provision which is quite comparable although far better.

Mr. MELCHER. That is all I have.

Thank you, Mr. Chairman.

The CHAIRMAN. Any other questions?

Mr. SEBELIUS. Mr. Chairman.

Mr. Kramer, I, probably like Mr. Melcher, take a little offense at your remarks on page 2 about well-to-do farmers, when the average income of the farmer last year was about \$4,000 a year. This meant he got less than a minimum wage for his time and nothing for a \$70,000 investment or he got little over 5 percent on his investment and not a dang nickel for his time.

I bring this to your attention for one purpose. We are talking about the small farmer and farm programs to protect the small farmer. If you will think about the fact that you paid 25 cents of your dollar for food 20 years ago and that you pay only 16.5 cents now. If you are not satisfied with that record, wait until we lose the small farmer and corporate farming starts pricing food for you.

The farmer is in bad shape too, but, when it gets down to what he sells and what he has to buy, I am sure none of them would buy their cattle with food stamps. I would like to bring one other thing to your attention.

Maybe this is a lecture in reverse because I never took Dale Carnegie's course and I don't know that you——

Mr. MYERS. I don't think he has either.

Mr. SEBELIUS (continuing). Want to accomplish anything more today than getting your name in the paper, but you impugned the integrity of this committee and the chairman, so I would like to bring a couple of other things to your attention. I think I have as much compassion in trying to solve the problems of the poor as anybody, but you seem to want to attack the idea that they should work.

My father died and left my mother with six children, the youngest of which was 6 months old at the time. My mother spent all of whatever she had to get us through school. Today she is 89 and in the hospital, but her six children are paying her back and we are taking care of her without a dime from welfare.

I think it is high time a little spirit of what American initiative means goes into the thoughts of this problem and we will then try to get caught up with the rest of the problems.

I apologize to you if I get a little emotional, but I, too, have a little concern. The problem of poverty is not all on the full path of give-it-away and then we solve it. Thank you for listening to me.

The CHAIRMAN. Thank you.

Mr. ZWACH. Mr. Chairman——

The CHAIRMAN. Yes, Mr. Zwach.

Mr. ZWACH. Mr. Chairman.

Mr. Kramer, I listened with a great deal of interest to your comments. I certainly hope that you know a lot more about some things than you know about agriculture. I think your hatemongering and venom that you unloaded today on producers of food is a tremendous insult upon the people who have done the miracle job in our country and they have brought the costs down to 16½ percent. Nowhere else in the world ever have we had this. And if we follow your apparent suggestion, food costs in the future are going to become a great deal bigger percentage of the American income dollar.

I would hope that you wouldn't feel that it would be necessary to insult the miracle men of this Nation nor to make points on some things that you know nothing about.

Could we have for the record, Mr. Chairman, the information regarding the National Council on Hunger and Malnutrition? Could we have for the record the names in that organization and the financial support of it?

Mr. KRAMER. Certainly.

The CHAIRMAN. If you will furnish that for the record, Mr. Kramer, we will be much obliged.

Mr. ZWACH. Thank you, Mr. Chairman.

Thank you, Mr. Kramer.

(The information referred to follows:)

THE NATIONAL COUNCIL ON HUNGER AND MALNUTRITION IN THE UNITED STATES
WHAT IS THE NATIONAL COUNCIL ON HUNGER AND MALNUTRITION IN THE UNITED STATES?

The National Council on Hunger and Malnutrition in the United States (the Council) is an educational-charitable organization supported by approximately ten foundations and individuals primarily to mobilize local action to reform and provide additional resources for Federal food assistance programs, including

food stamps, commodity distribution, and school lunch, as well as to undertake any other activities furthering the objective of assuring every American family an adequate diet.

The Council is governed by a board of 19 individuals including prominent physicians, nutritionists, food industry personnel, educators, and leaders of social action organizations. It has had a staff of up to sixteen persons, ten of whom travelled and are travelling throughout the country in an attempt to galvanize volunteers from various church, civic, social welfare, charitable, medical, college, youth, poverty and other groups or coalitions to devote their time, energy, enthusiasm, and where possible, funds, to overcoming the obstacles that prevent Federal food aid from reaching all the people who need it.

The Council hopes to achieve its aim of assuring every American family an adequate diet regardless of ability to afford it through local organization around the issue of hunger and malnutrition, detailed local inquiry into the conduct (or misconduct) of the appropriate Federal programs, and local action to remedy the defects revealed by investigation by cooperating with or bringing appropriate pressure to bear upon the local and state officials who are responsible. The Council does not undertake the necessary local effort itself, but does supply organizational impetus and the technical know-how to equip interested local people to ask the right questions and devise the best possible solutions. To spur this process the Council publishes various action reports on the status of Federal food aid programs in Washington and the rest of the country and is in the process of preparing for publication a lengthy guidebook for volunteers explaining in detail the nature of the programs to be reformed and describing step-by-step the actions which volunteers might take to improve the feeding of the poor.

The CHAIRMAN. Any other questions?

Mr. BURLISON. Mr. Chairman, I would like to ask Mr. Wilson a question.

You indicated, I believe, that we all know who the hungry are, who the malnutritionists are. I believe that was the substance of your statement? Are you hungry?

Mr. WILSON. No, sir. I am not hungry. I am glad I am not. If I had to wait for certain things to take place for me to eat, I would understand the situation that I would be in.

Mr. BURLISON. Now, can you please give me the names of some people that now are hungry?

Mr. WILSON. Can I give you the names of some people that are hungry?

Mr. BURLISON. Yes.

Mr. WILSON. Of course, I could give you some names of some people who are hungry but I don't see what that proves. I am saying that in essence we can look into communities and we can look into rural areas of this country, and we can see that.

Mr. BURLISON. Can you give me the name of a hungry person now?

Mr. WILSON. Yes.

Mr. BURLISON. That is what I asked you.

Mr. WILSON. No, I can't.

Mr. BURLISON. All right.

Mr. WILSON. I can and I am not. I will put it that way.

Mr. BURLISON. That is all I have for Mr. Wilson.

I don't have any questions for Mr. Kramer. Could I say this, that it has been my practice, Mr. Chairman, and I have found it to be fairly good practice, that when you are libeled and slandered and defamed, smeared, as one of the other gentlemen termed it here, that about the only response that you can make to that is that it doesn't deserve the dignity of a reply. I think Mr. Kramer has succeeded very well and I would hope that the press is well represented here—I take it they are—and his purpose will be accomplished.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Burlison.

Any other questions?

If not——

Mr. MYERS. Mr. Chairman, I would like to ask Mr. Wilson, what is the National Sharecroppers Fund? I am not familiar with it.

Mr. WILSON. The National Sharecroppers Fund is an organization which organizes and works with rural farmers, rural small farmers. We organize farmers into cooperatives. We organize farmers into nutrition programs and things of that sort. We cover the whole rural area, mostly problems that——

Mr. MYERS. All over the United States?

Mr. WILSON. Basically we are in the southern part of the country.

Mr. MYERS. I am a small farmer also. And could I join your organization?

Mr. WILSON. Of course you could.

Mr. MYERS. What are my dues?

Mr. WILSON. You don't have any dues.

Mr. MYERS. How do you get your pay, then? Who pays you if we don't have any dues?

Mr. WILSON. We raise our money through private sources and other programs, other things.

Mr. MYERS. Well, through private sources—can you be more definite on that?

What kind of a budget do you have? How do you meet your requirements?

Mr. WILSON. What happens is that I don't handle the budget aspects of the organization. I am only the Washington representative.

Mr. MYERS. You show your address as New York City here.

Mr. WILSON. Right. The address of the organization is New York City. I am the Washington representative of Sharecroppers Funds.

Mr. MYERS. Mr. Chairman, I will ask for a similar request that he might file with the committee the function——

The CHAIRMAN. Without objection, if the gentleman will file——

Mr. WILSON. I would just like to know, Mr. Chairman, what the purpose of it is.

The CHAIRMAN. If the members of this committee ask a question and it seems to me to be a logical question, I don't try to read their minds as to what their purpose is. Now, if you object to filing that information, you may state that on the record, and we will make a record of that fact. If you will file it, you just say you will file it.

Mr. WILSON. That was not what I asked, Mr. Chairman.

The CHAIRMAN. The chairman has told you it is none of his business what the purpose is. Any member of this committee has a right to ask any legitimate question and that seems to be a perfectly logical question. And do you not want to file it?

Mr. WILSON. That is not the question, whether or not I want to file it.

The CHAIRMAN. Just a second here, now. Are you going to file that or are you not?

Mr. WILSON. It is not the question. I am not——

The CHAIRMAN. Are you going to file that or are you not? The Chair—you can tell us you won't. Go ahead and tell us now what you intend to do.

Mr. WILSON. We will file it, Mr. Chairman.

(The information submitted to the committee in the form of a report on the work of the National Sharecroppers Fund was not an answer to the question of source of funds and purposes and goals of the fund. This brochure is in the files of the committee.)

The CHAIRMAN. All right. That is sufficient.

If there are no further questions, the gentlemen are excused.

Now, Mr. Graham will appear tomorrow, will he?

Mrs. GALLAGHER. He asked to, if we can get him on.

The CHAIRMAN. Now, I would like to ask the members of the committee to remain for a few minutes, please. We will excuse the others in the room.

(Whereupon, at 11:30 a.m. the committee went into executive session.)



FOOD STAMPS

TUESDAY, OCTOBER 28, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10:05 a.m., in room 1301, Longworth House Office Building, the Honorable W. R. Poage (chairman), presiding.

Present: Representatives Poage, McMillan, Stubblefield, Purcell, O'Neal, de la Garza, Vigorito, Jones of North Carolina, Montgomery, Alexander, Burlison, Lowenstein, Rarick, Jones of Tennessee, Melcher, Belcher, Teague, Wampler, Goodling, Miller, Mathias, Zwach, Kleppe, Price, Myers, Sebelius, McKneally, Mizell, and Resident Commissioner Córdova.

Also present: Christine S. Gallagher, chief clerk; Hyde H. Murray, associate counsel; John A. Knebel, assistant counsel; and L. T. Easley, staff consultant.

The CHAIRMAN. We are here this morning to continue the hearings on the General Farm and Food Stamp legislation, with particular reference to the food stamps, as we have in the last several days, and will the remainder of this week.

Our first witness this morning is our own colleague, the Honorable G. V. Montgomery, who is the author of the bill, H.R. 13227. Sonny, we are delighted to have you give us your ideas. Mr. Montgomery.

STATEMENT OF HON. G. V. MONTGOMERY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI

Mr. MONTGOMERY. Thank you, Mr. Chairman. To read my testimony, which I would like to do, will take me about 6 minutes and 20 seconds.

Mr. Chairman and members of this committee: I appreciate very much being given the opportunity to testify on behalf of my bill to amend the Food Stamp Act of 1964. I will be very brief and touch only on those points which I feel are most important.

All of you have previously received a copy of H.R. 13277, plus a summary of the provisions, and as I know, most of the members of this committee have read my bill.

To touch on the matter of appropriation authorization for the fiscal year 1970 might be an unimportant point at this time, since the committee voted by 29 to 4 on October 8, to authorize a funding level of \$610 million for the current year.

My bill calls for an authorization of only \$450 million. This figure is based upon the spending level for fiscal year 1969, plus Secretary Hardin's statement that the Department could effectively use only \$610 million during fiscal year 1970. If my memory serves me correctly, this statement was originally made some 3 or 4 months ago by Secretary Hardin.

The present fiscal year is now some one-third gone, which leads me to conclude that USDA would probably not be able to effectively use \$610 million during the remaining 8 months of fiscal year 1970.

H.R. 13277 calls for funding levels of \$550 million for fiscal year 1971, \$650 million for fiscal year 1972, and \$750 million for fiscal year 1973. I feel that these funding levels are completely within reason and, when considered in relationship to the beginning funding level of \$75 million in fiscal year 1965, show a reasonable fiscal policy on the part of Congress. The appropriation authorizations outlined in this bill would represent a very generous 1,000-percent increase over a 9-year period. I will be the first to admit that we need to take action to eliminate hunger. But at the same time I do not believe we should authorize more money than we see will be reasonably used. Nor should we authorize funding levels to such excesses that will lead to abuses in administration and the possible ineffectiveness of the Food Stamp Act of 1964.

Another point of H.R. 13277 about which I feel very strongly is State participation from a monetary standpoint. My bill calls for States to begin paying 2½ percent of the bonus coupon values by the end of fiscal year 1971.

This percentage of State participation would be increased to 10 percent by the end of fiscal year 1974.

I do not believe that the food stamp program should be an exception to the present philosophy of combined Federal-State participation in programs of aid to the less fortunate of our Nation.

Also, if the States have a financial stake in the food stamp program, they will be more prone to see that the issuance of coupons are carried out according to regulation.

A third point I would like to cover is that of free food stamps. Since I am basically opposed to giveaway programs, this bill would require a minimum payment of 50 cents per person per month up to a maximum of \$3 a month for a family of six or more.

The bill also authorizes State agencies to assist in arranging for these minimum payments.

I firmly believe that most people, no matter how unfortunate their circumstances, do not want plain and simple charity. The theory of an outright dole is demeaning and degrading to every citizen.

Even though people need and desire aid, they want to have a feeling that they are contributing something toward their own upkeep. The token payment proposed in my bill would serve this purpose.

A fourth point is the provision that would prohibit food stamps from being issued to college students unless they were eligible by regulation and were receiving food stamps prior to attending college. I believe it is common knowledge that some college students go around bragging about how they receive food stamps even when they do not need them.

This is one abuse of the Food Stamp Act of 1964 that needs to be corrected and corrected now.

In closing, Mr. Chairman, I would like to mention briefly other provisions of H.R. 13277, such as issuing stamps monthly or semi-monthly, permitting the withholding of an individual's payment for food stamps from public assistance checks and the establishment of food stamp values at a level which will provide a nutritionally adequate diet for recipients.

I think I can safely say that my bill is a very worthy and workable piece of legislation. After careful and close study, I believe you will agree it is a bill that will serve as a needed platform of compromise upon which all members could stand in good conscience.

I thank the committee for their indulgence and urge favorable consideration of this piece of legislation.

The CHAIRMAN. Thank you very much, Mr. Montgomery, for a well-reasoned and well-presented discussion of an important subject. We are glad to have had your views on this, and glad to have the suggestions that you make.

Are there any questions of the colleagues? Does anyone have any questions?

Well, I am sure this is not something that anyone wants to ignore, but they probably do not want to question any of your conclusions. Thank you, Mr. Montgomery.

Mr. LOWENSTEIN. Mr. Chairman?

The CHAIRMAN. Mr. Lowenstein.

Mr. LOWENSTEIN. Mr. Chairman, I just want to thank Mr. Montgomery for his useful comments. Whatever our disagreements, most of us respect the thoughtfulness of his proposals and will want to study them carefully as part of our effort to determine how best to deal with this whole problem. Mr. Montgomery raises questions that deserve thoughtful consideration, and that is always a valuable thing to do.

The CHAIRMAN. Our next witness is Mr. Jacob Clayman, administrative director, Industrial Union Department, AFL-CIO, Washington.

Mr. Clayman, we will be glad to hear from you.

**STATEMENT OF JACOB CLAYMAN, ADMINISTRATIVE DIRECTOR,
INDUSTRIAL UNION DEPARTMENT, AFL-CIO, WASHINGTON, D.C.,
ACCOMPANIED BY MARVIN CAPLAND**

Mr. CLAYMAN. Thank you, Mr. Chairman. My name is Jacob Clayman and I have with me Mr. Marvin Capland, who is also associated with the Industrial Union Department.

The CHAIRMAN. We are glad to have you.

Mr. CAPLAND. Thank you.

Mr. CLAYMAN. I am the administrative director of the Industrial Union Department of AFL-CIO. We represent industrial workers in America.

Our organization represents roughly about 6 million industrial workers in America, and on behalf of IUD I would like to thank you for giving us this opportunity to set forth our position on this crucial matter; namely, the food stamp legislation pending before your committee.

I am sure we do not need to repeat for this committee the awful statistics of hunger, the slow death by malnutrition to which millions of Americans are condemned. Surely by now we all agree with President Nixon when he says, "the moment is at hand to put an end to hunger in America for all time."

The food stamp program, we believe, has demonstrated its worth and importance in our struggle to end hunger. The task is determining how to improve that program so that it feeds more than the small number of Americans presently served: only 3.2 million of about 38 million poor; only 16 percentage of the Nation's hungry. Three objectives ought to define the improvements we need: 1. the program should provide enough stamps for an adequately nutritious diet; 2. stamps should be available at a price a poor family can afford; 3. a system of distribution needs to be devised to get the stamps quickly to those who qualify for them.

There are commendable features in many of the food stamp bills before this committee. IUD feels, however, that the bill the Senate passed on September 24 (S. 2547) would carry us far toward meeting the criteria for a more effective program.

These are some of the features we were glad to see win Senate approval; we commend them to this committee for inclusion in the measure you may approve ultimately:

1. An adequate allotment. The Senate formula for providing a nutritionally adequate diet based on Department of Agriculture determinations, works out to about \$125 a month for a family of four. We endorse that as a minimum standard.

2. Free stamps. According to Office of Economic Opportunity estimates, about 1.3 million Americans have no cash income whatsoever. More than 5 million have incomes less than the amount they need to provide food at the level of \$125 a month for a family of four. A nation that seeks to provide free school education for all should now provide free food for those who need it. We endorse, as a minimum, the allocation of free stamps to families with monthly incomes of less than \$62.50 or annual incomes of \$750.

3. Variable purchases. It has become clear that many poor people cannot afford to participate in the food stamp program. They are unable to get the money together to buy their full allotment of stamps once a month. We endorse provisions that would enable a family to buy less than the full allotment at one time if it did not have the money to do so. The provision in S. 2547 that would authorize issuance of stamps once a week and permit a household to buy the whole monthly allotment or a portion of it at each issuance seems to us to meet this situation.

4. Nationwide participation. It is an ugly aspect of the present program that indifferent or hostile local officials can prevent the starving poor under their jurisdiction from having access to food. Seven States do not participate in the food stamp program at all, and 413 counties have no food programs at all. About 700 counties of those that do participate have token programs in which fewer than 20 percent of those in need receive any help at all. We fully endorse giving the Secretary of Agriculture authority to operate stamp programs where he determines a need for them and where States and counties have failed to do so.

5. A limit on charges. At a time when the average American family spends only 17 percent of its income for food, no poor family should have to pay more than 25 percent of its total income for its stamp allotment. We therefore urge the House to adopt the 25 percent limit as set forth in the Senate bill.

6. Eligibility and certification. One of the difficulties of the present system is that there is too much variance in State standards for eligibility and participation in the program sometimes becomes a long, complicated and therefore intimidating matter.

We believe the redtape must be cut. We, therefore, support proposals to establish national income standards for eligibility and proposals that enable a household to become eligible simply by having a member sign an affidavit establishing the family's need and eligibility for the stamp allotment.

7. Food stamps and commodity programs. Both commodity distribution and food stamps are needed in the struggle against hunger. We approve of the proposal that would require simultaneous operations in a county of both the food stamp and the commodity programs during transition from commodities to stamps until participation in the stamp program equals a county's previous participation in the commodity program.

We also approve of the provisions in the Senate bill that would define food to include soaps, toothpaste and other products necessary to personal cleanliness and home sanitation; enable elderly persons without cooking facilities to participate in the program and use their stamps to buy cooked meals; and provide instruction and counselling in order to help families make best use of their increased purchasing power.

We recognize that these advances in the food stamp program will cost money. But the present cost to society in the burden of hunger, sickness and despair outweighs any price we set on this particular program. How we allocate our money determines the quality and future of our society.

In fiscal 1970, the Defense Department plans to spend nearly \$4 billion to feed 3.5 million servicemen. That works out to about \$1,100 for each person in the Armed Forces. Our budget for assistance to the poor calls for an expenditure of \$1.226 billion to feed 8 million persons—an annual rate of about \$145 per person.

In our humble judgment, we cannot skimp in this matter, and I quote Margaret Mead who has done a lot of talking and thinking in this area:

"If we can't solve the problem of hunger and malnutrition in the United States, we are not going to solve anything," because quite obviously this is one of the relatively simple areas of social action, and if we can't reach either the efficiency or the will to provide for hungry citizens in our midst, then I am fearful that much more complicated areas will not get satisfactory attention from our society and from our Government.

That, Mr. Chairman, is the sum and substance of the attitude of the Industrial Union Department of this important issue of food stamps.

The CHAIRMAN. Thank you, Mr. Clayman. We are very much obliged to you for your statement and your views.

Are there any questions from the committee?

Mr. GOODLING. One question, Mr. Chairman.

The CHAIRMAN. Yes, Mr. Goodling.

Mr. GOODLING. Mr. Clayman, I would like to re-read one statement that you made. "I am sure we do not need to repeat for this committee the awful statistics of hunger, the slow death by malnutrition through which millions of Americans are condemned."

Will you state what the source of your information is, in making that statement?

Mr. CLAYMAN. I suspect that the source of my information is not personal contact with hunger, obviously, and so the source of my information, my own eyes, the source of my information, what I read, from what I believe to be responsible sources, the Senate Committee, for instance, the Select Committee on nutrition. Even if I did not have that source at my command—

Mr. GOODLING. You believe, then, that it is a factual statement?

Mr. CLAYMAN. Oh, I believe so.

Mr. GOODLING. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Goodling.

Mr. de la Garza.

Mr. DE LA GARZA. Thank you, Mr. Chairman.

Mr. Clayman, I appreciate very much your very constructive statement on this matter, and I would like to clear up one matter, if we might, because I do not think you intended it as such, where you say that local officials are hostile and then you quote the 413 counties. I do hope you do not mean that any county that does not avail itself of the food stamp program has hostile officials, because this is not so, in my area, but you have a problem of having one or the other. Many of the families in my area in south Texas, you have times of the month where they have no income whatsoever, so my county officials, I assure you and this committee, that all of them are very interested in the problem, and have to take one course or the other, so naturally we have the commodity program rather than the food stamp program.

Mr. CLAYMAN. I do not mean to imply that the hostility is the sole source of failure to provide for the hungry. I think it is one of the factors in some areas and there is, frankly, a disbelief in this approach generally, that we have used in America in recent years to provide food for the hungry. It is a factor. If you believe from what I said that it was a total factor, I must correct myself. I do not intend that. It is hostility, it is indifference, and frankly, a basic problem of a law that does not perform uniform justice to hungry people.

Mr. DE LA GARZA. Well, I think we agree on that. I just wanted to make the record clear that I did not want any of my county officials to be indicted when they are trying but the law prevents them, and they have to choose one or the other.

That leads me to the next question. You mentioned that you would phase out the commodity program. Is it your testimony that you would phase it out altogether because you say that we should have a transition period?

Mr. CLAYMAN. My associate, Mr. Capland, will address himself to that question.

Mr. CAPLAND. No, we are certainly not saying, Mr. Congressman, that the commodity distribution program has to be phased out entirely, but we are saying where the food stamp program is put into

effect that there be a transition period. But, we feel both programs are needed.

Mr. DE LA GARZA. Well, because I have been espousing the cause that we should have both, and I wanted to clear this up. So, I assume then what you say is that if a county has a commodity, surplus commodity program, then the law is changed to whereby they can participate in either or both, that if the country would go to the extent that they were using surplus commodities, it would go to that level in food stamps, and then you would phase out the commodities; is that what you intended?

Mr. CAPLAND. I think if the county had decided, if the county takes on the food stamp program, that you phase out the commodity distribution, but we do feel both programs are necessary.

Mr. DE LA GARZA. Thank you very much, Mr. Chairman.

The CHAIRMAN. Mr. O'Neal.

Mr. O'NEAL. Thank you, Mr. Chairman.

Mr. CLAYMAN, on page 2, under your second recommendation with respect to free food stamps you say that the Office of Economic Opportunity estimates that about 1,300,000 Americans have no cash income. Now, do you mean no one in the family has any cash income at all?

Mr. CLAYMAN. This is what the Office of Economic Opportunity has told this country. I accept their figures at face value, and it means literally, I assume, what they suggest: namely, that they have no cash at all.

Mr. O'NEAL. At any time during the year?

Mr. CLAYMAN. Obviously that is what they mean.

Mr. O'NEAL. No welfare? Do you know why they would not have any welfare?

Mr. CLAYMAN. Well, I think what the OEO was saying, Mr. Congressman, is that there are people in many rural parts of the country whose work is paid for in kind. They do not get anything, have no cash income.

Mr. O'NEAL. Do you know any, yourself?

Mr. CAPLAND. I do not know at this moment; no sir.

Mr. CLAYMAN. We would like to supplement this statement by further evidence, if you will permit us.

Mr. O'NEAL. I would be very interested.

Mr. CLAYMAN. We would like to insert that in the record and we would like to investigate.

Mr. O'NEAL. This is a shocking statement and one that takes me completely by surprise.

The CHAIRMAN. Without objection, he will have permission within the following week to insert additional data on this subject.

Mr. CLAYMAN. We shall be pleased to investigate that further.

Mr. O'NEAL. Thank you.

(The following information was later submitted to the committee:)

INDUSTRIAL UNION DEPARTMENT, AFL-CIO,
Washington, D.C., November 26, 1969.

HON. W. R. POAGE,
Chairman, House Agriculture Committee, U.S. House of Representatives, New
Senate Office Building, Washington, D.C.

DEAR CONGRESSMAN POAGE: In the course of testifying on food stamp programs on October 28 for the Industrial Union Department, AFL-CIO, I observed that one reason why we felt free stamps should be available, at least to the very poor, was that there are "about 1.3 million Americans" who have no cash income. Representative Maston O'Neal of Georgia questioned me as to the source of this statement. This letter is meant to supply the information he requested.

The immediate source of my remark was the "Interim Report" of the Senate Select Committee on Nutrition and Human Needs, for August, 1969. On page 20 the report observes "according to OEO, 1.3 million of these very poor have no cash income at all."

Going behind this statement, we find that OEO's estimate was based on Census Bureau statistics. According to the Census Bureau table which we enclose with this letter, there were in 1967, a sizable group of individuals and families in the U.S. who had no cash income. Adding together the numbers of unrelated individuals and members of poor families who the Census Bureau lists as persons "with no income" produces a total of 1.2 million. If in addition to these household income is less than the cost of the economy diet alone—less than the little funds they had, the total is well over the 1.3 million figure.

I trust this supplies the information that Mr. O'Neal sought and that this letter will be included in the record along with IUD's testimony.

Sincerely,

JACOB CLAYMAN,
Administrative Director.

Enclosures

(A) THE VERY POOR

5.1 million Americans, or 20 percent of the poor, live in families whose yearly household income is less than the cost of the economy diet alone—less than the equivalent of \$1,200 a year for a family of four. According to OEO, 1.3 million of these very poor have no cash income at all.

It requires no elaboration to conclude that these 5.1 million poor cannot even begin to meet the basic necessities of life. Unless their dietary needs are met through food assistance, they are sure to suffer from chronic nutritional deficiencies. They are certain to be the victims of poverty-related hunger and malnutrition.

(B) THE "HARD CORE" POOR

Another 9.3 million Americans (37 percent of the poor) live in families whose incomes are less than twice the cost of an economy diet. Their incomes are less than the equivalent of \$2,400 per year for a family of four. Unless they are receiving food assistance they, too, are likely victims of poverty-related hunger and malnutrition.

(C) THE REMAINING POOR

The remaining 10.6 million of the currently estimated 25 million poor have incomes between two and three times the cost of an economy diet, or between \$2,400 and \$3,600. While they are not certain to be suffering from malnutrition, they probably suffer from periods of nutritional deficiency and they are continually at risk.

Even by the very conservative assumption that only the very poor and the "hard-core" poor suffer from poverty-related hunger and malnutrition, again, unless they have food assistance, 14.4 million Americans are hungry because they are poor. This is the group at which our Federal food programs must aim first.

NUMBER OF FAMILIES AND UNRELATED INDIVIDUALS, AND MEAN INCOME, BY SIZE OF FAMILY, BY SIZE OF TOTAL MONEY INCOME

Total money income of family or unrelated individual	Grand total	Unre- lated indi- viduals	Total families	Size of family													Average size
				2	3	4	5	6	7	8	9	10	11	12	13 or more		
MALE AND FEMALE HEADS																	
Total	11, 198	5, 112	6, 086	2, 271	889	793	649	501	410	261	136	89	38	27	23	13.8	
With negative income	89	17	72	26	13	14	8	4	4	3					1	13.0	
With no income	822	657	165	56	49	35	18	4	4								
With positive income, total	10, 287	4, 438	5, 849	2, 189	827	744	623	493	402	259	136	89	38	27	22	13.8	
\$1 to \$999	3, 028	2, 117	911	500	168	85	79	30	21	15	3	9	2				
\$1,000 to \$1,499	3, 121	2, 007	1, 114	664	189	118	49	39	22	17	7	6	1		2	14.0	
\$1,500 to \$1,999	1, 687	314	1, 372	885	215	92	74	51	24	15	8	3	4	1	1	13.0	
\$2,000 to \$2,499	1, 774		1, 774	140	211	163	91	57	38	21	28	17		4	5	14.6	
\$2,500 to \$2,999	474		474		44	160	120	61	36	20	19	5	5	3			
\$3,000 to \$3,499	471		471			127	112	93	53	38	20	9	5	5	5	13.7	
\$3,500 to \$3,999	276		276				96	71	43	32	14	5	6	5	4	13.7	
\$4,000 to \$4,999	350		350				2	91	102	84	24	25	8	10	4	13.3	
\$5,000 to \$5,999			107						63	15	15	10	2		1	13.0	
\$6,000 to \$6,999																	
\$7,000 to \$7,999																	
\$8,000 to \$8,999																	
\$9,000 to \$9,999																	
\$10,000 to \$11,999																	
\$12,000 to \$14,999																	
\$15,000 to \$24,999																	
\$25,000 or more																	
Income of families and unrelated individuals (dollars)																	
Mean income	1, 429	334	1, 929	1, 285	1, 405	1, 914	2, 242	2, 752	3, 344	3, 270	3, 188	3, 122	3, 272	3, 560	2, 938		
Number of families and unrelated individuals (thousands)																	
MALE HEADS																	
Total	5, 722	1, 446	4, 276	1, 692	532	458	439	362	312	210	109	63	28	20	20	13.8	
With negative income	82	11	71	24	13	14	8	4	4	3					1	13.0	
With no income	294	236	58	29	10	11	7		1								
With positive income, total	5, 346	1, 200	4, 147	1, 639	508	463	424	358	307	208	109	63	28	20	19	13.9	
\$1 to \$999	1, 120	561	558	334	82	48	44	17	15	9		7	2				
\$1,000 to \$1,499	1, 289	488	801	505	122	74	33	27	15	11	7	6			2	14.0	
\$1,500 to \$1,999	1, 145	150	995	701	131	50	46	35	12	10	5	1	1		1	13.0	
\$2,000 to \$2,499	511		511	99	138	99	58	33	29	21	19	9	3	3	3	15.8	
\$2,500 to \$2,999	338		338		36	103	83	49	25	17	17	3	4	2			
\$3,000 to \$3,499	355		355			89	89	70	38	31	15	8	6	5	5	13.7	
\$3,500 to \$3,999	197		197				67	54	29	22	11	2	6	2	4	13.7	
\$4,000 to \$4,999	292		292				2	75	86	73	20	19	6	8	4	13.3	

Total money income of family or unrelated individual	Grand total	Unre- lated indi- viduals	Total families	Size of family													Average size
				2	3	4	5	6	7	8	9	10	11	12	13 or more		
Number of families and unrelated individuals (thousands)																	
\$5,000 to \$5,999	98		98								58	14	15	7	2		1
\$6,000 to \$6,999																	13.0
\$7,000 to \$7,999																	
\$8,000 to \$8,999																	
\$9,000 to \$9,999																	
\$10,000 to \$11,999																	
\$12,000 to \$14,999																	
\$15,000 to \$24,999																	
\$25,000 or more																	
Mean income	1,708	812	2,011	1,311	1,488	1,958	2,313	2,858	3,496	3,373	3,311	3,128	3,387	3,558	3,015		
Income of families and unrelated individuals (dollars)																	
Number of families and unrelated individuals (thousands)																	
Total	5,476	3,666	1,810	578	357	305	209	138	98	51	27	26	10	6	2		13.0
FEMALE HEADS																	
With negative income	8	6	1	1													
With no income	528	421	107	28	39	24	10	4	2								
With positive income, total	4,941	3,238	1,702	550	318	281	199	135	96	51	27	26	10	6	2		13.0
\$1 to \$999	1,909	1,556	353	166	86	37	35	13	6	6	3	2					
\$1,000 to \$1,499	1,832	1,519	313	159	67	44	16	12	7	7			1				
\$1,500 to \$1,999	541	164	377	184	84	42	28	16	12	6	2	1	2				
\$2,000 to \$2,499	263		263	41	73	64	32	24	9		9	8		1	2		13.0
\$2,500 to \$2,999	136		135		9	57	36	13	11		3	2	3				
\$3,000 to \$3,499	115		115			38	23	24	15	7	5	1	3				
\$3,500 to \$3,999	79		79	17			29	17	15	10	3	3		3			
\$4,000 to \$4,999	57		57	4				16	16	11	4	6	2				
\$5,000 to \$5,999	10		10						5	1		3					
\$6,000 to \$6,999																	
\$7,000 to \$7,999																	
\$8,000 to \$8,999																	
\$9,000 to \$9,999																	
\$10,000 to \$11,999																	
\$12,000 to \$14,999																	
\$15,000 to \$24,999																	
\$25,000 or more																	
Mean income	1,138	843	1,735	1,208	1,282	1,843	2,094	2,475	2,858	2,845	2,697	3,118	2,936	3,564	2,279		
Income of families and unrelated individuals (dollars)																	

Note: Dashes represent zero or rounds to zero. Detail may not add to total due to rounding. Frequencies under 20,000 subject to large error.

Mr. KLEPPE. Mr. Chairman.

The CHAIRMAN. Yes, Mr. Kleppe.

Mr. KLEPPE. Mr. Clayman, I wonder if you could throw a little light on the statement that you make on page 1, which is No. 1 of your objectives, when you say that the program should provide enough stamps for an adequately nutritious diet. I do not know of anybody, or certainly not many Members of Congress that are not interested in taking care of the hungry people and providing a more nutritious diet, but there is a question of how we are going to educate the people to use these stamps with the funds they have, to obtain a nutritious diet. Have you given any particular thought as to how this education and this teaching may come about under the food stamp program?

Mr. CLAYMAN. The Senate bill provides for education of the very nature that you describe; namely, how do you, how do you go about developing a nutritious diet, because I am in agreement with you, there are people who have enough money to buy whatever food they need and they very well might buy the improper food. That is why I suspect some of us are so overweight.

But, in the main, in the main I do not think this is the heart of the difficulty. The heart of the difficulty is that they do not have enough money to buy the kind of foods that sustains life and growth in the sense that all of us would like to see it done.

Mr. KLEPPE. You are satisfied then with the Senate's proposal on this educational aspect and have no particular additional information to add as to how this education may come about and may be utilized?

Mr. CLAYMAN. We have no further advice to give you on that score except this observation, that if any committee can devise more effective methods of educating the American population as to how to best utilize the nutritious products we have, then we would be for it.

Mr. KLEPPE. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Kleppe. Any further questions?

Mr. MYERS. I have one question, Mr. Chairman. Mr. Clayman, in your judgment, do you think that these programs should be available to college students, who because they are in college do not have enough income; do you think that stamps should be available to them?

Mr. CLAYMAN. Well, I would guess that hunger is hunger, wherever it is, and whether it afflicts the man who works with his hands, or the kids in the family, or the intellectual or the artist, or the college student, I would say we should apply the same standard, because what I assume the import of most of the legislation before you is that somehow we find rational ways of taking care of hunger in a nation that should not have any hunger or hungry people. There are some countries that cannot help it and so they are afflicted with hunger. We can help it, and I would not be inclined to draw a line as to occupation or avocation. I would meet hunger wherever it is, and wherever people cannot afford to take care of themselves and try to provide for it.

In our judgment, it would be in the fashion suggested by the Senate bill.

Mr. MYERS. And at the same time the farmer whose income only comes in maybe once a year, then the other 11 months he should be allowed to get food stamps, too, because he does not have any money during those 11 months. Do you feel he should be eligible, also?

Mr. CLAYMAN. Well, I do not think the import of the Senate legislation is to the effect that if a farmer gets \$10,000 after the harvest, but he does not have an income during the balance of the year on a monthly or weekly basis, that he should get food stamps. No, I do not think that is the import of the legislation at all.

Mr. MYERS. But, if he does not have any income during those 11 months, though?

Mr. CLAYMAN. Well, I am confident of this, the Senate bill does not contemplate—

Mr. MYERS. Well, I am talking about your judgment, not what the Senate bill says; in your judgment.

Mr. CLAYMAN. Oh, no, of course not. I do not want to describe your question, but the point is that that is hardly, in my judgment, a meaningful question because—

Mr. MYERS. I will make the questions and you make the answers.

Mr. CLAYMAN. All right, I shall try to make the answers.

Mr. MYERS. And I will make the decision whether it is meaningful or not.

Mr. CLAYMAN. Very well, and I will make the answers—

Mr. MYERS. All right, please do.

Mr. CLAYMAN (continuing). That I consider meaningful, too. But, I do not know of anybody anywhere that is contemplating the idea that if you have a gross income of let us say \$10,000 or \$20,000 or \$100,000, and it comes to you all in 1 month, that person should be a part of this program.

Now, no one has suggested that anywhere that I know of, in or out of Congress, and that explains the nature of my response.

Mr. MYERS. Then I take it from your answer you feel the same way, if a labor union member is out on strike he should not be allowed to accept it, either, unless it is over a long, long term? He would not be eligible for stamps, either, using your present analogy.

Mr. CLAYMAN. The analogy is based on real human need. The problem is based on real human need.

Mr. MYERS. But you used dollar figures a while ago.

Mr. CLAYMAN. Now, then, if a person is genuinely poor and cannot afford to provide food for himself and his family, the program suggested by the Senate would take care of them. Now, we can argue about the niceties as to when he gets his income and how it happens to come in, but that is the basic theory and that is the basic philosophy, and that is the basic, and will be the basic fact.

Mr. MYERS. Then I detect a double standard in your answer.

Thank you, Mr. Chairman.

Mr. CLAYMAN. You are welcome.

The CHAIRMAN. Thank you. Any other questions?

Well, we are very much obliged to you, Mr. Clayman.

Mr. CLAYMAN. Thank you.

The CHAIRMAN. We will now hear from Mr. Harry L. Graham, legislative representative of the National Farmers Organization.

Mr. Graham, we will be glad to hear from you.

STATEMENT OF HARRY L. GRAHAM, WASHINGTON REPRESENTATIVE, NATIONAL FARMER'S ORGANIZATION

Mr. GRAHAM. Thank you, Mr. Chairman. I have only a short statement this morning—at least short for me, as you probably recognize. I think I will read it and probably save time by doing so.

I am Harry L. Graham, legislative representative of the National Farmer's Organization.

The NFO is a nationwide organization of farmers who have joined together to improve farm income and farm commodity prices by blocking together significant amounts of farm production and marketing this production in such a way that it has some significant effect on the market price.

Our membership is interested in increasing the utilization of the abundance of food produced on American farms. In general there is no elasticity in the total demand for foods. However, there is no doubt that there is an unsatisfied demand for additional and higher quality food in that group of people whose incomes are substantially below the poverty levels or, in some cases, nonexistent.

However, we doubt that the increased demand for food which would result from meeting the minimum nutritional needs of our low-income citizens would substantially increase the total consumption of food in the United States.

In other words, we are saying to those who hope to increase food demand enough to compensate farmers for decreased income from Government programs that it just doesn't come out that way. The expenditure for food by the use of food stamps is about 2½-times greater than the amount the farmer receives for those same commodities.

We would also point out that farm programs should not be held hostage for a food stamp or other nutritional programs. The farm program is not a welfare program, and the nutritional programs are not farm programs. Both programs are valid, but for different reasons.

Our membership is made up of ordinary Americans. I rather think our farm people are even more charitable than our city friends. No farmer likes to see an animal hungry. We are not less concerned with people.

We have made our contribution to both domestic and foreign relief programs by making our surplus food available for Government programs at the cost of production, or less.

However, we don't believe that it is fair to expect farmers to continue to sell their products to the Government at disaster prices and then have them take the cost of food programs from our badly needed farm programs.

Having said that, we would briefly comment on the bills before this committee.

The NFO supports the declaration of policy of H.R. 12222 but suggests that the provisions of the bill making its utilization dependent upon "the request of a State agency" as not being consistent with the declaration of policy. The meeting of minimum nutritional standards for our Nation's citizens should not be made dependent upon any State agency whose motives might include social or political objectives which are not generally acceptable.

We would approve section 4(b) which provides that no household should be charged more than 30 per centum of the household's income

and also providing that allotments may be issued without charge to those households with little or no income.

However, we note with approval the provisions of section 7, subsection (b) makes the same provision and also spells out the conditions and provisions for determining the amount, which households should be charged in relation to their income.

H.R. 13277 is not acceptable.

We urge that this committee give priority to S. 2547 for the following reasons:

1. It has been approved by the other body.
2. It makes eligible private nonprofit institutions when they meet certain criteria. Incidentally, at this point, Mr. Chairman, and members of the committee, I think there is some valid reason for continuing the surplus food distribution program. These programs might conceivably be more beneficial at less cost to the nonprofit institutions and to private nonprofit institutions than the food stamps would be, and this is something I think should be determined by adequate investigation. But, the people who run these nonprofit institutions are pretty apt to want to buy their commodities in terms of wholesale lots, and the food stamps would not necessarily work quite so well that way because all of the definitions of the bills they would be required to exchange them in retail stores.
3. It provides for regional adjustments.
4. It is more generous than the other bills, but not overly generous.
5. Primary eligibility could be established by affidavit.
6. It permits a program in areas where political subdivisions have not given the cooperation necessary for the administration of the plan.
7. It permits an exchange of food stamps for meals. This is especially important for the elderly and ill, and it provides a generous authorization which no one who supports the program can describe as inadequate.

And it provides for an educational program.

May I add at this point that it seems to us that the provision that was made in the bill that was introduced by Congressman Foley earlier this year for having some kind of a national advisory committee on nutrition which would also have some responsibility for setting up adequate educational programs is something that probably should not be dismissed without at least some thought and consideration.

Both Houses of the Congress have repeatedly demonstrated their ability to establish the authorizations at any level they desire.

The important question is the appropriation. The authorization is almost a moot question from our standpoint. Frankly, we believe that continued arguments at this point is counterproductive. The proponents of a high authorization represent those who will pay most of the bill and they have the votes.

This does not mean that the NFO does not appreciate the leadership of the chairman and other members of this committee to satisfy the demands of those who feel so strongly that this committee has been too parsimonious in its provision for the food needs of disadvantaged people. We do appreciate the efforts of the Agriculture Committees of both Houses of the Congress, especially this year, as well as the Appropriations Committees.

Their actions have made it easier to continue the kind of relationship with our urban friends which will ease all of our still difficult jobs.

The hard political fact of life is that major decisions concerning both the farm problems and the problems of both the rural and urban poor are going to be made by those who have no direct interest in agriculture.

The passage of a bill which is substantially like S. 2547 without restrictive amendments should help to defuse what has been a politically and economically explosive issue. The welfare of our strife-torn Nation will be well served by this action.

The CHAIRMAN. Thank you, Mr. Graham. We appreciate this expression of views, and ideas for the benefit of the committee.

Are there any questions?

Yes, Mr. Mathias.

Mr. MATHIAS. Yes.

Mr. Graham, you mentioned No. 7 on page 3, the conditions of the Senate bill permits an exchange of food stamps for meals. Would you explain some of the details on that, how that exactly would work?

Mr. GRAHAM. Well, all I know about it is what is in the bill, but as I understand it, it would permit an elderly person who had qualified for food stamps under the regular qualifications, and maybe somebody even besides an elderly person, to exchange their food stamps for meals that have been prepared and served to them for the value of the food stamps.

Mr. MATHIAS. How do you determine the restaurants?

Mr. GRAHAM. Now, I do not think the bill suggests that this be done with restaurants. It suggests that it be done by nonprofit private corporations, as an old folks home or something of that kind. I don't think it is the kind of thing——

Mr. MATHIAS. Well, now, you endorse this idea. Did you check in on the details? Could it be in a restaurant or just——

Mr. GRAHAM. Well, I read it but I did not read anything in there that would indicate that they could go into a regular restaurant and exchange these. I would not approve of that if it did. I think that is getting a little too far off base. If the people are able to go out to restaurants they are probably able to do some shopping for themselves, but if they are unable to stay at home, if they are in an institution of any of various kinds that would be privately operated on a nonprofit basis, and if they had no money, this at least would be some payment on a bill for food. I see no reason why it should not be transferred in this case rather than in the regular retail food market. This is an exception to the retail provisions of all of the bills, and it is the only exception I know of.

Mr. MATHIAS. Do you go as far as endorsing the use of household articles, sanitations, and soaps and things like that?

Mr. GRAHAM. Well, I don't see how we can avoid that. If somebody has no money at all, how are they going to buy soap? If you give them all of the food they need, they certainly need to wash the dirty dishes, and I think we ought to have some limitation of household items that should be available with food stamps, but this in the modern day is generally considered part of the grocery bill, and too much of it is a part of the grocery bill many times. I do not see any particular point of objection on this one.

Mr. MATHIAS. That is all of the questions I have.

The CHAIRMAN. Thank you, Mr. Mathias.

Mr. Montgomery?

Mr. MONTGOMERY. Mr. Chairman, thank you, sir.

Mr. Graham, I appreciate your reading my bill, H.R. 13277.

Mr. GRAHAM. I did read it, too, carefully.

Mr. MONTGOMERY. I have to disagree with your conclusions.

Mr. GRAHAM. I am sure you would.

Mr. MONTGOMERY. You have fully endorsed, without amendment, I believe, Senate bill 2547. Is that correct? You have recommended it to this committee?

Mr. GRAHAM. Well, not necessarily without amendments. I said without restrictive amendment, limitations.

Mr. MONTGOMERY. Well, basically you have endorsed this bill?

Mr. GRAHAM. Yes, basically.

Mr. MONTGOMERY. And the bill is known as the McGovern bill, is that correct?

Mr. GRAHAM. I do not know. At this point it was not—

Mr. MONTGOMERY. Just for the benefit and identification to the committee—

Mr. GRAHAM. I am not sure. I did not compare the final result with the original bill.

Mr. MONTGOMERY. But you are familiar with this bill?

Mr. GRAHAM. Yes.

Mr. MONTGOMERY. Well, getting into some of the details, following up on Congressman Mathias line of questioning pertaining to the formula of who is eligible for food stamps under the McGovern bill, S. 2547, do you know who is eligible—and I use the example, say, of a family of six or seven. What maximum income could these people have to be eligible for food stamps under this bill?

Now, a formula has been worked out on it and are you familiar with who would be eligible, the maximum income of a family of seven people?

Mr. GRAHAM. Well, basically, yes.

Mr. MONTGOMERY. What is the figure?

Mr. GRAHAM. Well, I can provide it for the record, but I do not have that here with me. I do not have the formula that has been worked out.

Mr. MONTGOMERY. Yes, that is correct.

Mr. GRAHAM. Because it was a part of the committee report and not a part of the bill.

Mr. MONTGOMERY. Yes, that is correct. Now, my point is, and I think you know my point, I believe under the Senate bill a family of seven persons with the head of the household making \$11,000 would be eligible for food stamps under this McGovern bill, and that seems to be a little excessive.

Mr. GRAHAM. Yes, I think so.

Mr. MONTGOMERY. Would you not agree to that?

Mr. GRAHAM. I think that that is excessive. I think it is overly generous in several ways. Our support for that at that point was more pragmatic and political than economic, I am frank to tell you, and I gave you the reasons at the last part of my testimony. But, I think that both Houses of Congress have shown their ability to pass this kind of legislation if they want to, and we just get ourselves into endless

arguments with them, and I am getting tired of that argument. That is just basically what has motivated this.

Mr. MONTGOMERY. Well, you agree that this is an excess, and anybody making \$11,000 and would be eligible——

Mr. GRAHAM. I should think if I had seven children and \$11,000 a year, I think I would probably feed them on it. I might not feed them on steaks, but I think I could feed them with an adequate diet.

Mr. MONTGOMERY. That is all I have, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Montgomery.

If there are no further questions, we are very much obliged to you, Mr. Graham.

Now, we have devoted half of the time to three witnesses and we have a group here. I had understood there was one witness, but there are actually some seven here, but if we may keep them down to the statements of approximately 5 minutes apiece, I think we can get through. I think from seeing the statements that they are all short, and so we will be able to proceed.

We have the representatives of the District of Columbia Food Stamp Advisory Committee, and the first representative of that group is Mr. Harold Burke.

Mr. Burke, we will be glad to hear from you.

STATEMENT OF HAROLD BURKE, REPRESENTATIVE OF THE DISTRICT OF COLUMBIA FOOD STAMP ADVISORY COMMITTEE

Mr. BURKE. Mr. Chairman and members of the committee, my name is Harold Burke. I appreciate the chance to speak before you today. I represent both the Metropolitan Citizens Advisory Council, which is the citizens advisory group to the United Planning Organization that is the District's Poverty Agency, and the Food Stamp Advisory Committee to the Department of Public Welfare of the District of Columbia.

The major functions of our food stamp advisory committee are to evaluate the effectiveness of the food stamp food program that is administered jointly by the Agriculture Department and the District of Columbia Welfare Department; to devise new ways and means of publicizing the program; to encourage food stamp participants to make the most of their food money and their bonus food coupons by buying the best foods that will produce an adequate nutritional diet for them.

Since last January, our committee has been preparing food stamp recommendations, that we have previously presented to you and other members of Congress, to be used as a means of developing new legislative reforms to the Food Stamp Act. These reforms would provide for more food participants, who would get greater distributions of food, money and services.

Presently, it is a fact that the food stamp program in the District of Columbia and in most of the cities has only begun to reach a small population that is eligible for the program.

After 4 years in operation, close to 40,000 persons are participating in the District of Columbia food program. An estimate tells us that over 160,000 persons should be participating. But this is due to the lack of additional food stamp certification officer, general staff, improved community services and more liberal food stamp policies from Congress.

Our committee, along with the actual food stamp users, who will testify today, strongly feel that these inadequacies of the food stamp program and the growing existence of hunger and malnutrition in America can be solved by Congress only if it creates favorable reforms to the Food Stamp Act.

Following my testimony actual food stamp users will describe a picture of what it is to the day-to-day or week-by-week or month-by-month on the food stamps, and with that description you can get some idea of the problems that I occur.

I appreciate this opportunity to speak with you today, and our committee thanks you for asking us to participate.

The CHAIRMAN. Thank you, Mr. Burke.

Now, in order to proceed with dispatch, the committee has found it advisable where we have a group of this kind, to ask if you will step aside and wait until we can have all the other statements, and then let the group, as a whole, respond to questions.

So, I will now call on Mrs. Gloria Barnes.

So, Mr. Burke, if you will step aside for Mrs. Barnes to testify.

Mrs. Barnes, we will be glad to hear from you.

STATEMENT OF MRS. GLORIA BARNES, REPRESENTATIVE OF THE DISTRICT OF COLUMBIA FOOD STAMP ADVISORY COMMITTEE

Mrs. BARNES. Well, I am a food stamp user, and it is kind of hard.

The CHAIRMAN. May I ask, now you have a written statement, and if you are going to use the written statement, the committee wants you to use whatever you please, but if you are going to use the written statement, it will be made a part of the record.

If you intend to make another statement, we will insert either one you want, but we will not insert two statements. Now, are you going to use the written statement, or are you going to say something else?

Mrs. BARNES. I am going to talk definitely about food stamps.

The CHAIRMAN. You are not going to use the statement?

Mrs. BARNES. Yes; I am going to use the statement.

The CHAIRMAN. All right. That is all right.

Mrs. BARNES. What I wanted to say about this statement, now my food stamps run me \$68 a month, and my rent runs me \$80 a month, and when I pay my telephone bill and get my groceries in, I hardly have anything left for food or for clothing for my kids.

So, that means that my kids have to come up short of clothing. Well, if they give me a store that I can buy clothes, the clothes are so high I can only get maybe a couple of pieces where there are two other kids that didn't get anything, and this is why I feel that we really are not getting enough money a month to support our family properly.

Now, I have \$8.75 a month telephone bill. Well, I can't afford to even talk long distance call to my mother because if I do it will cost me so much that I couldn't afford to pay it. I have a gas bill that runs me about \$34 a month during the winter months because the house that I live in is not permittable, it needs some work done to it. It is cold downstairs.

I have got to keep the heat up as high as it can go, and if I don't keep the heat up as high as it can go my kids are sick with colds.

Right now they have lost quite a few days out of school on account of they have had such colds and flu and also I have had it.

The lack of cash is a real problem, that we don't have enough to go around to our families. We don't have enough to buy food stamps, and if we didn't have to pay so much for food stamps we would be able to buy the food stamps. When our grants go up, our food stamps are going to go up, too. It would help us quite a bit if we didn't have to pay for our food stamps all at once. If we could pay \$34 twice a month or \$17 four times a month, this would be better than the way we are doing it now.

I know that my food budget is going to be worse because my kids' appetites are growing each day, and they eat more. My 5-year-old can eat as much as my 11-year-old, and this is a girl child, but she eats a lot, and it takes a lot for her.

Then I have another one who eats quite a bit. She comes in from school in the afternoon, she is ready to eat again, but she hasn't been but a little while had her lunch. But, she is still ready to eat again and if I don't give it to her, that child is going out and saying, "Well, I am hungry."

One hundred dollars does not stretch to the end of the month. By the end of the month we hardly even have enough to eat.

Thank you for listening to me.

The CHAIRMAN. Thank you very much, Mrs. Barnes. Now, the statement you have made will be the one that will appear in the record, and not your written statement. I want to make it plain that any witness can make their choice of whether they are going to use the written statement or make a different statement, but we cannot put two statements in the record. You can have the choice.

Now, the next witness is Mrs. Mary Thomas. Mrs. Thomas, we will be glad to hear from you, and you may either use your written statement or make a different statement, but I would be glad if you would advise me what you are going to do.

STATEMENT OF MRS. MARY THOMAS, A REPRESENTATIVE OF THE DISTRICT OF COLUMBIA FOOD STAMP ADVISORY COMMITTEE

Mrs. THOMAS. Thank you.

Gentlemen, my name is Mary Thomas. I am glad to be here today and to speak as a person who uses food stamps and also as a community worker who urges other people to use food stamps. I see many people who are suffering from malnutrition every day and I ask how can we get them to use food stamps. Also, why don't they use food stamps.

1. People don't know about the existing service. They are surprised when we come to their homes and tell them what is available to them.

2. People don't like handouts. Some people are so full of pride we have to work extra hard in order to convince them that the benefits of the program are for everybody.

3. People often believe benefit programs like food stamps are a fake. They have been fooled many times in the past.

4. Some people are apathetic, unable to make the effort to get to the certification office and the bank. Part of their lack of feeling can be traced to poor diet. That was my No. 4.

Many people who should be using food stamps have never had a balanced diet and don't know what a balanced meal is. How do you know what you're missing if you've never had it before?

Many of the recommendations we brought to your offices mention the need for publicity and educational material. There is no doubt that we need plenty of booklets and radio and TV announcements. But we must also train people to get out and tell people about the food programs, about balanced diets, and how to get more food value for their dollars.

We must get workers from the community who speak the peoples' language to tell them about these programs.

At present 40,000 persons in the District use food stamps but 100,000 more are eligible. This is true throughout the country.

We won't have good nutrition in this country until we have the workers to get out and tell the story.

The CHAIRMAN. Thank you very much, Mrs. Thomas.

Now we will hear from Mrs. Mary Peters.

Mrs. Peters.

STATEMENT OF MRS. MARY PETERS, REPRESENTATIVE OF THE DISTRICT OF COLUMBIA FOOD STAMP ADVISORY COMMITTEE

Mrs. PETERS. Good morning, gentlemen. My name is Mary Peters, and I am a member of the Neighborhood Development Center No. 1.

It is a pleasure for me to be here this morning. In my work in the neighborhoods of Washington, I deal primarily with families who receive public assistance, commonly called welfare. I would like to talk about how the public assistance caseworker works with the food stamp program.

In the District, people who receive public assistance do not have to go to a food stamp certification office. Their social worker is supposed to write up a form which will put them on the mailing list for food stamp authorization if they want it.

This is a good system, but it does not work, because (1) It should be mandatory for caseworkers to tell clients about the food stamp program; (2) Caseworkers don't always know enough about the complicated food stamp regulations to include all the hardship information which might lower the cost of food stamps.

We have recommended that all caseworkers be required to explain the food stamp program to clients and enroll those who want it.

Also, we recommend that all caseworkers receive inservice training in food stamps so they can give their clients the best possible breaks from the program.

For nonpublic assistance persons there are long lines and a long interview with verification of income, rent, et cetera.

It is very time-consuming and discouraging. We recommend that a person's declaration of income and expenses be accepted in food stamp offices in the same way income tax returns are accepted by the Internal Revenue Service.

Another problem area is "mixed households," that is, households where there is income from more than one source which results in the denial of food stamps to those who need it.

For example, a family with a marginal income might have a grandmother living with them who receives social security. The grandmother's income totaled with the family's, denies the entire household the right to food stamps which they both would have, if the grandmother lived independently.

Thank you.

The CHAIRMAN. Thank you, Mrs. Peters.

And now the next witness will be Mrs. Mildred Claypool.

Mrs. Claypool.

**STATEMENT OF MRS. MILDRED CLAYPOOL, REPRESENTATIVE
OF THE DISTRICT OF COLUMBIA FOOD STAMP ADVISORY
COMMITTEE**

Mrs. CLAYPOOL. Gentlemen, my name is Mildred Claypool from Neighborhood Development Center No. 2.

Thank you for the opportunity to speak here today. I want to talk about those who need food stamps but can't always afford them.

Where you live, in the suburbs, everybody seems to be pretty much on the same financial level, or must have a certain minimum income. In my neighborhood on Eighth Street, NW., we have some of every class. These are classes we have: We have the professionals, which consists of teachers, doctors, and lawyers. We have Government workers in another class. We have those who work for private concerns—D.C. Transit, Peoples Drug, motels, and hotels. We have welfare clients who receive benefits regularly; but the class I want to talk about is this class.

But there are some who do not qualify for welfare because they have an occasional income. They work off and on, mostly in construction. They often only 1 or 2 days a week. When these people do get a little money, they usually spend it paying back what they borrowed during the off days.

These people should be given food stamps regularly based on what they need to feed their families (and they usually have a lot of children). If you do not see fit to give these people free food stamps, then some other arrangement should be made. It is up to Congress to set up guidelines for food stamps for these people, because there are many of them, all over the country. They need good nutrition, too. Without clear policy from you these people may eat at the whim of county administrators who may be unsympathetic to their needs.

Emergencies happen to everyone, but when they happen to people with little or no money emergencies are catastrophic. Often what people need most in the time of emergency is food. The Food Stamp Advisory Committee has asked for emergency food banks in addition to the food stamp program.

The food stamp program is based on income. For those who have no income, in a time of emergency, such food banks might save the day.

If there is any doubt that emergency food is needed, I can bring you statistics from churches, neighborhood centers, and the Welfare Department Family Emergency Shelter. Every weekend when food stamp service is not available, people come to these places for food to tide themselves over for the rest of the week.

Now, I have a few things I want to say that is not on this paper. Now, for instance, the food stamp program is a very good program, I think, just needs a little brushing up and a few things that I can tell you that will remedy and help it go along smooth.

You see, I think the food stamp program should stay just where it is, with the Agriculture Department. I don't know why Welfare wants to take it over when they have been knowing people have been hungry all of their lives and then it took the Government, had to send the Government to find out we were hungry.

Welfare has been knowing this all along but they didn't do nothing about it.

And another thing, I want to say that these people that I am talking about, that you are overlooking between the welfare clients and the people with no income. You see, it is a level of people in there that have a little income, but the income keeps them from qualifying for welfare because of the guidelines. I think the guidelines should be done away with completely and give a person something according to what he needs, because you cannot set up a guideline that will match everybody, because everybody is different. It should do away with the guideline.

For an instance, these people who have this little income, they work 2 days, and the next 2 days they don't have nothing, they have got to borrow off the rest of the week, and then when they get something again they are behind and they still don't have nothing.

Now, if you have some way of giving them some food stamps, and if you can't give them free food stamps, give them food when they need it, and then when they make some money let them pay on it like you do a bill, pay something on it, but continue to give them food stamps.

And then another thing, this food bank, you see, I work for NC-2, I work on Saturdays, and they have this if you have free food banks when these people run out of money, you see the bonus on the food stamp is so low that they don't get enough money, get enough food for their money, to run them a whole month. It only runs 3 weeks, and the other week you have got to beg and do whatever you can to make it over until the first of the month again.

Now, if they had free food banks in different places, when they run out of money like that and they don't have no food they can come to these food banks and get some money. And then another thing, when the banks are closed, when the food places are closed, and on Saturdays especially, the Government don't work on Saturday and that means food banks and things are closed on Saturdays, and they come to us to be certified.

Well, that's not going to do them much good because after we certify them they can't get the food stamps because they don't have the money. You have got to get that ticket first and then get the food stamps. But, everything is closed. Now, if they had a food bank there they wouldn't have to do all of that, you would just give them something to eat, give them something to eat.

They found out we were starving, and then we eat, but that's the reason why we are so malnutrition, because we have to buy beans, all types of beans, dried beans, blackeyed peas, butter beans, but they are still beans, to make them know that we are eating. We are eating, but it took another man and another category to find out why they

were wrong, because they are eating but not eating the right kind of food, because they don't give them enough to get the right kind of food.

Now, if you don't want to give us soap and things in our budget with the food stamps, give us a larger budget, bonus on the food stamps to do that, so when we have this larger bonus we can have a little money left to buy the soap and detergent and all of that. I can see where they might not want it mixed up. The money goes back to Agriculture and they have to split it up then and divide it with some of these other people.

You see, if you don't want to do that, then give us a bigger bonus for the money that we do spend, to carry us over, and then that would work.

Now, that's one of the things you could do to make it work, you see. Now, did everybody get the picture? I want you to get the picture, because if you don't get the picture you can't see my point. Those are the people that I am asking for because those kind of people are all over the country. They might not be construction workers, but they are food pickers, and all of the fruit pickers, and things like that. They have the same thing, work a few days and other days don't work. These people don't have no money. If they don't work they don't have no money.

They don't have no other kind of income. Now, why should you hold back the guidelines on that? You know they need the food, give it to them. It is here. You send it everywhere else; you can give us some of it.

(Applause.)

Mrs. CLAYPOOL. I thank you very much, and I hope this sticks.

The CHAIRMAN. Well, thank you.

Our next witness will be Mrs. Yvonne Betters.

Mrs. Betters.

STATEMENT OF MRS. YVONNE BETTERS, REPRESENTATIVE OF THE DISTRICT OF COLUMBIA FOOD STAMP ADVISORY COMMITTEE

Mrs. BETTERS. My name is Yvonne Betters.

Gentlemen, I appreciate the opportunity to speak with you today. I would like to speak in reference to a great need in the community for more food stamp certification officers, particularly those who can go out and reach the bedridden and the elderly.

I asked to speak here today because of my own case. Last May I was informed that it would be necessary for me to have an operation for cancer. At that time I took a leave of absence from my job as a recreation leader with the District of Columbia Recreation Department. Until that time my income was too high for food stamps. I live with my four children, age 6 to 15, in public housing.

I was operated on in mid-June but did not receive any welfare benefits until mid-August, because it takes quite a while to get the papers processed.

During this period of recuperation, the only income was \$67.80 a month, a social security payment for my two boys whose father is in Glendale Hospital with tuberculosis.

I was quite desperate for food. I called and was told there was no way to get food stamps if I could not come to the office. I asked if I could send my 15-year-old but was again turned down.

Fortunately, I had a friend who worked in the near Northeast Community Improvement Corporation office where there is also a food stamp unit. She took my papers and got me certified for food stamps—but this was a personal thing. What would I have done without a friend in a strategic spot?

In our public housing unit there are people who can't see, who move about with canes. Everywhere are the elderly who have worked all their lives and are now too feeble to go to the certification offices. Workers should be available to visit these people and certify them for food stamps.

Now, I live on a property that has many people that cannot see, cannot go any place. These people are afraid to go to the certification office, really, because there are a lot of young people and they are nervous and they don't understand.

What I am trying to say is that we need somebody like nutrition aides, certification officers that can speak to these people. Now, I only ask them to come out and go to their homes and have pamphlets to show them what to buy with these stamps, along with certifying them, and give a person a book of stamps and say go to the Safeway with this, is not enough. They need to be told what to do with the food stamps when they get them and what to buy. If they have a nutrition aide, along with the certification officer, they would be much obliged and they would know what to do and appreciate their food stamps. Thank you.

The CHAIRMAN. Thank you, Mrs. Betters.

Mrs. Mary Spriggs.

STATEMENT OF MRS. MARY SPRIGGS, REPRESENTATIVE OF THE DISTRICT OF COLUMBIA FOOD STAMP ADVISORY COMMITTEE

Mrs. SPRIGGS. Mr. Chairman, committee: My name is Mary Spriggs. I appreciate the opportunity to speak with you today. I am 70 years old. My husband is 72. He has been receiving retirement since 1951 when he became totally paralyzed. Over the years his monthly checks have gone from \$70 to \$104. Just this month we received the largest one to date \$117.

I was working until August, 1968, when I became ill. I am not eligible for social security because I have not contributed enough. I need about 2½ years more.

We were buying our own home but payments have been increasing rapidly because they raise real estate taxes (from \$168 to \$314 this year).

I called to inquire about it and they told me the house is depreciating but the "dirt" is going up. The note is \$136.60 a month.

Now we are trying to negotiate to sell the house and move to an apartment. This is a big job when you can't count on good health. I have arthritis, diabetes and heart trouble.

Today I came to talk about food stamps. I was paying \$20 for \$40 worth of food stamps. Four months now. Now we pay \$1 for \$30 worth of food stamps. We simply cannot live on that amount of food. In

recent hard times we've been living on the extras we get from our working friends.

It is a shame for a person to work all his life in this country, to be a good citizen and do volunteer work for political candidates like yourselves, and wind up with not enough to eat. I might add that to supplement my husband's income since I've been sick I tried to get welfare. They took a lien on my house and three insurance policies. I got \$11 a month for 3 months. Then, my husband received an increase of \$8 a month of which \$7.40 was taken out for medicare insurance.

There are many older persons like my husband and myself and others who live alone. Rents are high and when you buy food stamps you don't get enough to eat and all your cash is gone. We need good diets because our health is failing. When you don't eat well, it starts a vicious circle of getting weaker and feeling worse. Let's break the circle by giving us enough food stamps to live on.

Thank you.

The CHAIRMAN. Thank you, Mrs. Spriggs. We appreciate your statement.

Now, I suggest if there are any questions of any of these last seven witnesses, that the members of the committee might question them now.

Are there any questions of any of this panel?

If there are no questions, we are very much obliged to all of you for your attendance. We appreciate each of you making a presentation to the committee. I thank you all for being here, and you are excused.

Mrs. CLAYPOOL. There is one more thing I would like to say, just one thing. I want to add this so the welfare people can hear this.

The welfare people, I hope you take notice of this. You see, we have sales in the stores, and the people have the food stamps and there are sales in the store, but now here is the hindrance to that. The Frigidaires that they have, they have these little old small boxes for the little apartments, efficiency apartments, nowhere to store nothing. Now, it looks like to me that the welfare, the families that are on welfare that have large families and a lot of children, they could furnish them with a Frigidaire where they could put something in it and store something so that when they get these sales they can store this food, and if you store something you have always got food. But, if you don't have nowhere to store nothing, those sales are no good to you.

Now, please, welfare people, or whoever is connected with it, see that these large families get a Frigidaire where they can store something, and then that will teach the people how to store something and they will always have something on hand. But, if you don't have nowhere to store it you can't do nothing with it.

I wanted to say this a long time ago and I forgot it, and this is a good time to say it, so that some of these other people can hear.

Thank you.

The CHAIRMAN. Thank you.

Thank you all. Thank you all for your attendance.

I believe that concludes the list of witnesses and the committee will stand in recess until tomorrow morning at 10 o'clock.

(Thereupon, at 11:30 a.m., the hearing was recessed, to reconvene Wednesday, October 29, 1969, at 10 a.m.)

working people

for the entire year

well-known. They took a man on my horse and there in
company since I've been sick.
about with not enough to eat. I might add it
a good citizen and an honest man. On my last visit

other persons like my husband and I
there who live alone. He is a man and when you find food

on the various sides of the
health is a man who doesn't see it
feeling worse. Let me

Thank you.
The chairman. Thank you.

Now I suggest it there are any questions of any
the committee must discuss them
Are there any questions of any of this matter?

We are very much obliged to all of you
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I hope you take notice of this. You see
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Thank you.

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the list of witnesses and the committee
and the meeting was recessed at 10 o'clock
(The meeting was recessed at 10 o'clock)
Wednesday, October 22, 1936 at 10 a.m.

FOOD STAMPS

WEDNESDAY, OCTOBER 29, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10:05 a.m., in room 1301, Longworth House Office Building, the Honorable W. R. Poage (chairman) presiding.

Present: Representatives Poage, Abernethy, Purcell, O'Neal, Foley, de la Garza, Vigorito, Montgomery, Sisk, Burlison, Lowenstein, Jones of Tennessee, Melcher, Teague, Wampler, Miller, Mathias, Mayne, Zwach, Kleppe, Myers, Sebelius, Mizell, and Resident Commissioner Córdova.

Also present: Christine S. Gallagher, chief clerk; Hyde H. Murray, associate counsel; John A. Knebel, assistant counsel; and L. T. Easley, staff consultant.

The CHAIRMAN. The committee will please come to order.

We are met to further consider the general farm and food stamp legislation with special emphasis on food stamps at this time. We had scheduled Senator Javits and Senator McGovern. I understand Senator McGovern will not be with us but Senator Javits is here and is anxious to get back to a hearing on his side in which he is interested. We are always delighted to have the Senator with us. He was a distinguished Member of the House of Representatives before most of our Members were in the Congress.

I am delighted to have you with us, Senator. We will be glad to hear from you.

STATEMENT OF HON. JACOB K. JAVITS, A U.S. SENATOR FROM THE STATE OF NEW YORK

Senator JAVITS. Thank you very much, Mr. Chairman, and members of the committee.

Mr. Chairman, my appearance before this committee is to call your attention to, as vividly as I can, the key provisions of the Senate-passed food stamp bill, S. 2547, which has been referred to this committee. I am mindful of the fact that the action of this committee will be in the tradition of independence of both Houses. I am also prepared to respond to any questions.

First, I wish to emphasize that the Senate acted notwithstanding recommendations of the Senate Agriculture Committee. That, in my judgment, is very significant.

The Committee on Agriculture in the Senate is highly respected in all areas of its jurisdiction, and only rarely are its recommendations

overturned. However, the problem of hunger—both in its proportion and its nature—is not solely a problem of agriculture. If it is partially, a problem of agriculture products, it is also very heavily, a welfare problem. Thus it was appropriate and necessary for the full Senate to treat this problem in all its aspects and to adopt a bill which reflected that broad view.

I think it would be a mistake to assume that the Senate repudiated the Committee on Agriculture. As the ranking Republican member of the Select Committee on Nutrition and Human Needs, and as one who joined with Senator McGovern in this action, I feel that this was not the case. Rather, the Senate resolved a jurisdictional dilemma for there is no legislative committee which encompasses the broad spectrum in the area of human and other basic needs as does the select committee.

I believe that the Senate did its best under these circumstances. With that background, Mr. Chairman, I would like to make a brief statement.

I appreciate very much the opportunity to testify on what I consider to be one of the most crucial humanitarian pieces of legislation to come before the Congress this year, the expansion and reform of the food stamp program.

As I have stated, I am the ranking Republican on the Senate Select Committee on Nutrition and Human Needs. I have heard the testimony and have seen the evidence, in the field as well as in the hearing room, of the serious inadequacies of the existing program which make it more restrictive and limited than is needed to reach and serve millions of the hungry poor.

It was almost inconceivable that there should be so much hunger in this country, and its existence has, I think, very much aroused the conscience of the country. Hence, the effort to greatly improve this program. It is a fair estimate that this affects a minimum of five million people.

For over 2 years now, the Congress, and the American people, have been aroused by the national disgrace of hunger amidst affluence. We have talked, we have seen, we have deliberated. Now the time has come to reorder our priorities so that we can act. We must provide the necessary programs and funding so that the Nation's hungry and malnourished can receive the basic balanced and adequate diet which every American deserves and which this great Nation is capable of providing.

There has been a doggedly slow pace, it seems to many in the country, in coming up with the programs and the funds needed to combat hunger.

Speaking now, personally, I am convinced that the Nation's agricultural policy cannot be one-sided—a policy that provides some billions of dollars for supporting the price of food or keeping food out of production and limited millions for bringing food to the poor, a policy which spends millions for curing the diseases of fattened livestock but finds it hard to provide the money needed to eliminate parasites in malnourished children. And so, I appear today to urge the committee, a committee which has done so much good in improving the lot of the farmer, to take a basic first step in broadening our Nation's agricultural policy so that it also meets the needs of hungry Ameri-

cans. That first step is to provide a practical, efficient, thorough, and humanitarian food stamp program.

Such a program, in my judgment and, obviously, that of the Senate, is provided in the historic food stamp bill that the Senate passed some weeks ago—and which is now before this committee.

I urge the committee to adopt the key provisions of the Senate bill, which are so necessary if we are to meet our commitment to the Nation's hungry and malnourished poor. I also would like to stress that an expanded food stamp program could be of substantial benefit to agriculture in the United States. Historically, we have approached the problem of stabilizing agricultural prices by seeking to hold down the supply. However, an expanded food stamp program would serve to maintain prices by increasing consumer demand for farm products. Thus, food stamps could provide an added price-stabilizing factor on agricultural products that heretofore has not been adequately explored.

I believe that the Senate-passed bill, S. 2547, would go a long way towards eradicating the deficiencies of the present food stamp program. It would bring the purchasing power needed to achieve a balanced diet within the reach of those who for so long have been denied assistance due to bureaucratic red tape, inadequate funding and inequities in the existing law.

The key provisions of the Senate bill break new ground in a number of areas by (1) providing free food stamps for any family of four whose monthly income is less than \$60; (2) allowing, where appropriate, concurrent distribution of surplus commodities and food stamps in given counties; (3) authorizing the establishment of national eligibility standards which would allow families of four with incomes of less than \$4,000 per year to participate in the program and (4) establishing a clear Federal responsibility in those areas where local officials either refuse to operate a stamp program or fail to operate an existing program adequately.

The Senate, in passing S. 2547, has now clearly declared that the Federal Government must and will mount a full-scale attack on hunger and malnutrition and will devote the necessary resources to the achievement of that objective—that the Nation's conscience just will not tolerate anything less.

I might point out that it was this administration which broke the redtape barrier that had blocked its predecessor. President Nixon earlier this year called for substantial improvements in the Federal food assistance programs and for "an end to hunger in America—for all time." Evidence of this administration's commitment has been provided by significant administrative breakthroughs by Secretary of Agriculture Hardin and Secretary of Health, Education, and Welfare Finch, and by the proposals for food stamp reform which the administration submitted to the Congress earlier this year.

The Senate has now responded to the overwhelming sense of urgency which has characterized public concern with this issue. In expanding and reforming the food stamp program, the Senate has taken a giant step toward providing the administration with the tools it needs to establish and implement a truly responsive food assistance program.

Mr. Chairman, the Senate bill would provide \$1.25 billion for fiscal 1970, \$2 billion for fiscal 1971, and \$2.5 billion for fiscal 1972. Congress

provides nearly \$3 billion in order of magnitude in assistance programs to farmers. Surely it can provide at least half that amount to enable the hungry poor to have adequate diets. I deeply believe that the Nation's conscience has been sufficiently aroused. And, it should no longer tolerate the bloated bellies of malnourished children and it should no longer permit the empty stomachs that prevent millions of impoverished schoolchildren from gaining a full mind. If we can provide programs to feed 48 million malnourished children around the world, then we must do no less for our own disadvantaged here at home. I do not begrudge what we do abroad at all, but we have to perform our obligations here. I hope very much, Mr. Chairman, that the matter will be of the highest priority with the committee. I compliment the Chair and the committee for having these hearings so promptly upon the passage of the Senate bill, and I would like to emphasize that an expanded and reformed food stamp program enacted by Congress will provide national direction and leadership for some local officials who for too long have resisted implementing the food stamp law and for other local officials who have been caught in the maze of redtape which has on occasion snarled it.

If we take the lead, we can demand that local governments will also do their best to comply.

Already, my own State of New York has passed a law requiring every social service district in the State to apply for a food stamp program, or at least a commodity distribution program, until a stamp program can be implemented.

I would like also at this time to pay a tribute to the chairman of our select committee, Senator McGovern. We have worked together very closely. We feel that hunger knows no parties and this is a strictly bipartisan effort in which we are engaged. I know—I do not have to urge—I know that the approach of this committee and of the House will also be in that spirit.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Javits. I know you want to get back to an important hearing. I hope that the Chair will not take too much time.

I did want to ask you about four or five questions.

You discussed at some length the Senate-passed legislation, which is not the same as your agriculture committee suggested. I just wonder if you recall where the first food stamp program was presented and from what committee it came.

Senator JAVITS. I do not, Mr. Chairman, but I have a dim recollection that it originated in this committee.

The CHAIRMAN. That is correct.

Senator JAVITS. It came from the House Agriculture Committee.

The CHAIRMAN. I am sorry that the present leading advocates of the food stamp program have such dim recollection, as the Senator puts it, as to who originated the food stamp program. This committee originated the food stamp program. This committee brought it out and fought for it. But it seems that a great many people's recollection is so dim that they rather feel that this committee, instead of being the sponsor of the food stamp program, is its chief enemy.

Senator JAVITS. Mr. Chairman, I mean no derogation by my remarks of my respect and admiration for the committee and its members who

brought the food stamp program forward. I believe at that time I was actually serving in the House of Representatives. I was only being accurate as to my memory. But I did recall that the food stamp program originated here and I pay the fullest tribute to the ingenuity of the men who brought it forward. I would like to point out to the Chair that perhaps the greatest tribute to any of us is permanence. In other words, the things of which I am proudest as a legislator, having spent over 20 years in the Congress are the programs which I originated and which persist. It is fundamental that the idea of food stamps—the dignity it gives, the technique of using established channels of distribution in terms of retailing, et cetera—has now been validated. This is evidenced not only by time, but also by the fact that the Senate's action regarding food stamps is all premised on that basic food stamp program and the desire to improve upon it.

The House Committee on Agriculture has great reason for satisfaction with the permanence of what it initiated.

The CHAIRMAN. Thank you, sir.

Now, do you consider this a program of supplementing the resources of those whose resources are not adequate to provide all the food they need, or do you look upon it as a program of providing for all of the needs of people in the United States?

Senator JAVITS. I regard it as a supplementary program. However, I also view it in the light of our new determination to put a floor under the incomes of the poor. We now intend to hold them to a new standard, to wit, the standard of training and work. It seems to me that we cannot consider this measure as standing alone but rather as an element in a totally new approach to the concept of what to do about helping the poor in this country. And I, therefore, believe that if we expect the poor to learn and to work, then we must provide them as a fundamental base, an adequate quotient of food.

The CHAIRMAN. Well, now, that leads me to my next question, as to just how far would you go. Would you go far enough to supply clothing as has been suggested. Obviously, clothing is needed as well as food. Would you provide clothing through these stamps?

Senator JAVITS. Mr. Chairman, that might be the optimum but I do not believe that we can do it realistically in terms of cost or in terms of preparation. I believe that we simply have to do what we can do. We cannot be doctrinaire about these things. The fact is that we do have a food program, we do not have a clothing program. We are going to try to approach clothing and shelter in other ways.

I like very much the administration's basic payment welfare plan. It is a wonderful beginning. I like very much the approach to training and work and day-care centers which will enable AFDC mothers to join in the program, but you cannot wrap it all in the food stamp program. This is food, basic, important. I would not ask the Congress to go beyond that except in other programs which we will be considering in due course.

The CHAIRMAN. Now, would you object, as one of the witnesses recently before us did object, to requiring such work of the recipient of food stamps as that recipient might be able to perform?

Senator JAVITS. In my judgment, Mr. Chairman, to relate the food stamp alone to a work quotient would be neither effective nor efficient. However, I strongly favor the administration's welfare concept. I do favor making the overall engagement of the Federal Government to

the poor, either directly or through the States, contingent upon manpower training and manpower programs of a specific character generally rather than only related to the food stamp. We should enact a good food stamp program. A manpower training plus basic welfare payment program may come next year and there will be a time lag between the two. But I think socially that time lag is justified by the greater efficiency which would result. And I do not think we can be as simplistic as to say if you want to eat you have to work.

I do think, ultimately, that is the way it will work out, given the network of programs with which we are wrestling right now.

The CHAIRMAN. The gentleman from California?

Mr. TEAGUE. No, thank you, Mr. Chairman.

The CHAIRMAN. Anybody want to ask any questions?

Mr. ABERNETHY. I would like to—what is the amount of the Senate bill?

Senator JAVITS. The Senate bill is—the first year, a billion and a quarter. The next year, \$2 billion, and the next year \$2½ billion.

Mr. ABERNETHY. Do you think \$2½ billion will be the maximum and that that would take care of those that others have in mind throughout this country?

Senator JAVITS. Congressman Abernethy, I think the answer to that question must be no. Indeed, it is very doubtful that the \$2½ billion will take care of those eligible. I am very cognizant of that, but for the same reason that I said what I did to Chairman Poage about the clothing, I have to say the same thing to you.

We can not pretend that this bill will be more than an improvement in degree, I think major degree, both qualitatively and quantitatively, but to pretend that it is the optimum would just be untrue.

Mr. ABERNETHY. Well, evidently Senator McGovern, you and others have made a rather studious study of this. What do you think would be the approximate maximum amount of money that should be expended at the Federal level in order to reach all who are in need of food stamps?

Senator JAVITS. I am told, Congressman, that if you take the estimate of the Department of Agriculture on the Senate bill the amount would go up to around \$5 billion. There is some disagreement about that estimate, because—as I understand—the fulcrum of the controversy relates to the \$4,000 ceiling. It is argued that in fact, other provisions of the bill increase that to a \$6,000 ceiling.

Mr. ABERNETHY. Your answer helps me very much. I recall when we first reported this bill out of committee I made a statement in a newsletter and I think also on the floor of the House that this program would, within a few years, run to at least \$4 billion annually. I was hooted at by some people and also highly criticized by some for issuing a statement in a newsletter; but I think you are right. I think it will run to \$4 or \$5 and probably more than \$5 billion. I am just trying to estimate what it will cost.

Now, Senator, what is your attitude about making food stamps available to people who are on strike?

Senator JAVITS. I would say that the basic welfare quotient—of which food stamps are a part—should be made available to all Americans, even if they are on strike. I do not believe in the simplistic approach which would require work to eat. I do not agree that you are

going to get men to go back to work because they are not getting food stamps. On the contrary, I believe that you are more likely to get them out on the barricades.

Mr. ABERNETHY. Well, now, food stamps are being made available in some instances to people who are on strike and that gives the endorsement of the Government to the idea throughout the Nation of making food stamps available to all persons who are on strike, making them available to one. If it is right to make stamps available to one group it certainly would be right as you have just suggested, to make them available to all groups. Do you agree with that?

Senator JAVITS. I do.

Mr. ABERNETHY. You did not take that into consideration, I do not think, in the \$5 billion estimate that you have just submitted, did you?

Senator JAVITS. I think I did. This is a very rough approximation. There is some difference of opinion between those who authored the Senate bill and the departments on this cost. I do not believe that there can be any claim that, having limited the authorizations, we are going to go beyond that. That is what we have limited it to. If anything, the Appropriations Committee will go below that. Therefore, it is somewhat academic to discuss the maximum possibilities. We have an order of magnitude, Congressman Abernethy. There will be a major improvement in the food stamp program even without the authorizations which the Senate has put on the program. I did not wish to pretend—

Mr. ABERNETHY. I do think it is time, though, that we put on the record the whole picture of the potential and what we are headed for. Do you not think so, and you will have to do it—

Senator JAVITS. Not necessarily headed for—

Mr. ABERNETHY. Maybe I did not use the right word. Why are we not headed for such?

Senator JAVITS. No. You have used a very important word. I constantly hear, and you, as a very distinguished legislator of long experience, constantly hear of "precedent"—that if we pass \$21½ billion, we are going to have to pass \$5 billion.

Well, we do not have to pass anything. We are limiting it to \$21½ billion. If we do not want to increase it we will not, notwithstanding the fact that if one were seeking 100 percent participation it might cost \$5 billion. That is up to us. Right now we stand at \$21½ billion. We might reduce it. Therefore, I cannot subscribe to the theory that, ipso facto, you or I are going to vote for \$5 billion. We are not.

Mr. ABERNETHY. Well, of course, passage of \$21½ billion is up to us, too.

Senator JAVITS. That is right.

Mr. ABERNETHY. But you have just testified that you think that it will reach around \$5 billion and you have taken into consideration the fact that that pertains to strikers and you testified that strikers ought to be fed; so if there was a bill before this committee providing for such, you would be testifying for it.

Senator JAVITS. I do not know about that. I have got to consider the overall financial means of the country. I voted together with you and others, I think you, to limit our expenditures to something like \$193 billion, plus some additions within the criteria established by law. I have got to pay attention to that, too.

Mr. ABERNETHY. Well, Senator, I really cannot just follow your statement. You just said that you thought they ought to be made available to strikers. That was what you said, was it not?

Senator JAVITS. I certainly did.

Mr. ABERNETHY. All right. Then, if that issue was before the Senate would you support it or oppose it?

Senator JAVITS. Within the limits of \$21½ billion in fiscal 1972 and for no more.

Mr. ABERNETHY. What would you do when they present the \$5 billion?

Senator JAVITS. I just could not pay it. I would have to make some—

Mr. ABERNETHY. I know you would not pay it but would you vote for it?

Senator JAVITS. I could not because I have limited myself to \$21½ billion.

Mr. ABERNETHY. I see. All right. Now—and I am not quarreling with people making good hourly wages. There are many people in the Nation that make \$6, \$8, \$10 an hour and I think maybe we have some people now making that figure and who are on strike.

Would you feel that it would be right for the city of New York to distribute food stamps to a person on strike who was making \$8 an hour?

Senator JAVITS. Well, he would not be eligible for—

Mr. ABERNETHY. And went on strike?

Senator JAVITS. He would not be eligible for food stamps if he were earning \$8 an hour. He is only eligible for food stamps if his income at the time of stamp application is within the welfare category.

The fact that he was making \$8 an hour does not relate to the situation where he has been out on strike for so long that he is simply unable to feed himself. I would support public assistance to feed him if he cannot afford to feed himself, and that is the criterion in the bill, even though he is out on strike. I would not use the withholding of the food stamps as a weapon against that man because he is out on strike, but I will not feed him if he can well afford to feed himself.

Mr. ABERNETHY. I realize that, Senator, but he is out of money, he is out on strike, he has been making \$8 an hour, he goes on strike. He has got no money. He could go back to work in the morning at \$8 an hour.

Senator JAVITS. Correct.

Mr. ABERNETHY. My question is, would you feed him through the use of food stamps.

Senator JAVITS. I would not coerce him with that weapon.

Mr. ABERNETHY. I did not say coerce.

Senator JAVITS. Yes, you are. I am sorry, sir. I have to disagree. You would coerce him. You would make him starve.

Mr. ABERNETHY. No.

Senator JAVITS. Yes, you would, you would make him starve unless he goes back to work.

Mr. ABERNETHY. No, I do not. You do not starve at \$8 an hour.

Senator JAVITS. But he is not earning it. You just said so. He is out of money, he doesn't have food.

Mr. ABERNETHY. He can go back to work at \$8 an hour, can he not?
 Senator JAVITS. But he is starving if he does not and I would not use the food stamps to coerce him.

Mr. ABERNETHY. But you would still give him the food stamps.

Senator JAVITS. Right.

Mr. ABERNETHY. Well, what about college students? Would you make them available to all college students or to those in the same category?

Senator JAVITS. Again, I would not coerce the student—I do not know what you have in mind about college students. I do not think——

Mr. ABERNETHY. They have been made available to some college students.

Senator JAVITS. I do not see any reason why a college student's stomach is any different from that of the fellow not going to college.

Mr. ABERNETHY. Did you take that into consideration when you came to your \$5 billion estimate?

Senator JAVITS. I took into consideration a generalized food stamp program which did not use the food stamp as a sanction. And that goes for college students who are disrupting campuses and it goes——

Mr. ABERNETHY. You would feed them, too?

Senator JAVITS. Yes.

Mr. ABERNETHY. You would?

Senator JAVITS. I do not believe in starving a person in this country as a sanction.

Mr. ABERNETHY. I do not, either. I believe in them taking care of themselves when they are physically and mentally capable of doing so and a striker or a college student who is conducting himself as you just suggested is capable of doing it——

Senator JAVITS. Disruption has nothing to do with his economic condition. But just for the same reason that the whole country rebelled against the draft being used that way, I would feel the whole country would feel about food being used as a sanction.

Mr. ABERNETHY. Well, I think you should limit your statement——

Senator JAVITS. There are plenty of other ways. We can lock them up and put them in jail.

Mr. ABERNETHY. The whole country did not rebel against the draft. Some did. Most of them did not—most of them still do not. Do you not agree with that?

Senator JAVITS. No, I do not. This is a matter of opinion as between us and I think one of the reasons General Hershey——

Mr. ABERNETHY. If most of them rebelled the military would collapse today.

Senator JAVITS. I did not say they rebelled against serving. I say they rebelled against the idea that the Director of Selective Services would use the draft as a sanction against the student.

Mr. ABERNETHY. Well, I do not know what that has got to do with food stamps.

Senator JAVITS. Neither do I. [Laughter.]

Mr. ABERNETHY. It just gets us off the track a little bit. I know where you stand, Senator, and I appreciate——

Senator JAVITS. Good.

Mr. ABERNETHY (continuing). Appreciate your presence here. \$5 billion worth of food stamps to feed strikers making \$8 an hour. I thank you for letting the world know where you stand.

The CHAIRMAN. Thank you, Mr. Abernethy.
Mr. Mayne?

Mr. MAYNE. Senator Javits, Mr. Chairman, with the exception of this somewhat extraneous field that we have gotten into with reference to the obligation to serve our country, I would certainly like to commend the Senator on his very significant testimony this morning and his great leadership in the welfare field.

Senator, I was very happy to hear the favorable comments that you made about the President's new welfare program which I believe you described as a totally new and much needed concept in the approach to the poor.

Now, this Nixon welfare program involves cash payments which will provide a floor or base, does it not?

Senator JAVITS. It does.

Mr. MAYNE. And I agree with you, Senator, that this will be a great step forward if we can get it through the Congress. It will, if we are successful, involve a very significant new financial outlay and investment in the problems of taking care of the poor, will it not?

Senator JAVITS. It will.

Mr. MAYNE. There have been various estimates of how much the President's welfare program will cost if implemented the way that it should be. What is your best judgment on how expensive this will be?

Senator JAVITS. I think the first estimate of the administration is something in the order of magnitude of \$4 billion.

Mr. MAYNE. Of course, I believe there have more recently been somewhat higher estimates—

Senator JAVITS. Yes.

Mr. MAYNE (continuing). Coming unofficially from the White House.

Senator JAVITS. I have heard them as high as \$10 billion.

Mr. MAYNE. Well, I am wondering, Senator, if you would agree with me that we are going to have our hands full in getting this welfare program through committee and to the floor of both Houses and passed before it can be signed by the President.

Senator JAVITS. Interestingly enough, Congressman Mayne, I do not think there is going to be nearly the tough fight on that program that you might have on food stamps. I think that the understanding of the implications is very clear, the demographic implications, the movement of population which has been attributable to the inadequate welfare standards, the fact that States and localities are financially strapped unless this program is enacted, and the very interesting work-welfare tie. I rather think that program is going to have a rather general acceptance. Further, I feel that the argument is going to concern details and that the overall cost will be phased in at the cost of other programs including this food program.

Taking the net tax on the total society for welfare programs—including Federal, State and local taxing—we will find that we are not going overboard financially, even with the President's welfare program. Rather, our problem will be that of phasing. That will relate to food stamps and many other things which may phase out to some extent as the other approach phases in.

You cannot cut it off, you know, because you are going to do something new maybe tomorrow or next year.

Mr. MAYNE. Well, the Nixon program does have a great advantage in that the cash payments would be much easier to administer.

Senator JAVITS. Exactly so.

Mr. MAYNE. There would be much less bureaucratic redtape.

Senator JAVITS. That is one of the items of genius. Just as the stamp program in its day—and its day is still today—had the brilliance of conception that, to the extent possible, the poor would not be stigmatized, so the Nixon basic payment program has the even greater advantage of automaticity.

Mr. MAYNE. And the poor would greatly prefer a system of cash payments rather than food stamps, would they not?

Senator JAVITS. Yes. The poor person values dignity, and the individual wants to avoid being on food stamps or welfare. The poor in many cases would rather die than be on welfare, and actually do. We all know it. Those of us who deal with these situations on a case-by-case basis see cases where, because a person has to go to a welfare doctor or clinic, he will not go. He would rather shorten his or her life, not consciously, but that is the end result. Therefore, I think you refer to a most important factor.

Mr. MAYNE. I have just one more question, Mr. Chairman.

I would appreciate the Senator's comment on this. It does seem to me that we must be very careful that an expanded food stamp outlay such as the Senate has passed might possibly get in the way of and complicate the passage of the Nixon welfare program which has the greater merit and will in the long run accomplish much more to getting us on the proper course in solving the problems of the poor.

Senator JAVITS. Mr. Mayne, I would like to make two observations. First you have to eat at least once a day and every day comes and goes with awesome regularity. You certainly want to avoid obstructing passage of the welfare program which we all think—you and I obviously think—is very good. But you cannot do that at the expense of continuing that condition of hunger which unfortunately, we have discovered in the country.

Second, the time which we have provided for this program, considering the responsibility for annual appropriations, places it entirely within our power to phase in or out as the situation requires. And so long as it is within our power, as I said to Congressman Abernethy, that is all we can ask.

Certainly, I am frankly very pleased to hear what you say about the President's welfare program and you bear out what I had in mind—that it will not have nearly the rough fight that perhaps even this bill would have.

Mr. MAYNE. Thank you, Senator.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Mayne.

Mr. Montgomery?

Mr. MONTGOMERY. Thank you, Mr. Chairman.

Senator Javits, this is a first for me, the first time I have had the opportunity to question a Senator in any manner.

Senator JAVITS. You can even ask anything.

Mr. MONTGOMERY. I am concerned about the so-called McGovern bill, S. 2547, and I will only ask you two questions so other members will have an equal opportunity, and I will be brief.

I have been told by a reliable source that the McGovern bill would allow a family of seven, where the breadwinner earns over \$11,000 a year, to be eligible for food stamps in some cases. This seems like an excessive amount of income to let someone be eligible for food stamps, and I wonder what your feeling is on that.

Senator JAVITS. Well, it seems like an excessive amount of income to me but I do think that the bill allows a ceiling to be put on family income by the Secretary.

I might point out, too, that this is not too different from the situation where I think you gentlemen, on the whole, are unwilling to limit agricultural price support or subsidies on the basis of the aggregate amount paid to or the aggregate income of those who receive it.

I am not arguing for or against that proposition now but I will say that certainly it is a proper subject for your consideration as a matter both of principle and of practice. To answer your question, there is built into section 5-A of the bill as passed by the Senate, power in the Secretary to put a ceiling on income. I agree with you. It could be interpreted as being possible under this bill to get higher limits. I am certain that this committee will carefully examine that matter.

Mr. MONTGOMERY. Thank you. My last question is based on the fact that in your bill the amount of money recommended disturbs me in that it seems to me it will be impossible, certainly for this fiscal year, to come anywhere close to spending \$1,250 million. In fact, the chairman has received a letter from the Secretary of Agriculture saying under the present law the maximum amount of money that the Department of Agriculture could spend for food stamps would be \$610 million.

I think you would agree with me that possibly we would be almost kidding ourselves if we think we could amend the Food Stamp Act as suggested by the McGovern bill, pass it, and have it signed by the President by March or April of next year. This fiscal year would just about be completed before we would even have the opportunity to begin spending money at the higher funding level you are suggesting today. My point is, my question is, I think you are way too high as far as being realistic on the actual amount of money the Department of Agriculture can spend, and if we make these appropriations and they cannot spend it, that would seem to encourage wasteful spending.

Senator JAVITS. We went into this aspect very carefully, Mr. Montgomery. I did personally and met with some of my colleagues to discuss this very point. The record demonstrates also what was testified to on that score. The Senate as you know, has authorized \$750 million for fiscal 1970 based upon an argument similar to yours. The House has only appropriated \$340 million. We are satisfied in the Select Committee—and obviously, the Senate was satisfied—that the \$1¼ billion was adjusted to the capability for intelligent expenditure.

I will tell you personally that, as a condition of Republican support for this bill, including my own, I sought a specific authorization figure. The figure to which I came, according to my best judgment—again, I say I could be wrong—with which the Senate apparently was in agreement was a billion and a quarter.

Mr. MONTGOMERY. Thank you, sir.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Montgomery.

Mr. Kleppe?

Mr. KLEPPE. Thank you, Mr. Chairman.

Senator, you come from a very populous State and I come from a very rural State. We have very little except farmers and farm-oriented small business people but I think the question of hunger is a human thing that is understood whether it is in a highly populous State or in a rural State. I think you have articulated your position very clearly but I am concerned about your comparison of \$3 billion worth of assistance to farmers as it relates to the authorization for food stamps. I interpret this as a negative reference to our farm programs when it is not the point in question.

If this is to be considered then we should compute all other welfare assistance whether it be for medical care, clothing, food, and all the rest. That is a substantial figure.

Senator JAVITS. Of course.

Mr. KLEPPE. The point I am trying to make here is that I would hope you would not use a comparison of what we assist farmers through the price support program as evidence for selling the food stamp program. Maybe I am a little sensitive to your comments on page 2 where you recite those figures.

Senator JAVITS. Mr. Kleppe, I think the sensitivity is a good thing. I am glad you are sensitive and I hope the sensitivity stirs your conscience in the matter. I am not trying to be popular here.

We have got to do our job. It is a fact that we have a right to equate authority with responsibility to feed hungry people which we have not met. We have met other responsibilities. I do not even pretend that the \$3.435 billion which we are providing in fiscal 1970 for price supports and related programs necessarily represents what we ought to be doing in the farm field. I am not trying to argue that. I am only arguing that people have a right to equate what is being done in category A with what is being done in category B, to be sure that our national allocation of resources is a reasonable one. We cannot, as I told Congressman Abernethy, pay the whole bill in any of these fields.

Mr. KLEPPE. Well, it seems to me as you use this comparison here, it makes it sound like the farmers are getting something out of the mouths of the hungry people.

Senator JAVITS. Well——

Mr. KLEPPE. I hope that is not your point.

Senator JAVITS. Not at all, and may I tell you this, too, and I think members here will bear me out. When I have argued on the farm program, I have often argued about means. I have only voted on the question of means. I have never sought to deny to the small farmer or the family farm or the farmer who needs to have his income supplemented, the amount necessary. On the contrary. I think most of the people who have taken my position, more or less the city position on farm legislation, have always said, "Let us spend what is needed but let us spend it wisely, intelligently." I would hasten to affirm what you say. The farmers are not taking out of the mouths of the hungry, but I affirm the fact that any American farmer worthy of the name will feel exactly as I do and exactly as you do about the question of a program to feed the hungry.

Mr. KLEPPE. Thank you.

The CHAIRMAN. Mr. Foley?

Mr. FOLEY. Senator Javits, as a sponsor of the House bill which is similar to the Senate bill, I am in hearty agreement with your testimony. I would like to raise two points.

First of all, we talked a little bit about the President's welfare program. If that should be implemented, some of the provisions in the Senate bill on food stamps would probably not need to be implemented themselves; for example, the free food stamps. Would you not agree with that?

Senator JAVITS. I would say yes, that even at this low level—and it is a low level—but even at this low level I think that is true. I believe, as I said here in answer to Mr. Mayne, we will be operating concurrently, this program and the President's family assistance program.

Mr. FOLEY. And if it is necessary to adjust the food stamp bill following the enactment of the President's welfare program, that can easily be done.

Senator JAVITS. Not even following. You can do it right in the enactment of the President's welfare program.

Mr. FOLEY. I am aware that this is a sensitive point, but on the subject of strikers and students, is it not true they now participate in the food stamp program if they are otherwise eligible?

Senator JAVITS. So I understand, and I might point out it is a lot more expensive to feed them in jail.

Mr. FOLEY. And I think the record should show in the last session, in the last Congress, the House and Senate Agriculture Committees reported back a conference report which struck from the bill a House provision excepting students and strikers, so it was the judgment of the conference that students and strikers should be included and that was sustained by a record vote in the House of Representatives.

Senator JAVITS. I am grateful to you, Mr. Foley, and I would like to compliment you on your bill. I agree it is a fine bill.

Mr. FOLEY. I think you have done an excellent job in your devotion to the problems of nutrition in this country and when you look at your legislative record after many years of service, I am sure this one is one that will give you the greatest pride.

Senator JAVITS. You are very kind.

Mr. FOLEY. Thank you.

The CHAIRMAN. Thank you, Mr. Foley.

Mr. Melcher?

Mr. MELCHER. Senator Javits, we have skirted this point and I think you will agree, but I would like it for the record. Regardless of what the amount spent, whether it is \$600 million per year or the \$1¼ billion, or up to \$2½ billion per year, regardless of what is spent, some of the need for welfare funds, Federal, State and local, will be relieved by the amount we spend here, will it not?

Senator JAVITS. Oh, I am sure of that.

Mr. MELCHER. Thank you. That is all the questions I have.

The CHAIRMAN. Mr. Lowenstein?

Mr. LOWENSTEIN. I want to join in welcoming my distinguished colleague from New York, Senator Javits. As is customary with Senator Javits, his statement has been informed and enlightening and we are indebted to him for his contributions to these hearings.

I have two questions I would like to ask concerning the use of nutrition aides. I wonder if any evidence was submitted to the Select Committee on the question of nutrition aides, and, if so, whether you feel this type of activity is useful and should be expanded. These are the neighborhood people who are—

Senator JAVITS. Yes. Yes. We have had much favorable testimony on that program and the Select Committee has undertaken an intensive study of its effects, merits, and successes. The Committee will issue a definitive report upon the results of that study in about 3 weeks.

Mr. LOWENSTEIN. I assume that report will include information about the question of whether low income people can be utilized effectively across racial lines in this kind of program and so forth. I think that would be very helpful.

Senator JAVITS. Good.

Mr. LOWENSTEIN. As you know, Mr. Foley and I are working for the same general program here that you and Senator McGovern did so much to further in the Senate, and it is wonderful to have your testimony in support of the general philosophy encompassed in these bills. I appreciate very much your taking the time to come.

Senator JAVITS. Thank you.

The CHAIRMAN. Thank you, Mr. Lowenstein.

If there are no further questions, we are very much obliged to you, Senator Javits. We appreciate your coming over and sharing with us your views.

Our next witness is Mr. Arnold Mayer, legislative representative, Amalgamated Meat Cutters and Butcher Workmen. We are glad to hear from you, Mr. Mayer.

**STATEMENT OF ARNOLD MAYER, LEGISLATIVE REPRESENTATIVE,
AMALGAMATED MEAT CUTTERS AND BUTCHER WORKMEN
(AFL-CIO)**

Mr. MAYER. Thank you, Mr. Chairman.

Mr. Chairman, gentlemen of the committee, my name is Arnold Mayer. I am the legislative representative of the Amalgamated Meat Cutters and Butcher Workmen (AFL-CIO).

The Amalgamated is a labor union with 500,000 members organized in about 700 local unions throughout the United States and Canada. The Amalgamated and its local unions have contracts with thousands of employers in the meat, retail food, poultry, egg, canning, leather, fish processing and fur industries.

More than 90 percent of our half-million members work in the handling, processing and selling of food. We are the largest organization of food industry workers in the United States and probably in the free world.

SPECIAL CONCERN

Because we are so involved with food manufacturing and distribution, we are especially concerned about the existence of widespread hunger and malnutrition in the United States. Our officers and members feel the same shock and embarrassment as most Americans because some 10 million of our fellow citizens do not get enough nourishing food to eat. But in addition, we know, because of our participation in

the industry, that this terrible suffering among men, women, and children need not occur at all. We know that the food and the resources are readily available in our land of plenty to wipe out hunger completely.

American producers certainly can grow immensely more than is necessary to feed every single American adequately. In fact, they are subsidized now to prevent this massive production. And our union's members and food industry management can certainly process much more greater amounts of wholesome and nourishing foods.

Our union is ready and willing to help in the campaign to banish hunger and malnutrition from our country in all ways we can. We believe this effort is of the greatest urgency. It should have top priority among governmental actions, for it is incredible and shameful that men, women, and children should suffer the pangs of hunger in our Nation, the richest the world has ever known.

AMALGAMATED POLICY STATEMENT

The executive board of our union has discussed the hunger problem at its various meetings in the past year. It spelled out our union's policy in a statement adopted at its April 29 meeting in Chicago. I should like to read the action of that statement:

Union policy—The Amalgamated Meat Cutters & Butcher Workmen (AFL-CIO), believes that action to end hunger is needed and it is needed now.

We recognize that the Amalgamated, as the largest and strongest organization of food industry workers in the United States, has a special responsibility in the fight against hunger. It is the policy of our union to play a leading role in the effort to secure adequate resources and effective administration to banish hunger completely from our Nation.

We shall accelerate our present legislative efforts. We shall work on behalf of bills to liberalize, reform, and increase the scope of the food stamp program, such as the measure proposed by Senator George McGovern (Democrat, of South Dakota). This was issued when Senator McGovern's was the only bill around, chairman of the Senate Select Committee on Nutrition and Human Needs. We shall support expansion of the school feeding programs and the removal of the ridiculous obstructions which now sharply limit its scope and effectiveness. We shall support efforts to use the direct food distribution program as a supplement to the other two programs.

In these activities, the Amalgamated is working and shall continue to work not only with other unions and civic welfare groups, but also with the managements of major food companies and food industry trade associations. There is a common enemy—hunger. Together, we shall defeat him quickly and permanently.

MOST BASIC PROBLEM

The problem of hunger is obviously the most basic of human problems. If a human being does not have adequate and proper food, he cannot function effectively. His other problems become secondary as he desperately seeks to ease the gnawing pains in his stomach or as he becomes an easy victim to illness, suffers, and perhaps dies.

Fortunately, this most basic national problem is also the easiest of the Nation's poverty difficulties to solve. Its remedy involves no great and complex political, sociological, or psychological problems, as do so many of the other antipoverty efforts.

Nor are the American people divided on what to do about hunger. There is a tremendous public support for ending it—and ending it quickly. A recent Gallup poll showed that 68 percent—or two out of

every three Americans—favor free food stamps for families in dire poverty. Sixty percent—or nearly two out of every three supported selling food stamps at sharply reduced rates to families whose earnings are between \$20 and \$60 a week.

The Senate's action in substituting a more far-reaching bill for the one proposed by its Agriculture Committee by a 54-to-40 rollcall vote and then increasing the margin of support for the bill on subsequent rollcalls is also an indication of this legislation's strength among the American people. Final passage in the other body was by a 78-to-14 margin.

The combination of the comparative lack of complexity of and public support for solving the hunger problem is fortuitous. Hunger can be wiped out in the United States if:

(1) Adequate funds are made available—especially by the Federal Government—to provide sharply expanded food programs, including making free food stamps available to the lowest income families.

(2) The administration of the existing food programs are reformed at the various levels of operation.

FOOD STAMP BILLS

The committee has before it several bills and proposals which seek to achieve these two goals as far as food stamps are concerned. We commend the chairman of this committee, Representative W. R. Poage, for his legislation. It demonstrates his concern with the problem and his efforts to meet it. We also commend the administration, Representative Catherine May and the 33 cosponsors for the bill they have proposed. Their actions are also vital contributions in the campaigns to make this a hunger-free Nation. But we fear that neither bill is adequate to meet the problem.

We support H.R. 13423 introduced by Representative Thomas S. Foley and 23 cosponsors and S. 2547, the measure passed by the Senate. These two bills are not panaceas, but they are effective proposals.

We should like to cite some of the factors which brought us to support these measures by discussing some major provisions of the food stamp legislation.

THE STANDARDS

1. *Eligibility standards.*—Many individuals and families are currently excluded from participating in the program by State eligibility standards. States also find their burdens increased because of the sharply differing standards established by neighboring States.

In H.R. 13423 and S. 2547, Congress would specifically set eligibility standards while allowing variations by differences in household size, household composition, region and place of residence.

2. *Free food stamps.*—Some Americans are so very poor that they have virtually no money whatsoever. We believe they should be able to get free food stamps.

Of the different provisions before you, we prefer those of S. 2547, which would provide free food stamps for households with an income of less than half of the cost of a nutritionally adequate diet or about \$64 a month. This amount is much less than one-fourth of the amount of income the Federal Government uses as an indicator of poverty.

3. *Price of coupons.*—The purchase of the food—and often of food stamps—takes virtually the entire amount of an impoverished family's money. Inadequate sums are left over for rent and other necessities.

H.R. 13423 and S. 2547 would assure that the cost of food stamps would not be more than 25 percent of the household's income.

4. *Total value of coupons.*—The existing program provides an inadequate food stamp bonus to many poverty-stricken families. A southern family of four with an income of less than \$30 a month, for example, receives the equivalent of only about \$58 a month.

H.R. 13423 and S. 2547 would increase the bonus to provide a more realistic amount of stamps which will assure an adequate diet.

BUYING STAMPS

5. *Place of coupon issuance.*—In some areas, some poor people find it costly to participate in the program because the stamps are sold in places not easily reached by them.

H.R. 13423 and S. 2547 correct this situation easily by permitting post offices, banks, credit unions, participating food stores and public and private nonprofit agencies to handle the purchase of food stamps.

6. *Issuance of coupons.*—Many persons and families otherwise eligible for food stamps find it impossible to participate because they cannot afford to buy their entire monthly allotment at one time. Yet, that is the only way in which purchases can be made in the area.

H.R. 13423 and S. 2547 permit installment purchases on at least a weekly basis. We strongly support this change as a means of permitting more poor people to benefit from the program.

7. *Product coverage.*—The program is currently limited to food and does not include any items necessary for personal cleanliness, hygiene and home sanitation. Obviously, these items are essential to the welfare of a family and would not add a large amount to the cost of the program.

H.R. 13423 and S. 2547 would include these sanitation provisions.

FUNDS AND CERTIFICATION

8. *Method of certification.*—The fear that some persons will cheat on food stamps has resulted in the institution of an often degrading and expensive system for certification. The procedure does not necessarily catch the small number of cheaters, but it puts burdens upon all applicants and it drains off funds and staff which should be used to further the goals of the program.

H.R. 13423 and S. 2547 provide for certification on the basis of an affidavit prescribed by the Secretary. The certification can be challenged and fraud can be prosecuted. We consider this procedure to be better both in the way human beings are treated and as a means of saving money for the program.

9. *Method and level of funding.*—The current program obviously is not adequate to meet the problem of hunger in the United States. A larger program and, therefore, more funds are needed.

We strongly support the provision of H.R. 13423 which would have the Commodity Credit Corporation use its borrowing authority to run the program. Appropriations would then be used to reimburse CCC.

The Commodity Credit Corporation has done a good job in bolstering the U.S. farm economy. It would be an excellent vehicle for providing the food to wipe out hunger in this Nation.

The bill which the chairman has introduced would allow open-ended authorization. We think that is the next best approach. We think CCC is a good way of handling the problem, but if that is not a satisfactory means for the committee, the open-ended authorization, which the chairman has proposed, is an excellent way of doing the job.

10. *Flexibility in administration.*—Some local governments find a decision for participation or actual administration of the program to be politically difficult. As a result, the impoverished in the area go hungry or suffer from inadequate diets. To aid these areas and feed the hungry, flexibility in administration must be made possible.

H.R. 13423 and S. 2547 would permit a series of options for those areas. They would permit the Secretary or a local public or private nonprofit agency to administer the food stamp program. Most important, the bills set a specific date when all areas must have a program available. All hungry Americans will then have the opportunity to benefit from the legislation.

11. *Commodity credit distribution and food stamps.*—Without an emergency situation, commodities cannot be distributed in an area which has a food stamp program. Yet, because of some of the problems outlined above, families which benefited from the commodity distribution cannot get food stamps. They are left without any food aid.

H.R. 13423 and S. 2547 would permit both programs to operate in an area during the transition from commodity distribution to food stamps and even later at the request of the State agency.

12. *Program Outreach.*—Many poor people who are eligible simply do not participate because they do not know about the program or have gotten a thoroughly garbled picture of it.

H.R. 13423 and S. 2547 provide that eligible households be informed about the program and aided in making applications.

ACTION NEEDED

Some argue that the efforts envisaged by the food stamp legislation are too costly, that they would increase the budget too much, that they would hamper the fight against inflation. An argument is also heard that there is little or no poverty-caused hunger in the United States, that only malnutrition exists and that it is due to the ignorance of diets and lack of desire to eat proper foods.

The executive board of our union labeled these arguments as "sheer nonsense" in its policy statement on hunger and malnutrition. It said:

The Amalgamated Meat Cutters and Butcher Workmen, (AFL-CIO) believes the Nation must afford the several billion dollars a year it will cost to wipe out hunger. What we cannot afford is to permit babies to go hungry in the midst of plenty or the brains and bodies of children to be stunted for lack of food while our national policies cut back agricultural production.

The Amalgamated also believes there is no question about the widespread existence of poverty-caused hunger in our Nation. No one can disregard the hearings of the Senate Select Committee, the surveys of individual legislators, the findings of nationally known and respected medical people and the tentative conclusions of the very detailed U.S. Public Health Service study.

Mr. Chairman and gentlemen of the committee, we believe speedy action is needed. We respectfully urge that you report legislation to the House soon and we hope that legislation will contain the various provisions of H.R. 13423 and S. 2547 which we have discussed.

The CHAIRMAN. Thank you very much.

Mr. MAYER. And we also greatly appreciate the opportunity of presenting this statement to you.

The CHAIRMAN. Thank you, sir. The Chair does not agree with all of the suggestions you have made, but you have made some very well thought out, constructive suggestions. We do appreciate them. Suggestions of that kind are what we need if we are going to be able to see the whole picture and write an intelligent bill. We appreciate your statement.

Mr. TEAGUE. I have one question, Mr. Chairman.

Mr. Mayer, does your union have a position favoring an increase in Federal income taxes to pay for this highly desirable, greatly expanded food stamp program which you have recommended?

Mr. MAYER. No, we have no policy for increasing income taxes but we do have a program for changing the tax laws to vastly increase the amount of revenue available to the Federal Government by cutting out tax loopholes and by making the tax legislation more just. And if the gentleman would like, I will bring that over to his office and also I would be delighted to add it to the record.

Mr. TEAGUE. I do not think—as far as I am concerned, it does not need to go into the record. I will be glad to see it. Probably not too far from what the House did several weeks ago.

Mr. MAYER. Well, it goes further than the House did. The House closed some loopholes. It did not close all of them. The House made a major reform effort, but we certainly would like it to have gone further.

Mr. TEAGUE. Thank you.

The CHAIRMAN. May I suggest off the record——

(Discussion off the record.)

The CHAIRMAN. Your programs do not suggest putting taxes on unions, do they?

Mr. MAYER. Unions are taxed on their outside income.

The CHAIRMAN. I understand, but you are not suggesting we increase or place any taxes on the unions, are you?

Mr. MAYER. I am saying that we are already taxed on any business income.

The CHAIRMAN. So is everybody else taxed on that.

Mr. MAYER. No. A lot of people are not taxed at all, Mr. Chairman.

The CHAIRMAN. I know of very few people who are not taxed at all. But—any other questions of the witness?

Mr. ABERNETHY. I just want to ask one. Did I understand you to say that the companies or corporations could take off the income tax bribes?

Mr. MAYER. Yes, sir. That situation came before the House Ways and Means Committee.

Mr. ABERNETHY. B-r-i-b-e-s.

Mr. MAYER. B-r-i-b-e-s.

Mr. ABERNETHY. That is paying somebody to do something they should not do.

Mr. MAYER. That is right. They are tax deductible by corporations.

Mr. MYERS. Where is that in the code?

Mr. ABERNETHY. Well, I do not think that is true. You make the statement but I think I——

Mr. MAYER. It was part of the Ways and Means Committee hearings.

Mr. ABERNETHY. I think it reflects on the good statement you made by making such a statement here.

Mr. MAYER. I am sorry, sir. I depend upon the considerations of the Ways and Means Committee.

Mr. ABERNETHY. I understand. I do want to commend you on the dispatch with which you made your statement. You did a good job of reading.

Just one question. You also support making available food stamps to strikers, do you not?

Mr. MAYER. Yes, sir, and I am glad you asked that question——

Mr. ABERNETHY. I am sure you are——

Mr. MAYER. (continuing) Because in your colloquy with Senator Javits you spoke on the matter of people who earn \$8 an hour. I think that——

Mr. ABERNETHY. Or \$6. Let us drop it back to \$6 or \$5.

Mr. MAYER. Let us even talk about \$4.

Mr. ABERNETHY. \$32 a day.

Mr. MAYER. I think if you look at the eligibility standards, it is unlikely that someone who has earnings of that amount will be able to get food stamps unless the strike has gone on a long time.

But to get to the principle of the issue, yes, I do agree that eligible strikers should get food stamps. I think anyone who is hungry ought to have this recourse and should have the food stamps made available to him.

Mr. ABERNETHY. Now, would you make the stamps also available to management while they are on the strike?

Mr. MAYER. Yes, sir.

Mr. ABERNETHY. That certainly would be unusual.

Mr. MAYER. If they meet the eligibility qualifications, yes.

Mr. ABERNETHY. Now, what does a meatcutter in Washington make per hour?

Mr. MAYER. A journeyman meatcutter, I think now makes about \$160 a week for a 40-hour week, so it is \$4 an hour.

Mr. ABERNETHY. When you say a journeyman, is that the maximum?

Mr. MAYER. No. Well, that is the maximum in his qualification. You see, you have different classifications.

Mr. ABERNETHY. What does a meatcutter in Safeway make?

Mr. MAYER. The journeyman meatcutter is the man who cuts the meat. He is not an apprentice or wrapper. He makes about \$163.50, I believe.

Mr. ABERNETHY. Is that the regular meatcutter who cuts my meat at Safeway?

Mr. MAYER. Yes.

Mr. ABERNETHY. \$160 a week?

Mr. MAYER. Yes, sir.

Mr. ABERNETHY. That is after withholding?

Mr. MAYER. No. That is gross. Withholding comes off that.

Mr. ABERNETHY. Now, if he goes on strike and he had not saved any money at all, would you still give him food stamps?

Mr. MAYER. Well, I would, yes. Washington, D.C., will not, because it does not have the strike eligibility provision.

Mr. ABERNETHY. But you think we should make that available?

Mr. MAYER. I would say that in practical terms, he would not get it. The eligibility standards would prevent the benefits from going to him. But if you ask me whether I would make him eligible, I say, "Yes. If he is hungry, I would."

Mr. ABERNETHY. I did not ask you that. I asked would you make such available to strikers and your answer is, yes.

Mr. MAYER. Yes, sir.

Mr. ABERNETHY. And you would make that uniform throughout the country?

Mr. MAYER. If I could persuade you to do that, yes.

Mr. ABERNETHY. And tax management to pay for it.

Mr. MAYER. No I think our people get taxed for it, sir.

Mr. ABERNETHY. You are out of money. He does not pay any taxes.

Mr. MAYER. But not everyone is on strike. There are others that are working.

Mr. ABERNETHY. That is all.

The CHAIRMAN. Any other questions or suggestions?

Mr. KLEPPE. I was not going to add any questions but I wanted to add just one experience to what Mr. Abernethy is talking about.

I have an oil refinery in my district and they had a strike for 10 days and there were some men getting between \$8,000 and \$9,000 a year salary and they did get food stamps. Now, in that instance do you think that would be correct?

Mr. MAYER. Sir, I think that shows that the food stamp program in your area is very liberal. I think this case makes probably the most liberal one anywhere in the country.

Mr. KLEPPE. Maybe I should say to you, we put a stop to it, but it did happen.

Mr. MAYER. I see. I think that is very unusual.

Mr. KLEPPE. My question is, do you think that is proper?

Mr. MAYER. I think——

Mr. KLEPPE. You can determine the income between \$8,000 and \$9,000 a year and the strike was of very short duration. Do you think that instance was proper?

Mr. MAYER. I would have some qualms about that one, where a strike is so short.

Mr. KLEPPE. Thank you, Mr. Chairman.

Mr. MYERS. Mr. Chairman, I have one question for Mr. Mayer. Did your union take a position on the recent surtax extension?

Mr. MAYER. Yes, sir.

Mr. MYERS. What was that position?

Mr. MAYER. Our position was that we would support the surtax provided there would be tax reform.

Mr. MYERS. Then, you did support the surtax extension?

Mr. MAYER. When it came up the first time; this year, we did not——

Mr. MYERS. Then, you did not listen to the Ways and Means Committee Chairman who assured you tax reform would be before the Congress within 2 weeks—you did not then favor the extension?

Mr. MAYER. We favored the extension provided that there would be tax reform. At the time of that first vote, there were assurances, but the tax reform legislation had not moved very far. In the second vote it had moved. You remember that the surtax came up three times before the House, so to answer your question fully, the first time, no; the other two times, yes.

Mr. MYERS. In other words, then, you would not want these programs here if we did not get tax reform because the only way we can pay for new programs is through taxation. We do not make money here regardless of what the popular opinion might be.

Mr. MAYER. I would question that. I think the budget is rather big. You and I might disagree what programs we should pay for and what—

Mr. MYERS. What would you cut out to provide the billion dollars or so you are asking for?

Mr. MAYER. I think considering the domestic problems we have, I think we could cut down the war in Vietnam, which is taking \$30 billion a year.

Mr. MYERS. Then, you would deny the young men enough to fight with.

Mr. MAYER. No. I would bring them back home.

Mr. MYERS. They are there now.

Mr. MAYER. We can bring them back.

Mr. MYERS. You cannot bring them back by wishing it nor just overnight.

Mr. MAYER. The President is doing exactly that.

Mr. MYERS. But in the meantime, you would cut them off, though, from having enough, material, weapons and supplies.

Mr. MAYER. No.

Mr. MYERS. We cannot cut down two years ago. It already has been spent. The commitment has been made this year.

Mr. MAYER. We certainly can cut back on the future commitment, can we not?

Mr. MYERS. Yes, I think we are doing that.

Mr. MAYER. That is what I say. I think we agree on that.

The CHAIRMAN. I hope that there will be no further questions because if the witness continues to answer as he does, I will want to retract my commendation.

Mr. MAYER. I am sorry to disappoint you, Mr. Chairman.

Mr. PURCELL. Mr. Chairman, I want to say that I know Mr. Mayer well enough that if I ask him too many questions I will not agree with him, but I want to compliment him on having a very analytical, a very meaty statement that does not wander all over the place, and I think he made a contribution to this committee on this subject. And I have got sense enough not to ask him any more questions.

Mr. MAYER. Thank you.

Well, Mr. Chairman, I am sorry if we disagree on some things, but I feel I do have an obligation to answer the questions that are put before me by the committee members. And that is what I tried to do.

Mr. FOLEY. Mr. Chairman, I am conscious of the fact that we have other witnesses waiting. I just want to say both the witness himself and the organization he represents, have added more in recent months, at least in recent years since I have been in Congress, than any other

labor organization in the field of food legislation, related legislation. I want to compliment him both on the statement and the services both he and his union have rendered.

Mr. MAYER. Thank you.

The CHAIRMAN. Thank you, Mr. Foley. If there are no further questions, we are very much obliged to you, Mr. Mayer.

Mr. MAYER. Thank you, Mr. Chairman.

The CHAIRMAN. Our next witness will, as I understand it, be somewhat in the nature of a panel with Mr. Hodges—

STATEMENT OF HON. GEORGE G. SEIBELS, JR., MAYOR OF BIRMINGHAM, ALA.

Mr. SEIBELS. Mr. Chairman, this is the mayor of Birmingham speaking, sir. I will introduce the gentlemen. My name is George Seibels, mayor of the city of Birmingham. I appreciate very much this opportunity of having our citizens come up here. I will introduce them in just a moment.

I would say this, and someone else is going to do the talking, but for 6 months we have had a Community Affairs Committee. We have been meeting on many different problems in the food stamps and improving it in the city of Birmingham and Jefferson County which is represented, Jefferson County, Birmingham, represented. We have been resolving some problems. For the last several weeks we have gotten together this book. I think you will find some—we think you will find some very constructive suggestions in it. We have made this in-depth study of our food stamp program as presently administered and we have some concrete and believe plausible suggestions to respectfully submit to you.

This was done by Operation New Birmingham. This is a group of men, our Community Affairs Committee, of businessmen and government leaders working together and many of them are here today.

I will say this, that we believe that this is a good program and that it can be made to work more effectively and we have set it forthright here.

Now, let me introduce—I would say this, that we are quite concerned. We have made substantial improvements in our city government. We have just finished our budget and already I have committed a good sum of money to do a better job with our food stamp program. So has the county.

I would like to introduce these gentlemen. Mr. Gerow Hodges, vice president, Liberty National Life Insurance Co., will be the spokesman. I am sorry. Mr. Peake will be the spokesman. I would like to introduce the following gentlemen if they would stand.

Mr. Gerow Hodges, vice president, Liberty National Insurance Co. This is the food stamp committee of our community affairs. Mr. Wayne Peake—you will hear from him in a minute. Mr. Thad Holt, business executive. Mr. Drennan, one of our city councilmen, could not be here. He is ill. I am here, the mayor. Mr. Tom Pinson, Jefferson County Commissioner, is here. Mr. Arthur Shores, one of our city councilmen and an attorney, is here, Mr. A. C. Bauer, who is the president of the South Central Bell Telephone Co. and Chairman of the Community Affairs Committee. And Mr. Dan Roper, back there,

who is a staff member of Operation New Birmingham that prepared this book.

We will now hear from Mr. B. Wayne Peake, vice president, Commercial Realty Co., and who had so much to do with getting this book together. Mr. Peake. Thank you, gentlemen.

The CHAIRMAN. We will be glad to hear from you, Mr. Peake.

STATEMENT OF B. WAYNE PEAKE, VICE PRESIDENT, COMMERCIAL REALTY CO.; ACCOMPANIED BY GEROW HODGES, VICE PRESIDENT, LIBERTY NATIONAL INSURANCE CO.; THAD HOLT, BUSINESS EXECUTIVE; TOM PINSON, JEFFERSON COUNTY COMMISSIONER; ARTHUR SHORES, ATTORNEY AND CITY COUNCILMAN; AND CECIL BAUER, PRESIDENT, SOUTH CENTRAL TELEPHONE CO., AND COCHAIRMAN, COMMUNITY AFFAIRS COMMITTEE, OPERATION NEW BIRMINGHAM

MR. PEAKE. Mr. Chairman, gentlemen, we would like to discuss the food stamp program, first, with the operation of the program in Jefferson County, Ala., and second, recommendations for improvement of the operation under present legislation.

And thirdly, recommendations for improvement of the entire food stamp program.

Thank you for the opportunity you have given us to appear before your committee. May we take a moment to identify who we are and why we are here before you today. We are members of Birmingham's Community Affairs Committee, known as CAC. This committee was put into being in May of 1969, by a larger group known as "Operation New Birmingham."

CAC is chaired jointly by Dr. Lucius Pitts, president of Miles College, and by Mr. W. C. Bauer, president of South Central Bell Telephone Co. There are some 30 members of CAC and breakfast meetings are held every Monday. Members include Hon. George Seibels, mayor of Birmingham, County Commissioners Cooper Green and Tom Pinson, our sheriff, our chief of police, two representatives of our legislative delegation to the State capital in Montgomery, the vice president of JCCEO, two members of Birmingham's City Council, the president of the Birmingham Bar Association, labor leaders, ministers, attorneys, and local businessmen. CAC is biracial, and is actively engaged in getting at, and attempting to solve, some of the problems that Birmingham faces, problems that are faced by every urban area in our country. Our discussions are candid, sometimes vociferous, but always with the unanimous desire to be productive for the betterment of our community. Our Dr. Pitts has said that in his many years of experience, CAC is the first really meaningful civic action committee upon which he has ever served. Present areas of CAC study include police community relations, the broadening of local policymaking boards, hunger, poverty and welfare, and specifically for our appearance before you today, our study of the food stamp program in Jefferson County.

With your permission, we will want to discuss the present food stamp program in our area, first in terms of its laborious procedures and its ineffectiveness.

We will present an outline for the simplification of these procedures through use of mail service, machine accounting and computer automation.

We will want to point out what, to our minds, are deficiencies in the present legislation and why these deficiencies keep the food stamp program at an ineffective level, both in Jefferson County, Ala., and elsewhere in the Nation. In short, the food stamp program, as it now stands, does not, and, in our opinion, will not reach more than a small percentage of its intended recipients.

Lastly, and more importantly, we will make suggestions for innovations and modifications in the food stamp program that will cut administrative costs, and make the program more easily accessible and easily understandable to its recipients. We believe that the truly noble intent of the program is frustrated, to put it simply, by its operational technique.

Most of us on CAC started this not knowing what a food program looked like, not knowing who bought them or how they had to be obtained. Those of us, however, who drew subcommittee assignments on hunger in our community, decided that food stamps would be a good place to start. There is no need at this hearing to take up your time with the specific details of our food stamp operation in Jefferson County, since it probably does not vary greatly, as we have subsequently learned, from the operation of other food stamp offices in other counties around the country. The details of Jefferson County's operation are shown on attached "Exhibit A" in the form of a "step out" analysis of each motion that a prospective food stamp recipient goes through to be certified, recertified and to buy food stamps.

(Exhibit A follows:)

EXHIBIT A—JEFFERSON COUNTY FOOD STAMP PROGRAM

The Jefferson County Food Stamp Program is administered by the State of Alabama Department of Pensions and Security through the office of the County Director of Pensions and Security. The program is financed by Jefferson County and the Federal Government through the Agricultural Marketing Service, Department of Agriculture. Persons eligible for the purchase of food stamps fall into two categories: recipients of public assistance and nonrecipients of public assistance. Those receiving public assistance are processed by the Department of Pensions and Security office and those not receiving such assistance are processed by the Food Stamp Office. The following procedure describes the program as it pertains to the nonpublic assistance cases only. However, the procedure for handling the public assistance cases is very similar to that for the nonpublic assistance cases. The main differences are as follows:

1. A public assistance recipient can be certified for a period up to 1 year while the maximum period for a nonpublic assistance case is 6 months.

2. A public assistance recipient is automatically eligible to purchase food stamps if he so choose unless he lives in the household with another person whose income disqualifies them from participation because it exceeds the maximum allowable limit. Nonpublic assistance cases are not automatically eligible under any circumstances.

3. Only the Food Stamp Office can sell the stamps. Both the Food Stamp Office and the Department of Pensions and Security can certify clients.

This procedure is presented in six main parts:

1. Securing the food stamps from AMS, USDA.
2. Certification of households as eligible.
3. Purchase of food stamps.
4. Re-certification of households.
5. Authorization of retail food stores to participate.
6. Spending the food stamps and clearing them through banking channels.

Mr. PEAKE. This shows also a parallel "step out" analysis of the motions of caseworkers and cashiers in handling of file folders, household record cards and in manual accounting for stamps sold and money received. The analysis depicts, in essence, the almost complete frustration that must be the lot of the poor person, standing in line trying to get stamps or simply to find out what it is all about. The analysis shows equally well the awesome amount and duplication of paperwork that hamstring the personnel in a food stamp office. This step-out analysis I have referred to here was done by Mr. Gerow Hodges and a young assistant he has with the Liberty National Life Insurance Company to endeavor to give us a picture of actually what our operation was, and to put it down on paper so we could see step by step what had to occur.

Another study for our use was made at the request of Mr. Tom Pinson, our county commissioner, and a member of our CAC subcommittee dealing with hunger. This study was prepared for him by the Community Service Council of Jefferson County and is attached as "Exhibit B".

(Exhibit B follows:)

EXHIBIT B—REPORT ON HUNGER JEFFERSON COUNTY, ALA., COMMUNITY SERVICE COUNCIL OF JEFFERSON COUNTY, INC., AUGUST 1969

COUNCIL REQUESTED TO STUDY HUNGER

As a result of a request from commissioner Thomas B. Pinson, the executive committee of the Community Service Council authorized the staff of the council to review the current food programs in Jefferson County and recent studies on hunger which have been completed, hold meetings with affected programs and people, and report to the executive committee with findings and recommendations. The executive committee will in turn relay to the board of directors of the council the various alternatives with recommendations for further study and/or a plan of action geared to the development of the maximum community program to alleviate hunger.

METHOD OF STUDY

During the week of July 21, the staff of the council discussed the problem of hunger with numerous people in the community who have either a direct relationship with an on-going food program, a professional interest from either a clinical or educational point of view, and an administrative responsibility for economic assistance.

A meeting was held on July 28, with 29 representatives of programs serving the economically disadvantaged to further identify hunger. The staff attended three meetings with neighborhood groups, most of whom were recipients of the public assistance from the Jefferson County Department of Pensions and Security to further identify problems associated with hunger as viewed by the poor.

1. *Findings.*—Major supplemental relief program for hunger is the food stamp program. The food stamp program in Jefferson County is currently serving 3,273 households. There are 13,744 persons in these households. During the time that the food stamp program has been in operation in Jefferson County, there have been 30,000 applications for food stamps processed. The food stamp program certifies a household on the basis of eligibility requirements and will provide, for a purchase charge based on a coupon issuance table, food stamps which are used by the individual to purchase groceries at participating retail markets. Currently a central office in downtown Birmingham and a branch office in Bessemer are the only outlets for food stamp distribution. A report of a visit to the Birmingham food stamp program follows:

The Jefferson County food stamp program is located at 805 North 22d Street, Birmingham, Ala., and recently a Bessemer branch of the food stamp program has been opened. The Jefferson County food stamp program is administered by Commodity Distribution Bureau of the State Department of Pensions and Security, through the office of the County Director of Pensions and Security. It is financed through the Agricultural Marketing Service, Department of Agriculture

on the Federal level, and locally funded by Jefferson County. The housing and a portion of the personnel cost is also the responsibility of the county. It is open 5 days per week from 8 a.m.-5 p.m. (closed from 12-1 p.m.).

A. Present location

The present location of the Birmingham program is in a one-story warehouse type building just off the Eighth Avenue alley near the railroad track. The entrance is reached by a small partially paved walkway between the warehouse and another brick building. There is no number on the building and the sign is difficult to distinguish. (At the time of this visit trash was being burned by the food stamp employees in the small passageway and trash was blowing in the faces of those entering the building.) It is off the busline, a distance in most instances from two to three blocks.

B. Interior of building

The warehouse has been renovated to provide adequate lighting and air conditioning. However, the space is cramped between the interviewers and the waiting area is used by clients applying for food stamp certification. The interviewers desks are placed side by side with a folding chair in the aisleway for the interviewee. Approximately one-third of the space is used for file cabinets, bookkeeping type equipment, and offices. The area occupied by the cashiers is small and opens out of the building onto 21st Street. There are no restrooms for the clients. They are referred to the 2121 building restrooms, a half block away.

C. Staff complement

There are a total of 14 staff members, State employees, and a part of the State merit system. There are three vacancies at present; one cashier and two interviewers. The present staff includes the director, supervisor of the food stamp issuance division, eight interviewers, and three cashiers. In rush days, one of the interviewers is placed in charge of directing the waiting lines, decreasing the number of interviewers.

D. Eligibility requirements

Persons eligible to be certified for the food stamps include recipients of public assistance such as old age assistance, aid to the permanently and totally disabled, aid to the blind, and aid to dependent children. These are certified by the Department of Pensions and Security who is responsible for keeping the food stamp program up to date on the status of the client's eligibility. Others who are eligible are those whose annual income is less than certain amounts as shown by the table below.

Number in household :	Allowable monthly income	Number in household—Con.	Allowable monthly income
1 -----	\$130	6 -----	\$350
2 -----	210	7 -----	380
3 -----	255	8 -----	410
4 -----	290	9 -----	440
5 -----	320	10 -----	470

Add \$30 for each additional member of the household. Other resources such as cash, money in the bank, savings bonds, and any other liquid resources, must be considered in determining eligibility for nonassistance households. The total of these resources must not exceed \$1,000 or four times the allowable monthly net income, whichever is greater. These instructions supersede all previous instructions on this subject.

These categories are processed by the Food Stamp Office, if the client is unemployed, the interviewer determines the reasons. If "possibly" eligible for unemployment compensation he is referred to the State employment office. After he is registered at the employment office, then he returns to the Food Stamp Office for further processing. For eligibility to be determined it is necessary for the client to establish himself as the head of the household or else be represented by someone else, provided he is physically unable to be present. For this exception to be possible, it is necessary that a doctor's statement or the statement of some other reliable person, such as a minister, be presented as proof of the head of the family being physically unable to be present. Cooking facilities must be available to the family and the proof of income, if any, must be furnished, such as social security, and employers' statements. The client's total reserves must not exceed \$1,000, or four times the allowable monthly net income, whichever is greater.

E. Determination of Client's Participation

The interviewer is responsible for determining the net monthly income and the size of the household so as to be able to determine the amount of money required to purchase the stamps and the amount of bonus stamps the client will receive. A chart prepared by the State department of pensions and security and the Department of Agriculture which varies according to number in household and income is used to determine the amount of the client participation. The client is allowed to purchase stamps only in the amount shown on the chart. Stamps may be bought either monthly or semimonthly, according to his pay frequency. For example, a family of four persons with an income between \$90 and \$109.99 would pay \$40 for a total of \$70 worth of stamps, allowing him a bonus of \$30. (Chart FSS 17, review Feb. 1, 1969. Field inspection by office personnel is explained to the client. A home visit every 6 months is attempted to make certain the client is not misrepresenting his situation. Penalty for such misrepresentation can be up to 1 year in prison or \$500 fine, or both. Thus far the program has experienced less than one-half of 1 percent fraud.

2. *Surplus commodities.*—Public schools and the family court are able to obtain surplus food commodities, however, there is no central warehouse and the commodities must be stored in the school and juvenile court. The Jefferson County School Board purchases commercial storage space for perishable commodities. Other institutions in the community, such as day care centers, are not able to take advantage of surplus food commodities due to the lack of a central storage facility and a sponsoring agency.

3. *Local studies.*—There have been some clinical and nutritional studies conducted locally. Most of the studies indicate that there is not a great degree of clinical hunger or malnutrition in Jefferson County. These indicate that the central problem is one of purchasing habits of poor people and lack of knowledge concerning what are nutritional foods and how to prepare these foods. The food-for-better-living program of Auburn University is providing an educational component within the community, however, these efforts are not reaching very many people.

In 1968, approximately 18,340 cases were receiving public assistance from the local State office of pensions and security and were automatically eligible for food stamps. The total number of families receiving food stamps is currently only 3,273 households. Large numbers of the public assistance clients who are eligible to receive food stamps are not making use of the program. According to the social security poverty classification, approximately 20 percent of the population of Jefferson County are living below the poverty level, defined in a 1966 study as \$2,968 for the average family are in Jefferson County.

4. *Previous studies.*—Previous studies do not list Jefferson County in hunger category. Neither Jefferson County nor the counties immediately surrounding it were listed in the report developed by a committee studying hunger and malnutrition in a book published by a citizens board of inquiry entitled "Hunger, U.S.A." There were 17 other counties in Alabama so listed.

5. *Directors of agencies and professional people having contact with the poor.*—Most of the interviewed expressed the belief that there is no emergent hunger problem. Many of those interviewed believed that there is a chronic complexity of problems which in this area have resulted in much too high a level of social breakdown. Income levels are too low. Too many people have low income. There is too high a level of school drop out, too many in the so-called "hard core" unemployment category. Welfare grants to the aged, the blind, permanently and totally disabled, and to families whose ordinary head is ill, in prison, or deserted, are among the lowest in the Nation. General and emergency assistance from both public and private sources are practically nonexistent. All of these facts point to the probability of a continuing cycle of not enough food, not enough understanding of importance of food as well as not enough clothing, adequate shelter and other basic essentials of living.

6. *Recent major cuts by the Alabama State Department of Pensions and Security.*—The recent major cuts in the aid to dependent children's grants to approximately 35 percent of minimum budgeted needs have and are causing severe hardships to a great number of children in the Jefferson County area. In this reduction program, families in which only the mother is the head of the household, including four and five children, are expected to live on \$100 monthly, or less, pay rent, buy food, clothing and utilities. This reduction of grants also works a severe hardship on the mother to provide cash at the beginning of the month for food stamps, as well as to pay bus or cab fare to become certified

and/or buy the stamps and to get to the store to purchase the food. In addition, the food stamps cannot be used to buy such essential articles as soap.

A portion of the problem concerning the State department of welfare and its reduction of grants appears to be the continuing battle with the State of Alabama versus the Federal bureaucratic programs. We are in no position to assess relative rights or wrongs nor even to provide an opinion as to its overall effect. We are aware that there are continuous litigations currently centering around the lack of appeal provision in the personnel structure of the State of Alabama. The results are currently that several new programs and/or expansions of Federal funds are stymied.

7. *The responsibility for providing housing or a mobile unit for the delivery of the food stamp program is the responsibility of the county commission.*—Currently even the central food stamp office is not adequate for the handling of applications and purchasing of stamps without long queues of doors at the first of each month. The nine neighborhood service centers of the J.C.E.O., with some amount of overhauling, would appear to offer some appropriate decentralizing opportunity. It is obvious that all of those eligible for food stamps are not receiving them for many reasons. According to the social security poverty classification more than 20 percent of the population of Jefferson County are living below the poverty level, defined in the 1966 study as \$2,968 for the average family in Jefferson County. Food stamps are not being used by a large number of those who are eligible. There are approximately 37,666 families living below the poverty line and currently only 3,273 households are receiving food stamps.

8. *The food stamp program and surplus commodities are only stopgap measures.*—A revamping of the whole approach to the matter of income maintenance and assistance is a real need in this area. In addition, larger amounts of money need to be appropriated and spent for education and rehabilitation to the end that families are kept together and that jobs are available for all who can use them. There is already a study underway in the Community Service Council, known as the family and children's study, which will grapple with some of these long-range programs. The group who met relating to this problem have volunteered to be a task force to assist with the implementation of the recommendations of this study relating to the food stamp program and as an advisory group to the family and children's study committee.

CONCLUSIONS

The system Jefferson County uses to solve its hunger problem is food stamps. The following are specifics concerning the program :

1. The eligibility and certification process is slow, complicated, and difficult for the client group to understand. Each applicant must verify income, number of persons in household, and number of families in the household unless he is a recipient of the Department of Pensions and Security. DPS is responsible for keeping the food stamp program up-to-date as to the status of its clients. However, the DPS has an average personnel shortage of 25 percent and is sometimes late in recertifying its clients. Then the client is required to go to the DPS and get a written statement and return to the food stamp program to purchase stamps.

2. There are only two distribution centers, one in Bessemer and one in downtown Birmingham. The latter is not easily accessible to the aged, disabled and mothers with small children. The cost-and-time elements involved in transportation are part of the difficulty. Bus fare including transfer amount to 70 cents round trip and then the distance to the food stamp program averages two to three blocks from the bus stop. Buses are scheduled at 30- to 60-minute intervals during the day. Several hours can be spent using public transportation. Taxi fare can be as much as \$2 to more than \$5 round trip.

3. Food stamps cannot be purchased unless the client has the required minimum purchase charge to buy the food stamps. He may be referred to the Salvation Army, JCCEO, or other agencies or organizations which might have such funds for him.

4. There is a question concerning the adequacy of the amount of food stamps allowed per household. As an example, the family of four previously mentioned with an income of \$90 can purchase a total of \$70 worth of stamps for \$40. One would wonder if this is adequate for a family of four, considering the dramatic increase in the cost of food during recent months. As the food prices increase it is probable that the amount of food stamps allowed will remain the same with only periodic increases, thus reducing the buying power of the food stamps.

5. Nutrition education to help purchasers of stamps to learn to buy and prepare nutritional food or to learn to use stamps economically to prevent running out before the month is out, is presently not available.

6. The food stamp program has as many as 400, 500, and even 700 individuals applying and/or purchasing stamps in one day. At the first of the month, even with two lines, the clients have long waits, sometimes outside the building in hazardous weather. Some clients have had to return additional times to complete the process. Others have waited 3 to 5 hours.

7. The Department of Pensions and Security recipients receive their payments for aid to dependent children, permanently and totally disabled and aid to the blind at the close of the month. These recipients are receiving less than minimum budget allowance; in fact 35 percent of a minimum budget for Aid to Dependent Children and they need to purchase food stamps on the earliest possible day.

8. The food stamp program does not have enough staff to rotate lunch hours. Its accounting procedures require approximately 2 hours daily from 3 to 5 p.m. Therefore, only approximately 6 hours daily can be spent interviewing clients and selling stamps. The clients may lose their place in the waiting line if they leave during lunch hour, or any other time.

Jefferson County does not appear to have a grossly emergent problem of hunger, such as would be found in a disaster situation. Jefferson County has a system to take care of emergent hunger problems, such as a family in need of food because of sudden illness, death of breadwinner, et cetera. The problem of hunger is a chronic although no less real one, the result of a complexity of causes such as eating and food buying habits and social problems encountered by poor people in the county. Accompanying this is a system of providing food for poor persons which has certain problems that should be corrected.

A detailed study of the number of hungry persons would be of no great benefit at this time. Very few agencies or people can agree on what hunger is. Income levels and other economic and social indices are quickly reviewed. Clinical and nutritional studies give little clue to the socio-economic aspects of hunger. Social securities statistics completed in 1966 indicated that approximately 130,000 individuals in Jefferson County were living in homes in which the income was under \$2,968.

RECOMMENDATIONS

It is recommended that, as this matter is of so great importance to so many poor people, the Community Service Council devote a reasonable period of time during the next few months to work with the county commission or any other group to explore fully the possibility of revising the food stamp operation so that more can be done locally to more nearly meet the needs of the poor to the end that hunger need not exist.

Specifically, it is recommended that the Community Service Council:

1. Further explore with the county commission, the Department of Pensions and Security, the U.S. Department of Agriculture, the Jefferson County Committee for Economic Opportunity, Operation New Birmingham, and others, the possibility of revising the food stamp operation so that more can be done locally to meet the needs of the poor:

- (a) That management methods be found to eliminate the need for several hundred people appearing at the food stamp office in 1 day and very few at other times during the month.

- (b) Determine better methods for certification and recertification.

- (c) Better coordination with local agencies, such as the Neighborhood Service Centers operated by the Jefferson County economic opportunity program.

- (d) Revision of nutritional education to improve the meal-planning, food buying and preparation practices of the poor.

- (e) Decentralize as much as possible either through mobilization of branches.

2. Attempt to find ways and means for surplus food commodities to be made available to all eligible institutions and child-caring programs.

3. Continue to explore the utilization of additional available State and Federal programs for the poor with other organizations.

4. Organize a task force including professionals serving the poor to assist with the implementation of these recommendations which relate to the food distribution program for the immediate future, and to also serve as an advisory group to the Family and Children's Study Committee.

Mr. PEAKE. This is a narrative form and ranges somewhat beyond food stamps but with respect to the latter, it puts descriptive drama into what it takes for a recipient to get a hold on a food stamp, the long and often impossible trek to the one or two offices that can certify, recertify or sell the stamps; the long waits in line on the few specified days that the recipient can buy the stamps; the bewildering and, what must seem to many of our poor and often illiterate people, a completely inscrutable jumble of requirements for paper on top of paper.

You gentlemen, have no doubt heard much of the above before. It has been my pleasure to be here both today and yesterday and I certainly understood the language of a lot of people who were talking because we looked into it in exactly the same way.

But we have dealt at some length on the "laborious procedures" for these reasons:

1. As interested citizens, we have gone into food stamps deeply enough to know what we are talking about. In Jefferson County we reach a bare 10 percent of public assistance people, those people for whom the food stamp program should be the simplest to handle. We understand that 10 percent in the category of public assistance recipients is about the national average so we are not really behind.

2. Laborious procedures are a principal cause for the ineffectiveness of the present food stamp program. Any solutions, such as more food stamp offices within the county or taking the offices out to the people by way of mobile units, so long as these procedures are in effect, will be doomed from the start. A small increase in the number of recipients will result (and has resulted where attempted) from such efforts, but at an obviously much greater increment of administrative cost. If I can stop there just one moment, we had one office in Jefferson County at the time we started looking into the program and an obvious quick solution to our mind at that time was to open another office in an area called Bessemer, Ala., which is an outlying city from Birmingham. So we pitched in. We got help from merchants in Bessemer. We got some free paint. We got a free office from the city of Bessemer. I went out and found a used safe so we could take the safe out there. In other words, we did very much of a sort of a Boy Scout operation in opening up another food stamp office in Jefferson County.

It then occurred to us that we also had added some personnel out there and it would be impossible to follow that procedure to open another office in Ensley, another area, or Leeds, another area, that the more food stamp offices we opened the more we were really compounding ourselves.

Despite the above, we are, on our committee, and from what small vantage point we have obtained, thoroughly convinced that the food stamp program should be given every chance of being really effective. We believe it is a good program and that it can be made to work much more effectively.

The present legislation on food stamps, and when I refer to that, I refer to it strictly as a layman, allows quite a latitude in the setting up of the programs by the various States, subject to review and approval by a Federal authority. Thus, it is up to us, in Jefferson County and in Alabama, to cure many of the faults we have alluded to. This we intend to do by way of mechanizing all "in office" accounting procedures. For example, the requirement for statistics on the individual

recipient, his period of eligibility, his frequency of use of the program, will be taken away from a handwritten "household record card" and become a few digits within the disk of a computer. We can advise all public assistance people that they can and should be certified for food stamps and we can use all means to encourage their certification and participation. We can mail out, at the beginning of each month, "ID" cards or "authorization to purchase" cards, bearing the name of the recipient and the degree of his cash participation and this card can be so arranged as to allow a greater number of times for purchase of stamps within the month. We can provide for more sales locations for the stamps. We can make the sale of stamps strictly a cashier type operation, with cashier windows in city halls, branch banks, post offices, or mobile units.

To attain mechanization within the limits of the present legislation and to do all of the prescribed functions, we are presenting a program for adoption in Alabama that has been outlined for us by two experts in data processing. Their outline is attached as "exhibit C," and is as follows:

I do not think it will be necessary to take up your time now to go through that except it has been done by a couple of friends of ours in this case who are with IBM. I happen to be the landlord of the IBM building and these gentlemen pitched in and did this job on their own, have designed as far as the computer end is concerned—they wanted to be sure that it would be anybody's computers. It could be NCR or anybody else's equipment. But they have done a very creditable job on how to take care of paperwork through computers and printout machines and that sort of thing.

(Exhibit C follows:)

EXHIBIT C—NEW APPLICATIONS FOR FOOD STAMP PROGRAM

1. The application for food stamp program, form FS-3, will be completed in either the food stamp office or the welfare office. If, during the interview by the caseworker, it is found necessary to permit the participant to buy food stamps immediately, the ID card would be typed and a note to this effect made on the application. The ID card would then be given to the participant for his signature and the purchase of stamps. The applications will be separated between approved and disapproved when they are received by the punch operator from the caseworker.

2. The punch operator will punch a card from each application, keeping the approved separate from the disapproved. At this point a code will be punched in column 80 of the card to indicate that an ID card had been typed as described in paragraph 1. This code will enable the computer to eliminate preparation of an ID card which will be described later.

3. The application cards will have printed across the top all information punched into the card. The accuracy of the punching will be verified by reading this printed data back to the application.

4. The disapproved applications will be filed, in alphabetical sequence, in a disapproved application file. The cards representing the disapproved applications will be filed in a file known as disapproved application card file. The cards will be used to prepare alphabetical listings of disapproved applicants and, periodically, a summary of disapproved applicants by reason for disapproval.

5. The approved application cards will be passed to the computer where they will be read and the information stored on a magnetic disk storage device. The application cards will then be filed in a permanent application card file. (From this point the cards will not be required except on special occasions.) This storage device will be used temporarily.

The participant's records, now stored on disk, will be sorted in numerical sequence by F.S. case number by the computer. The ID cards will be listed from the record stored on disk. The cash and total stamp amounts will be divided

by 4 and one-fourth listed on each of the four lines on the ID card. In cases where there are remainders when making the above divisions the amount listed on the line for the 4th week will be adjusted by the amount of the remainder. (The computer will not prepare ID cards on those records with the ID card issued code.)

During the operation of writing the ID cards the entire record of each participant will be written on the F.S. personal data file (disk storage device) allowing space for entering future stamp purchases. The personal data file will carry all necessary information to print out a history of the food stamp participation by each participant. This history record on the disk pack, will be electronically checked each month. When a participant fails to purchase food stamps during any month he would not receive a new ID card, but would be advised to report to the food stamp office. This will be explained in more detail later in this report.

6. In order to get participant's signature it will be necessary that he come to the food stamp office, sign the initial ID card in front of the cashier when he makes his first stamp purchase. Future ID cards will be mailed as explained later.

7. The personal data file will be scanned once each month and the following operations performed:

(A) Search for expirations at end of the next month, punching out a skeleton application card on each. This skeleton card will contain all information except reason disapproved, number in household, certification months and expiration date and basis of issue.

(B) Check utilization of program last month. If participant did not purchase stamps during the month, a message to him will be printed in space on ID card which is provided for printing cash required and stamps authorized.

(C) Print new monthly ID card which will be mailed to the participant with instructions that he bring the new ID card and the old card when he visits the stamp office to make the last purchase of stamps during the current month. The cashier would have the new ID card signed and pick up the old card.

(The new ID card and the notices will be mailed to the participant.)

8. The skeleton card which was created on participants requiring recertification will be used as a locator card to get information off the personal data file for partially printing recertification papers, (new application and new ID card.) It will be necessary for the caseworker to complete the application and the ID card after review for recertification.

9. The completed application for recertification will be passed to the punch operator who will complete the skeleton card by punching:

1. Reason disapproved.
2. Number in household.
3. Certification months and expiration date.
4. Basis of issue.

10. Update participant's record on personal data file. This operation would erase the entire record of the participant on the disk (personal data file) and replace it with the new certification record.

11. The participant visits the food stamp office and presents his ID card to the cashier along with cash to purchase his authorized food stamps. The cashier completes the entry on the cashier's issuance report, has the participant sign the report. He then checks signature on ID card with signature on cashier's issuance report. If the signatures are the same he will issue the stamps.

12. The issuance report will be used to balance the cashier's cash at the end of the day.

13. An issue record card will be punched from the cashier's issuance report.

This card will contain the following information:

1. F.S. case No.
2. Date of purchase.
3. Dollar amount.
4. Stamp amount.

Verify the issue record cards by reading the information printed across the top of the card's back to the cashier's issuance report.

14. The issue records cards will be used to update the personal data file, which is on disk, with the history of stamp purchases. This operation should be done once each month and just prior to searching the file.

Mr. PEAKE. With this new procedure in effect we can greatly diminish the time it now takes to buy a food stamp; there need be no long

treks to one or more offices; there need be no standing in long lines. Caseworker efforts can be directed to handling exceptional cases—routine cases will be able, in a short while, to fend for themselves.

At this point, in our recommendations, and as you gentlemen know, not one new approach has been suggested. A limited search made by CAC, has uncovered counties in the South that already have mobile units; some of these mobile units take all files for a designated area, into that area, complete with caseworkers, cashiers, and security guards. Elsewhere, other mobile units, and this is better, limit their function strictly to the selling of stamps to participants who have received a card, or cards, in the mail authorizing them to purchase stamps. This is a system that we discovered over in Hinds County, Miss., where Jackson, Miss., is.

Some counties have cashier windows in banks or in the office of city clerks in outlying communities. In Mobile County, in our own State a degree of automation in accounting procedure is already in effect.

A simple conclusion is obvious. There is practically no readily available information on how any one county can pattern their system after a better system and there may be dozens of variations. I know there are dozens of variations in our area. A better exchange of information should be available between the States, and from within the Department of Agriculture itself. The Department should search out the best present system and let us all know about it. More importantly, we might also conclude—if our information is correct that our national average is in the order of 10 percent participation by the indigent—that no system has yet been devised that is really getting the job done. Thus, if we do all of the things we have talked about, data processing, mobile units, and so forth, it may still be doubtful that we will achieve much more than a modest increase in participation. We plan to do all these things in Jefferson County—such as we are allowed to do under present legislation—but we cannot escape the feeling that neither we, nor the food stamp program, will have realized the full potential of what this program is capable of accomplishing for the people for whom it is intended.

We, therefore, want to recommend an approach that bypasses all but a minimum use of the food stamp as we now know it. Food stamps themselves are actually a form of currency; it is not a big step to transform this type of currency into a food check. We suggest that certified recipients be given food checks, or food vouchers, and that these checks, or bundle of checks, be mailed to the certified participant at the beginning of each month. With automated techniques, a computer and a printout machine this poses no real problem. IRS does it, Social Security does it, and BankAmericard does it. We want to suggest that we bypass the food stamp cashier window, and the increasing need at present, for more and more cashier windows. We could do this by simply letting the participant go to a local, qualified grocer, present the stipulated cash he's got to put up—and this can be shown on his check—along with his food check and ID card, sign the check, and walk out with a sack of groceries. These checks, keypunched and annotated in any number of ways, deposited by the grocer, and then run back through the system's computer can keep up with all accounting information, and all the information that is necessary as to the individual and his participation.

Our exhibit D is a rough example of food check and also explains from exhibit C how this is just a simple step beyond what we have talked about as automation.

(Exhibit D follows:)

EXHIBIT D—ADDENDA

USE OF FOOD VOUCHERS IN LIEU OF FOOD STAMPS

The procedure outlined can be modified to use food vouchers in lieu of food stamps. The advantages are as follows:

1. Elimination of bulky food stamps, except for change.
2. Food vouchers can be used for electronic computer analysis to determine individual participant utilization of food stamp program.
3. Manual effort eliminated in cashier selling food stamps.
4. Electronic update of personal records of participation.

The disadvantages would be:

1. Need for a semipermanent personal identification card.
2. More computer time required to prepare four food vouchers in lieu of one identification card.

In each step in the procedure, wherever the food stamp identification card is mentioned, food vouchers would be substituted as follows:

As the ID card is being prepared, the total cash required and the total stamps to be purchased are electronically calculated into four equal parts, representing four weeks or four periods of stamp purchases. With the food voucher program, four individual food vouchers would be electronically prepared, each voucher representing one-fourth of the total month's authorization.

After the participant has been certified by the case worker, the participant, his authorized agent or proxy, will sign the personal identification card. The personal identification card will then be encased in plastic and given to the participant.

If the participant desires food vouchers immediately, they can be typed in the food stamp office and proper notations will be made, as with food stamps, indicating he has already received his first month's food vouchers. Otherwise, on a regular cycle basis, the food vouchers will be mailed to the participant.

When he goes to the market to redeem the food vouchers, he will select his merchandise and present the food voucher to pay for the merchandise.

The checkout clerk will total the merchandise and ask for the food voucher and the personal identification card. The participant will endorse the food voucher, and pay the amount of cash called for on the voucher. The checkout clerk will be responsible to see that the endorsement is valid.

If the participant has selected more merchandise than authorized by the voucher, the participant can pay the overage in additional cash.

If the merchandise does not come up to the total of the authorized amount, she will give up to 50¢ in loose stamps change. These stamps can be used any time during the certification period by merely presenting the stamps with his personal identification card.

Mr. PEAKE. The checks would be delivered at the beginning of each month and could be cashed only within that month. They would be in small enough amounts \$5 or \$10 total, cash plus bonus, to encourage participation by those to whom cash requirements are a stumbling block. We have given enough thought to this to know that it is a logical next step to use checks in a plan that includes use of automation, and we believe it to be the best next step in a program which is designed to get more and better food into the stomachs of hungry, or undernourished Americans.

If allowed to do so, we can put such a system in effect in Birmingham and Jefferson County in fairly short order. The system has had the backing, approval and cooperation of our city, county and State officials. Within Operation New Birmingham, and our Community Affairs Committee, we can tap the business ability of banks, insurance

companies, computer companies, and of organizational experts, but more than this is the desire, the altered conscience, if you will, within the ranks of our leading citizens. In short, we have a full head of steam and are asking for a "go ahead."

Thank you again for giving us the chance, and the honor of appearing here today.

The CHAIRMAN. We are obliged to you and the other gentleman with you. We wonder, do the others of your group want to make any statement?

Mr. PEAKE. I think certainly if there are some questions about this, there will be some others who will want to answer them.

The CHAIRMAN. If not, do any of the members want to ask any questions?

Mr. ABERNETHY. Mr. Chairman, I do not want to ask a question but I certainly want to congratulate the businessmen of a fine city getting together and trying to do something about the intricacies of handling this problem in their community. I think it is commendable that those of you who do not fall in the food stamp category, busy businessmen, took the time and effort to try to eliminate the problems that result in the dissemination of the stamps.

We appreciate your presence. I wish to commend you for your efforts.

Mr. PEAKE. Thank you, sir.

The CHAIRMAN. Mr. Wampler?

Mr. ABERNETHY. May I say one other thing? Do you not think "Ole Miss" should have won that football game in Birmingham?

Mr. PEAKE. Yes, sir. I went to Auburn.

Mr. ABERNETHY. I also went to Alabama.

Mr. WAMPLER. Mr. Chairman, I would just like to add my word to what Congressman Abernethy has already said. I certainly think you gentlemen, those of you who have worked on this, should be commended. I think you have presented this committee a rather remarkable document, and many of us have felt for a long time that the mechanics of the food stamp program have actually caused it to not work as well as it should. I know this is true particularly in rural areas. Hardly a day passes that I do not get a letter from some constituent who does not understand why it is necessary to make a lengthy or in most cases a costly trip to a county seat to apply on a given day where the hours are limited, and they become rather frustrated and disgusted with the program, and I feel you have given us something worthy of a great deal of thought.

So, I want to congratulate you and your organization for this obvious effort that you put forth, and I feel sure that it will be very, very beneficial to the committee, and I hope in the Department of Agriculture they will take note of this work you have done because I feel here is where they could help disseminate as you so well point out; and suggest that where we have workable programs within the various States, that we make this known to the States and to the agencies that have the responsibility of administering this program.

Mr. PEAKE. Thank you, sir.

Mr. WAMPLER. I understand that in most States, the cost of administration of the food stamp program is borne by the State or locality. Is that true in Alabama?

Mr. PEAKE. I would like to ask Commissioner Tom Pinson——

Mr. PINSON. I am commissioner of public welfare in Jefferson County. We have had the food stamp program there since 1963, and it is financed locally by the county and some of the municipalities. But it is administered by the State of Alabama. We just pay the bill and they run the program.

We have realized the ineffectiveness of it ever since we have had it; but we had to have some sort of a program, and one office was all we were able to support and maintain for quite awhile.

When the Community Affairs Committee was organized and we got working together with all segments of the community—the businessmen, all minority groups, and everybody working together—this is a biracial committee—we have come up with the idea that if given an opportunity, we can expand this program and make it more accessible to the people of Jefferson County.

There are 1,124 square miles in Jefferson County and 35 municipalities, Birmingham being the largest and Bessemer the second. We opened a new office in Bessemer recently, and it is serving a lot of people there. We plan to put in a mobile unit very soon, but we still believe, as you said, the frustration and redtape involved of certifying a recipient, we still may not reach the number of people that we would like to.

I visited West Virginia, McDowell County, and studied the program when it was put in up there. I believe that was the pilot county in the United States. We would like an opportunity to put what we presented into effect in Jefferson County and see if we might not become a model for other counties in the United States to expedite this program and reach the people that it is intended to reach.

Mr. WAMPLER. I appreciate your statement. It seems to me that if we can standardize the implementation of the program through using the latest data-processing techniques, then it would result in substantial economies and at the same time reach more people.

I know that it is done in workmen's compensation and other types of programs that the States supply.

So, again, Mr. Chairman, I just want to commend you gentlemen who have worked hard to produce what, I think is a rather remarkable document for our consideration.

Thank you.

Mr. PINSON. If I might make this observation, the questions that Mr. Abernethy and Mr. Kleppe asked about strikers, we have had some few in Jefferson County that have been eligible for food stamps but there have been very few and we have discouraged it on a governmental level and the unions have also. We do not think that is fair. If a man has got a job, he ought to go to work and not ask to receive food stamps.

We have had very little abuse there and the standard criteria that was set up, \$11,000 a year, a person could not qualify in Jefferson County with that amount of income regardless of the number in his family. It is very limited and there has been very little abuse regarding striking in the picture. And there has been very little abuse in the sales, redemption of the food stamps. We have only had one or two violators and most of those paid their money back that they received and were not prosecuted. I do not recall but one person who was even fined.

It is a fine program and it certainly is much better than the direct commodity distribution program. We had that there and we did away with it and put in the food stamp program and it is a much better program.

Thank you.

Mr. WAMPLER. Thank you.

The CHAIRMAN. Mr. Purcell?

Mr. PURCELL. Mr. Chairman, just like others have already said, I want to commend the city of Birmingham and your county in not just the work you are doing on food stamps but obviously, all the other problems that you are working on so very diligently. If every community in the country had the determination and approach which you obviously have, I think we would begin to solve our problems and I want to encourage you and congratulate you on the effort you are making.

The CHAIRMAN. Can the chairman make a statement for all the committee, that we all appreciate what you have done. We all appreciate your statement here and it is not going to be necessary for each member of the committee to say so. We do not have the time. I hope you will take judicial notice of the fact that every member of the committee is appreciative of your appearance.

Mr. Mathias?

Mr. MATHIAS. Mr. Chairman, I would like to ask one of the gentlemen here, has any one of you made a cost analysis on the rental of an IBM machine versus the way it is done now? Would this cost more than the way it has been done as far as the administration of it?

Mr. PEAKE. We feel right now it would cost a good deal less. We have not gone through to make the complete analysis on that. There are available to the county computers and printout machines that handle other things such as our drivers licenses and automobile tags. The Blue Cross people that I understand administer our medicare program have computer time.

We would have time on some computer without actually having to go buy one even though we went out and rented time from some private source. The size of the—and I am not a computer analyst at all but we have had these two men look into it. The size of the problem and the number of people that we—the maximum number of people that we could reach as a matter of computer time in handling a lot of these things maybe a couple of hours or something like that.

One of the biggest things we have is the number of hand cards back and forth within a food stamp office.

Mr. MATHIAS. Do you feel this new concept would save a lot of money over your present system?

Mr. PEAKE. I think it should and I believe that Mr. Hodges has pointed out that maybe our case worker time at that time could be devoted more to actually taking care of the cases and not so much paperwork.

Mr. KLEPPE. Mr. Chairman, I just have one suggestion I would like to make along the lines of Bob's question. That is, you are going to attempt to make Jefferson County a model and I think this is very commendable. Could I suggest to you while you are working on this—you indicated that you pay the bills.

Mr. PINSON. Yes.

Mr. KLEPPE. That you make a study or make a computation of what it costs. I think this would be most helpful and most beneficial to the committee and to the Department of Agriculture.

Mr. HODGES. I am Gerow Hodges. Speaking of costs there, it is our feeling that we can reduce the number of personnel if we follow this plan enough that we can more than pay for the cost of the computer by doing this. Of course, we just have some estimates that we are not sure of. We would rather not quote at this time. It is our feeling we can save enough by doing this.

Mr. KLEPPE. If you put those down on paper I think when you get done it will be very helpful.

Mr. HODGES. We will do that. We will be glad to.

The CHAIRMAN. Mr. Montgomery?

Mr. MONTGOMERY. Mr. Chairman, if one of the gentlemen on the panel could enlighten me—a number of bills have been introduced. Of the bills that have been introduced, do any of them clarify or do what you have recommended to this committee? I know they came out with a bill in the Senate Agriculture Committee that made a lot of changes on how food stamps would be issued. Have any of these provisions you recommend already been introduced in some bill?

Mr. PEAKE. I think most everything that we have suggested would be allowable under the Senate bill and we have only had a chance to just briefly look into that. I think that the idea of using food checks and bypassing food stamps, we might have to stretch some of the language in that bill.

Mr. MONTGOMERY. I also introduced a bill in the House and I took some of the provisions—

Mr. PEAKE. Yes, sir.

Mr. MONTGOMERY (continuing). In the Senate agriculture bill that was defeated on the floor that made it easier to get food stamps. You have answered my question in that you said all or most of what you recommended would be covered by the Senate agriculture bill.

Mr. PEAKE. Well, as I say, we are not questioning any of the bills and it looks like there is more—just a quick reading of the thing—there is more latitude to allow communities to do something different from the past legislation.

Mr. MONTGOMERY. I am only trying to—I am trying to find a way of—

Mr. PEAKE. I think specifically what we are asking, and I do not know whether this is the right place to ask it, maybe it is the Department of Agriculture, that we go ahead and start this food check system. As long as we are on the food stamps I think we are going to be somewhat hamstrung mainly because we have to set up a, first a place—we have to do all the certification and that sort of thing. Then we have got to have cashier windows somewhere where a person can take his eligibility, an ID card or whatever it is, buy stamps and then go to the grocery store.

I think it has been suggested in one of the bills that would allow people to buy stamps at a grocery store, and post offices, banks, that sort of thing. Our first thought was that, well, let us have the grocer or the qualified grocer be the banker for the stamps. But I think that is—that may be time consuming. If we could get to a check where the person's eligibility, his degree of participation, is all done in a print-

out way and let him get to the grocery store where he is going to get the groceries and buy the groceries with those checks and then get the checks in the size range that would be a sack of groceries type thing, whether it would be a \$5 sack or \$10 sack, because there has been reported here many times part of the problem is the large amount of money that people have got to put up at one time. So, we want to put the best effort we can on getting toward the food check system if we can.

The CHAIRMAN. Thank you, Mr. Montgomery.

The bells have rung but Mr. Miller wants to ask a question.

Mr. MILLER. I want to make sure that I completely understand exactly what we are talking about today. The participant in the stamp program would go to the welfare department and they would be investigated by a caseworker? The participant would in turn receive a certificate whereby he would be allowed X amount of stamps. He then would take that certificate to the bank and would purchase that amount of stamps. Then he would go to the grocery and spend those stamps.

Now, the step that you are talking about primarily is mailing the stamps to the participant, but as I understand on page 2 of section C, you indicate that the participant would be sent a new ID card each month which he would turn back in to the caseworker, so it is necessary for him to at least make one trip to the welfare department, is that correct?

Mr. PEAKE. No. I do not think—

Mr. HODGES. First time, yes.

Mr. PEAKE. We were not clear. The degree of eligibility—if a person is eligible for a program for a year, then he would not have to be recertified during that period. We have other people that have to be certified every month. They have to be handled on a special-type basis. What we were trying to get at here is the bulk of the people who have long eligibility periods.

Does that answer your question?

Mr. MILLER. Yes. Let us assume that someone is certified for a year but he has some income 4 months after the time he is certified. How is this checked off?

Mr. HODGES. May I answer that? They are first—they have to go to the food stamp office to be certified the first time. After then we mail them the ID card and once the card is mailed, of course, they can go down and buy the stamps. We want to use the checks in lieu of doing that. They have to go down the first time.

Now, if their condition changes, they will have a questionnaire that will go with the ID card stating if your condition changes—I think there are three or four questions that are asked. Now, if he makes more income, and that would be one of the things, then he would have to contact the food stamp office again and see if he would be eligible or what change it would make if he was still eligible.

Mr. MILLER. Very good. Thank you.

One other question. We have two areas where students can receive food stamps and strikers can receive food stamps. What is your thinking on that? Should they be allowed to receive the food stamps?

Mr. PEAKE. We have heard some of the testimony up here and I do not think any of us want to get into the ideology of it. I think it is the mechanics. Maybe I would like to say that the Congress in its wisdom is going to get at that one.

The CHAIRMAN. You have an awful lot of confidence in us.

Mr. MILLER. Thank you.

The CHAIRMAN. Thank you, Mr. Miller.

We are very much obliged to you gentlemen. Every member does appreciate your suggestions. We are glad you came before us.

That concludes the questions. The committee will stand adjourned until 10 o'clock tomorrow morning.

(Whereupon, at 12:05 p.m., the hearing was recessed, to reconvene at 10 a.m., Thursday, October 30, 1969.)

FOOD STAMPS

THURSDAY, OCTOBER 30, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m., in room 1301, Longworth House Office Building, the Honorable W. R. Poage (chairman) presiding.

Present: Representatives Poage, O'Neal, de la Garza, Vigorito, Jones of North Carolina, Montgomery, Sisk, Alexander, Burlison of Missouri, Jones of Tennessee, Melcher, Belcher, Teague, Wampler, Miller, Mathias, Mayne, Zwach Kleppe Price, Myers, Sebelius, McKneally, Mizell, and Resident Commissioner Córdova.

Also present: Christine S. Gallagher, chief clerk; Hyde H. Murray, associate counsel; John A. Knebel, assistant counsel; and L. T. Easley, staff consultant.

The CHAIRMAN. The committee will please come to order.

We are met to resume consideration of several related bills which are before the committee today with special reference to food stamps.

Our first witness today is Mrs. Mildred J. Brooks, Home Economics Consultant to the District of Columbia Department of Public Welfare and president, District of Columbia Dietetic Association.

Mrs. Brooks, we will be glad to hear from you.

STATEMENT OF MRS. MILDRED J. BROOKS, HOME ECONOMICS CONSULTANT TO DISTRICT OF COLUMBIA DEPARTMENT OF PUBLIC WELFARE AND PRESIDENT, DISTRICT OF COLUMBIA DIETETIC ASSOCIATION; ACCOMPANIED BY MRS. CATHERINE TIM JENSEN, DISTRICT OF COLUMBIA DEPARTMENT OF PUBLIC WELFARE; AND MRS. THELMA RUTHERFORD, CHIEF, FOOD STAMP ADVISORY COMMITTEE

Mrs. Brooks. Good morning, Mr. Chairman, members of the committee. On my right is Mrs. Timmie Jensen, the information specialist of the Department of Public Welfare, and on my left is Mrs. Thelma Rutherford, the chief of our Food Stamp Advisory Committee.

My name is Mildred J. Brooks and I serve as home economics consultant on the Director's staff of the District of Columbia Department of Public Welfare. One of my responsibilities is the educational aspect of the food stamp program. It has been my privilege and challenge to work with low-income families in the area of home economics for over 20 years as dietitian, home economist, teacher, nutritionist, and now, consultant. Professionally, my involvement is in the health

and welfare and legislative committees of the American Home Economics Association and in the District of Columbia Dietetic Association as President. I am not representing these organizations at this time.

It is also my pleasure this year to serve as a consultant to the White House Conference on Food, Nutrition, and Health on the panel related to vulnerable groups, which includes the District of Columbia.

In my experience, the food stamp program, even with its problems, has been the best tool in helping to alleviate hunger and malnutrition. However, it is now evident that this program has not been extended far enough.

In the District of Columbia we are reaching approximately one quarter of the estimated universe we should reach (40,000 out of a potential 160,000). I venture to say that this ratio could be extended to the entire Nation.

There are many improvements in the food stamp program which if made, would result in wider participation, such as (1) standardizing and simplifying the requirements for participation and (2) allowing enough stamps for an adequate low-cost nutritious diet. It is very difficult to plan a nutritionally adequate diet with extremely limited resources, that is, without the knowledge of food elements necessary for good health and lack of a sufficient quantity of food.

The McGovern bill which recently passed the Senate would grant a family of four \$127.50 worth of food stamps per month, their contribution to the cost would be based on their income not to exceed 25 percent of that income.

Today, this would provide a nutritionally adequate diet. Without a built-in cost-of-living increase, there is no guarantee that the same sum will provide a nutritionally adequate diet in the near future. This is the figure now given by the Department of Agriculture for a low-cost, nutritionally adequate diet. If the cost of living continues to climb, this may not be true tomorrow.

We must always keep in mind that welfare or public assistance standards are definitely not the same as standards for nutritional adequacy.

(3) The food needs of persons at various stages of life should be considered. Teenagers require far greater quantities of nourishing food than middle-aged adults or smaller children. Contrary to popular opinion, the elderly need carefully balanced diets to prevent the debilitating ailments of old age.

(4) Special diets should also be considered in the food stamp program. Diabetic, heart, and ulcer patients require additional or special foods which cost more. The incidence of such illnesses among welfare clients is astoundingly high in relation to the rest of the population. Poor diets compound health problems. The resulting costs are considerably greater to society than a lower food stamp purchase price or a greater bonus.

Let me add here that there is a need for a greater interplay between medical and health experts and the food stamp program—or all Federal food programs for that matter.

(5) All stores affiliated with the food stamp program should pass public health sanitation inspection and be required to mark prices on their merchandise.

(6) The food stamp program should have a built-in educational component, federally required, with funds specifically earmarked for this purpose. Such a component is based on the assurance that the program would provide funds for a nutritionally adequate diet. You can't teach people to use what they don't have. The educational program should be one that relates directly to the people using food stamps, one that speaks their language—be it jive talk, Spanish, or Navajo.

Let us briefly consider the alternatives to an effective food stamp program. Needy citizens will continue to be restricted to an extremely low-cost diet, scarcely better than the one provided by surplus commodities. These diets, which lack vital nutrients, rob individuals of physical vigor and limit their potentiality in economic and social contributions to our Nation. Poor physical and mental health are the boon companions that contribute greatly to an unstable, hostile society.

Also, serious evidence has been accumulated that malnutrition is a causative factor of mental retardation. Ample proof exists that infant malnutrition leads to countless physical problems.

The District of Columbia's Welfare Department is fortunate in having one home economics consultant and three staff home economists—two with foods and nutrition background—who work in the educational aspects of the food stamp program for the District. Very few welfare departments in the country employ home economists at this particular time. To augment the services of the welfare home economists, we cooperate with other agencies, such as: The District of Columbia Health Department, United Planning Organization, District of Columbia public schools, grocery chains and the nutrition education program at Federal City College.

Our educational activities consist of informal classes in consumer education, including money management and shopper's guides in grocery stores, participation in television programs, low-cost food demonstrations and preparation of educational material on best food buys which are distributed in our waiting rooms and in neighborhood centers.

This information reaches a very limited number of people because we are too few trying to reach too many.

For further clarification, let me say that I would like to see an effective food stamp program with an excellent nutrition education component. All welfare recipients and other low-income groups should have enough money to buy adequate food. But there is a real gap today in meeting this goal. The fact is that too many Americans are faced with hunger, now. People are indeed starving, although they may be living on beans and pop. We must get to work on the problems of hunger now, with a realistic, relevant, and responsive food stamp program which will carry us a long way in removing this blot from the conscience of our Nation.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mrs. Brooks. We appreciate your statement.

Would your associates care to make a statement?

I know Mrs. Rutherford is from my hometown. I do not know if she cares to say anything.

Mrs. RUTHERFORD. This is an unexpected opportunity and pleasure. I had not expected to speak this morning, because I just came to give moral support to my good coworker. I do think this is wonderful that we can be here in the arena of our world today, because Congress is really the arena, and say things that will help to improve the food program of the Nation.

I would only want to add that I hope you will hurry and get some food programs out, get a good law out so that we can get to work and help to save our Nation from starvation. We know, those of us who are out in the community come across people who do not have money. There was somebody here on Tuesday who said, is it really true that there are people without income in our nation? It is true. We run into them. They have not a cent in the house. It does not mean that they do not—that they are always without a cent, but it means that they go for days without a cent so that they have to go around from neighbor to neighbor or from agency to agency begging for food. It should not be that way when we have barns full of wheat, corn and food all over the Nation stored, waiting to be used.

So if our committee gets us a good bill, maybe we can soon get to work feeding our Nation. Thank you.

The CHAIRMAN. Thank you Mrs. Rutherford. We are glad to hear from you.

Mrs. Jensen?

Mrs. BROOKS. She said no comment at this time.

The CHAIRMAN. Thank you all very much. I appreciate your statement.

Mr. ZWACH. Mr. Chairman, could I ask the folks a question or are they going to stay later?

The CHAIRMAN. I hope we can all stay later and get everybody questioned together. I found that order moves things a little faster.

Mr. ZWACH. I have questions and I will withhold them, if I may.

The CHAIRMAN. All right.

Dr. Rodney E. Leonard, the Children's Foundation for the District of Columbia. Dr. Leonard, we will be glad to hear from you.

STATEMENT OF ROBERT E. LEONARD, CONSULTANT, THE CHILDREN'S FOUNDATION, WASHINGTON, D.C.

Mr. LEONARD. Thank you, Mr. Chairman, members of this committee. Let me make a correction. I am not a doctor. I have a bachelor's degree and that is about it.

I am glad to back in this room again. I think I cut my eyeteeth on testimony before congressional committees here and I always felt that if you can break in here, you probably can do well before any committee in Congress. So I welcome the opportunity to present my views on food stamps as a former administrator of the agency where the food stamp program was housed. I am presently a consultant with the children's foundation, but the views I express here today are my own.

I am here to support the proposals to enlarge the food stamp program and to broaden its scope as a measure to reduce the impact of poverty; but I also am here to plead for the need to revive faith in the Congress, in the executive, in the process which we as citizens look to for the delivery of public services.

The food stamp program is today the core of the several programs to deliver food assistance to low-income families. Under the proposals which this committee is considering, it will become the family food assistance program.

As the program is presently constituted, it is less a family food assistance program and more an inadequate response to the conditions of poverty in which 20 million or more Americans exist today. Rather than demonstrate the aroused concern of 200 million people, this program is chilling evidence that if public services can be denied to some, they can be denied to all.

The program in concept reflects a national commitment to apply the embarrassingly evident abundance of food to problems which are rooted in the lack of food—to hunger and malnutrition.

In practice, it is something different.

We say we want to eliminate hunger and malnutrition, and then tell the poor to fill out complicated forms, wait endless hours, travel countless miles simply to be certified, to be told that they are eligible for food assistance.

When that is done, they must travel more miles, wait in more lines to receive an amount of purchasing power which will not buy enough food to maintain family health.

We even tell the poor they cannot buy just any food, but only what is grown within certain geographical boundaries.

Is it any wonder that the poor, and a growing number of concerned citizens, appear to question whether the institutions of Government can do what people believe should be done.

If freedom from hunger is the right of all men, and we produce enough food to feed all people, why are some people unable to get enough food in America? If the Congress believes that hunger should be eliminated, then why has it on a nearly biennial basis taken small steps to extend the life of the program for limited time periods? Is hunger going away in 2 years or 4 years?

It is not a cynical observation to say that large principles and the public interest are an agglomeration of small interests, and the legislative process is bumptious, lively trading of power for which high rhetoric is developed afterward to explain what happened. But it becomes in the public mind a cynical process when it appears to favor the production of foods without concern for their purpose. Thus, if it becomes the strategy in Congress to withhold action on hunger until action is taken simultaneously on commodity legislation, a citizen might reasonably interpret this as suggesting that growing food isn't important to cities and feeding people isn't important to the country.

Such a condition is ridiculous, but it appears we are verging in that direction. The Congress in agriculture has always been more responsive to the production side of the economy rather than the human side of society, as though both are always the same. Nor has the Executive done much to challenge this attitude. The power center in food always has rested closer to the economic interests of those who can afford to produce, market, process, or consume rather than with those who cannot.

The problem is not that the needs of the poor, dispirited, dispossessed, disillusioned or disenfranchised should be first, but that they

should be considered as equally important. It is the absence of concern, or the willingness to extend only token resource, pilot programs and promises, which troubles me.

The response it breeds is like an avalanche of hot lava flowing toward this committee and the Department of Agriculture. Your colleagues on the Hill criticize this committee in righteous tones to imply things would be different if they were on the committee; but then vacancies often are filled by assignment rather than by request. The Department, it is suggested, should be broken up between HEW and Interior and reduced to an agency concerned with the regional problems of crop and livestock production.

I am profoundly saddened by what I see and hear. I do not rejoice in the spectacle of a committee and a Department with so proud a heritage being treated with such casual disrespect. At home, I have a collection of yearbooks of Agriculture which begins with the first published in 1862 and ends—with some gaps here and there—with the 1969 yearbook. These are not yearbooks, particularly for the first 80 years, so much as they are a unique history of America's transition from a developing economy to its dominant position in the world today. The present concern over food additives is simply a replay of the outcry in 1903 over the experiments conducted by Dr. Harvey W. Wiley, head of USDA's Bureau of Chemistry, which proved that additives then in vogue also were harmful to health. In 1903 Dr. Wiley wrote "expert testimony is often contradictory, and sometimes open to suspicion of bias." The same thing is being said today. If narcotics make news today, in 1870 the Department seriously proposed growing opium as a cash crop in Vermont and California. Snow surveys were being made 50 years ago by the Weather Bureau, then a USDA agency, as was the Bureau of Highways, which dutifully reported highway building and design over 70 years ago.

Isaac Newton, the first Commissioner of Agriculture, wrote in 1962:

There has been no great and general advance in agriculture in modern times until the last 30 years. In 1828, the agriculture of Europe was not very different from the middle ages.

He said progress since then—

has not been the result of routine farming, but of applied science—of classified knowledge.

A great national department of agriculture, enjoying the sympathy and co-operation of the government * * * will most rapidly * * * develop and strengthen conditions of agricultural progress and augment the permanency of the Republic.

The United States are, and must always remain, an agricultural nation.

He was eminently correct in his analysis, except for the last observation.

The success which this committee, the Congress and the Department helped to achieve in agriculture has astonished the world and, in the process, made it inevitable that the last observation would be proved false.

Similarly, this committee cannot, and must not remain, an agricultural committee.

It should be concerned with shaping, among other things, food policy for an urban Nation, and not farm policy for sectional interests. Included in that purpose are commodity programs framed in the need of

urban people for adequate nutrition which means not only the production but also the processing, distribution, and marketing of food. And it means consideration of steps which will be necessary to deliver adequate nutrition to those whose lack of income excludes them from the services of this vast and efficient system.

There is no need to delay further the extension of this service. Every element is there, except for the compassion which can give human dimension to the often impersonal, dehumanized institutions—both public and private—which we create.

That is why I urge this committee to exert its heritage of leadership and take immediate action on the proposals before you to substantially enlarge the scope of the food stamp program. Of all the proposals before you, the one which I would generally recommend is H.R. 13423, although I would strongly endorse the open end feature of H.R. 12430. The difference between H.R. 13423 and the administration bill H.R. 12222, is largely a question of speed, and I see no valid reason to accept the slower pace proposed by the administration. The difference between H.R. 13423 and the Senate bill centers on how the purchase price for stamps is established, on the variable purchase plan in the Senate bill, and the method of financing.

Determining the purchase price and setting up a variable purchase plan are both largely administrative questions. Both are exceedingly complicated and would require large administrative costs. I do not argue with the purpose of either. However, in programs to provide services rather than to regulate, the major objective should be to structure the program as simply as possible to preclude the buildup of a massive bureaucratic structure. I would prefer to see these provisions written in more general language, with specific administrative regulations developed which have the full confidence and approval of the bill's author. So far as the variable purchase plan goes, it would be better to require that no purchase price be charged. Studies made by the Department indicate that people spend more for food than the purchase price even those who are on the commodity distribution program spend an additional amount or equal to the purchase price, and in the food stamp program, and it is reasonable to assume that they will continue to spend their own funds for food.

I particularly endorse the provisions authorizing the purchase of soap and household sanitation items, the definition of households, the more flexible choices open to the secretary to initiate a program or take it over, the self-certification—why should filing a tax return be the only presumption of honesty? And the provision for CCC financing.

Thank you for your attention and consideration of my views. I will be happy to respond to your questions.

The CHAIRMAN. Thank you, Mr. Leonard.

I have scheduled Dr. Miles H. Robinson, who has just phoned in that he has been delayed and is on his way. I think maybe in fairness to everybody, we should go ahead with the questioning of witnesses who are here.

If you will return to the stand, Mrs. Brooks, I think we will allow any of the members who want to do so to ask questions of any of you.

Mr. Zwach wanted to ask questions.

Mr. ZWACH. Thank you, Mr. Chairman. This is specifically of Mrs. Brooks.

You state that there are in the District but 40,000 people who now receive the food stamps, but you believe there are 160,000 that are needy of the stamps. What's the population of the District? 700,000? 800,000?

Mrs. BROOKS. About \$800,000, that is right.

Mr. ZWACH. So it would be about 20 percent of the District, roughly, that would be in need of the food stamps or in need of additional food? Is that roughly right?

Mrs. BROOKS. Yes, about 20 percent.

Mr. ZWACH. I worked so hard when I came for Federal City College, for the technical vocational school, for better schools for opportunity. Is this growing? Are more people getting jobs so that they can take care of themselves, or is there still a vast pool here of people who are not readily trained or have no jobs available?

Mrs. BROOKS. I think it is a little outside my area.

Mr. ZWACH. You are in the Welfare Department.

Mrs. BROOKS. Right, but I am a home economist, basically. I am in the community and I do get feedback, however, that there is this lack of job opportunity for all who really need jobs and also training. We have training programs, but they are more or less token—this is my personal view, I am sorry—on this.

Mr. ZWACH. Do you think those training programs are improving?

Mrs. BROOKS. I would say there is evidence that vocational programs—

Mr. ZWACH. Would the vocational programs yield good jobs?

Mrs. BROOKS. Yes, but it is such a limited quantity that sometimes I think it is lost in the real ocean of need.

Mr. ZWACH. One of the first bills I introduced when I came to Congress was to add 4-H and extension to Washington.

Mrs. BROOKS. I am delighted

Mr. ZWACH. Is that in full force?

Mrs. BROOKS. Well, I work in an advisory capacity to Federal City College and of course, they have now increased their course for what we call the nutrition aid programs. Is this what you are talking about?

Mr. ZWACH. Yes.

Mrs. BROOKS. However, we feel, I think, generally that this still does not meet the need, but it is a marvelous beginning.

Mr. ZWACH. Now, apparently, people need a great deal of training in proper nutrition.

Mrs. BROOKS. Right.

Mr. ZWACH. Would not it be sensible that this be done through home extension and through 4-H rather than add a tremendous staff now to the food stamp structure? Would not the public be better off if we give this in the area of real trained people who have expertise, nutritionists and dietitians, would it not be sensible to do that through the extension service and through the wonderful 4-H program that does so much, or should we add a bureaucracy to the food stamp program?

Mrs. BROOKS. I really do not think it would be a bureaucracy, because the need is so great and I do not think one service would be sufficient to tackle the program in the United States. I think it would be well to use agencies already set up, like the Welfare Department, for instance, for one area where we actually see the persons who need this kind of help more closely than some of the other areas. This was my concern about the Welfare Department. However, I think it

would be a great idea also to step up the 4-H and the nutrition aid program also in the District of Columbia. I do. But I think this is a multi—what should I say? We need a multifaceted approach to the whole problem of malnutrition and I would not say that we would put all our eggs in one basket. But there are certain areas such as welfare and even our poverty agencies that should be equipped to help people in this area, along with extension services.

Mr. ZWACH. Thank you.

The CHAIRMAN. Are there other questions.

Mr. O'Neal?

Mr. O'NEAL. Mr. Leonard, I have not always supported the food stamp idea, though I recognize its many advantages over some other ideas such as direct distribution of commodities and things of this kind. But what has always disturbed me is the fact that it might be so easy for this sort of thing to get out of hand, become a Frankenstein monster.

I do not know very many people who are satisfied with their lot in life because there are so many things that are matters of degree. For instance, hunger is a matter of degree, ability to work is a matter of degree, willingness to work is a matter of degree, convenience is a matter of degree, eligibility, the amount of money that this country can afford in this particular program—all these things are matters of degree and debatable. Are there any restraints at all that you would advocate? I did not see any in your statement.

Mr. LEONARD. Mr. Congressman, the restraint is not the basic—the basic question to me that is involved with a program like this is the realization that if the Nation has the capacity to abolish certain ills that we all can agree on are wrong, such as hunger or malnutrition, and either of these terms you can define very readily; I think the duty we have as citizens, as public servants, as human beings is to see whether we can take all of this magnificent outpouring of wealth and solve the very simple problems.

In the last 8 months since I left the Department, I have been spending a considerable amount of time looking at these programs in a way that I never really had time to before. In the process, it has struck me, and that is why I put it in the statement today, that the challenge that we face is not so much whether we are going to provide food services to low-income families, but it is the challenge, really, whether the system of government which we have developed here, which has proved itself to be so strong and able to meet any demands up until now, is being seriously challenged. Can this system provide a way to distribute the food?

It is not a question of whether we have it or do not have it. We have it.

Mr. O'NEAL. Would you agree with me that there are people who are hungry by your standards or my standards, but who put other things ahead of food, such as beer, whisky, cigarettes?

Mr. LEONARD. I think every person has a different psychological drive.

Mr. O'NEAL. Right.

Mr. LEONARD. You are going to find people who obviously have different value systems. Everybody in this room has a different value system. However, it is an obvious fact that the human body needs a certain amount of nutrition to survive and it is going to provide it one way or the other. There will be a minimum amount.

Mr. O'NEAL. Really, what caused me to ask the question is that I wondered if on page 2 you are suggesting that we open up the bill so that people might buy exotic imports? Is that what you meant? I refer to the third paragraph, when you say it is now restricted to geographic boundaries.

Mr. LEONARD. I am talking about the problem you run into along the seacoast areas of the United States, where, because of the way the commercial food distribution system has been organized, been set up, so that it supplies itself, you have a higher proportion of imported foods. Now, the purpose of the bill is to both feed people and to encourage increased consumption with this abundance of food. It seems to me you are striking out one of the purposes of your bill if you try to exclude imported foods simply because they are not produced here.

In terms of the total domestic consumption of food, imports are a relatively small portion of it.

Mr. O'NEAL. During the past week, especially, we have had a good many people speak of the apathy of these prospective recipients, not being interested enough in it to go wherever they need to go. Do you think that if the word were to get out that the Government was giving away a half pint of liquor at such and such an address on every Tuesday, there would be much apathy about that?

Mr. LEONARD. I suspect that, in toto, there would be as much apathy about that as there is in the food program. I do not think everybody in America—

Mr. O'NEAL. You do not think the word would get out?

Mr. LEONARD. I am saying in proportion to the total number of people who would appear for the half pint of whisky, I do not think there would be any greater or less apathetic a crowd that you would find than is involved in the food program.

Mr. O'NEAL. Do you think you would have about the same sort of disinterest in that as we have in the food stamps now?

Mr. LEONARD. Yes. I think on the basis of my experience with the food stamp program, you have to exert an enormous amount of effort to inform people as to what's going on within their own community. I think you would probably find this to be true in anything, even if you are going to give away money.

Mr. O'NEAL. I do not know if I have ever been hungry except temporarily. I have never been hungry for economic reasons, although I came very close to it during the Depression. But I have been hungry temporarily on a good many occasions. I just do not believe that if I were really hungry, if I were actually hungry, I would let inconvenience or distance or anything else stand in the way. If I were in a starving condition, I just do not believe I would be as apathetic as some of the descriptions that we have had here this week.

Now, have you ever been hungry?

Mr. LEONARD. Oh, yes. I was old enough during the Depression to recognize that there was not enough food around sometimes. I did not know why. I would agree with you, I think people will strike out in various ways if they are hungry to get enough food.

Mr. O'NEAL. Well, do you think that the apathy is related to the fact that these people are not as hungry as they would say they are sometimes?

Mr. LEONARD. No, you can look at some of the studies that have been made in various cities where you find the great proportion of people who are not on welfare but who are participating in the food stamp program are people who are fully employed; that is, they work; some of them have two jobs, not just one. What's obviously the problem there is that they are trying to live within the American system of values to work, but what they are able to earn by their labor is so small that they cannot feed their families.

Mr. O'NEAL. Do you approve of the idea now in the law that this can be used as an educational process to feed college students while they are getting an education, although they can afford the tuition and the room and all the other expenses that go with a college education?

Mr. LEONARD. When I went to Kansas State College, I went through it at about \$40 a month and I wish that somebody had given me some assistance there.

Mr. O'NEAL. Yes, sir.

Mr. LEONARD. I think on a program like this, if we are going to be looking constantly for exceptions, we are going to be chasing ourselves forever. There are going to be some college kids that are going to be on this.

Mr. O'NEAL. Is this a program to feed the hungry and the starving or is it an educational program?

Mr. LEONARD. It is a program to feed the hungry, but it is a program that is operated on a guideline or on the standards of income.

Mr. O'NEAL. Well, can anybody be qualified as hungry if they spend their money on something else?

Mr. LEONARD. Not if the eligibility standards are based on income. There is an income eligibility level that you have to achieve here.

Mr. O'NEAL. I have no other questions.

The CHAIRMAN. Any other questions?

Mr. Kleppe?

Mr. KLEPPE. I would like to ask Mr. Leonard one question, along the line of questioning by Mr. O'Neal.

Mr. Leonard, we have a number of Government programs that seemingly are good programs and yet a lot of people that can qualify do not use them. It is quite obvious that we have that here in the food stamp program. Now, whether it is the fact that they cannot get into a line or whether they just do not know about it, or whether they just do not want to exert the effort to get food stamps, whatever it is, there are many, according to the testimony of Mrs. Brooks, anyway, right here in Washington, D.C., that are not being reached. My question is: Do you think it is a fair and proper expenditure of public funds under the guise of the food stamp program to use those funds to educate people or to advise people, through advertising media or however it might be? Do you think that is a proper application of funds under the food stamp program?

Mr. LEONARD. Yes. I think one of the most difficult things to understand about the operation of Federal programs, and it is one that I have come to only after a great deal of study and thought and torture, is that the food stamp program as we operated it in the Department, as it is being operated now, the welfare programs, all of the programs which deliver services that are essentially to the existence, to human existence, are administered more from the standpoint of are we spend-

ing the money safely, are we spending the money at the lowest cost per dollar expended? So that we have fallen into a habit here where we came up to Congress and we have reported on appropriations and we have said, we have spent this much money and it cost us this much money to spend it and we think we have held down our losses through fraud and other things to a very small minimum. Pretty soon you fall into this habit that you look upon the programs not in terms of the services they are delivering, but you look at them in terms of how effectively you are spending the money.

Mr. KLEPPE. This is the basis of my question. How effectively are we spending the money?

Mr. LEONARD. I do not think in terms of what the intentions of the programs are, we are doing the job we should do, because we are never asking, are we delivering the services to everyone who needs them.

Mr. KLEPPE. I think that is a little off the point I am getting at. Let me use an example.

Mr. LEONARD. I know what your point is, I think. Is it right to try to spend money to educate people to use the program? I think it is.

Mr. KLEPPE. I do not question the fact that we have need; not at all. Therefore, my question is, Should we use funds, is it necessary to use funds to educate or to advertise or to merchandise the fact that there is a food stamp program? If the need is there and real, then why do we have to spend money to advertise it?

The Job Corps is an example. I saw all kinds of television ads, radio ads, newspaper ads, telling kids to sign up for the Job Corps. If that program was in such need, if we had to have it so bad, we would have people scrambling for it and you would not have to advertise it. So I am wondering the same thing about the food stamp program.

Mr. LEONARD. If that is true, we do not need the farmer committee system for farm programs either.

Mr. KLEPPE. I do not think that is relevant.

Mr. LEONARD. It is, because the farmer committee system is there to explain the program, also to administer it, but to explain to the farmer that it is in his best interest to use it.

Mr. KLEPPE. I do not quite agree that that is the same example.

Mr. MYERS. I do not agree with that, either.

Mr. KLEPPE. I guess in answer to my question, you have said yes, you think it is a fair expenditure?

Mr. LEONARD. I think it is a necessary expenditure.

Mr. KLEPPE. Of appropriated food stamp funds, to advertise it so people know about it?

Mr. LEONARD. Yes. Communications is the secret of everything we do in this society today. If we cannot communicate it, we do not have it.

Mr. KLEPPE. Would you put any limitations on it?

Mr. LEONARD. I do not know. Obviously, you are not going to spend more to advertise the program than you are to provide benefits.

Mr. KLEPPE. I would not say obviously, because I think we have seen some examples where they have spent a lot. I am interested in those dollars going where they can do some good. That is for the real intent of the food stamp program. I take a dim view of spending advertising or merchandising dollars when we have so much need for those dollars in the framework of providing food for hungry and mal-

nourished people. This is the thrust of my question. I guess you have answered your position.

Mr. LEONARD. No, it is a reasonable question to ask and I think, really, the answer is there has to be a reasonable amount for it, it just can't be an exception.

Mr. KLEPPE. Let's see if we can end this up with one area of agreement. That area can be that at every level, we should attempt to get as much public service support through television, radio, newspaper, PTA, churches, whatever we have, because that is given freely of those people. Can we agree on that, that if the thrust goes in that direction, that can offset a lot of this expenditure for advertising, merchandising, what not? Can we agree on that, generally?

Mr. LEONARD. I think we can.

The CHAIRMAN. I do not know if anybody wants disagreement.

Mr. MYERS. I have one question.

What's the Children's Foundation, Mr. Leonard?

Mr. LEONARD. It is a new foundation that has been established to work in areas related to children, to try to encourage greater utilization of services that are available to children.

Mr. MYERS. I guess you cannot be against mothers and children, can you?

Mr. LEONARD. No, that is one of the advantages.

Mr. MYERS. How is it funded?

Mr. LEONARD. Private donations.

Mr. MYERS. From individuals?

Mr. LEONARD. Yes.

Mr. MYERS. How long have you been with this?

Mr. LEONARD. Since July.

Mr. MYERS. A short time ago, you said, "we in the Department."

Mr. LEONARD. I sometimes fall into that habit.

Mr. MYERS. What did you mean by that?

Mr. LEONARD. I worked in the Department for 8 years.

Mr. MYERS. What Department?

Mr. LEONARD. Of Agriculture.

Mr. MYERS. What section of that Department?

Mr. LEONARD. For 5 years, I was Secretary Freeman's press secretary. For 1 year, I was the Deputy Assistant Secretary for Consumer Marketing. For the last 14 months, I was the Administrator of Consumer Marketing Service.

Mr. MYERS. One question for Mrs. Brooks.

Some of the witnesses you had in here the other day used a figure of 100,000, some used 160,000. What's the basis for this figure? Are those people who would be eligible and not using food stamps?

How do you establish either of those figures?

Mrs. JENSEN. I think the figure in Mrs. Brooks' testimony is accurate. It is based on figures by the Mayor's Economic Development Committee and figures by private concerns regarding marketing surveys. In other words, how much money people have to spend. You know, there are private marketing magazines. These two figures jibe. The Mayor's figure is 42,000 at or about the poverty level which, multiplied by the average family of four, is 160,000. This coincides with the same figures developed by the private marketing concerns. You know, there are professional magazines for people who sell merchandise in the area.

Mr. MYERS. Now, the 40,000 figure you used, is that individuals or are those families? That is 40,000 people, but fewer families? Am I right in assuming this?

Mrs. BROOKS. That is right.

Mr. MYERS. In other words, maybe there are only 10,000 families participating in this.

Mrs. BROOKS. Right.

Mr. MYERS. Mrs. Jensen, you are working with public relations or public information?

Mrs. JENSEN. An information office for the Welfare Department.

Mr. MYERS. What specific programs do you have to make sure people do know about the food stamps?

Mrs. JENSEN. This is interesting, because I utilize the public service space; that is my job. I have several other areas besides food stamps. I work with the delinquency programs, the——

Mr. MYERS. But we are primarily concerned here with food stamps.

Mrs. JENSEN. I am the only person involved in promoting food stamps by using these public service outlets and coordinating the information about food stamps in the Department. It is not even a full-time job with me. I just wanted to say that we do have this, but——

Mr. MYERS. What type of public service? Give me a couple of examples.

Mrs. JENSEN. We prepare spot announcements which are used on radio and television. We have a newsletter for referral information people—in other words, public health nurses, all the private agencies in the city. We send them a food stamp newsletter telling them about our services, if we open a food stamp certification office, about our regulations, if there are any changes in regulation, so the people they come in contact with they can send to us well prepared so we can speed up our activity. Then we work with the community trying to get this information out, using other agencies.

Mr. MYERS. People who do not have any income probably do not have television or even radio, so they would not know of this.

Mrs. JENSEN. We do use community people through the poverty program, other agencies.

Mr. MYERS. Salvation Army or Red Cross?

Mrs. JENSEN. Yes.

Mr. MYERS. They have to eat someplace.

Mrs. JENSEN. We go to all of those workers, all the Salvation Army workers. We were there last week, explaining this program to them. We do this often because of the changes in the program. We are constantly speaking. Our office spoke to 18 Headstart parent groups. This again is a poverty area. They brought the parents in when the children were in Headstart and we tried to get to them with the food stamp message while we had them there with Headstart. So this is the kind of thing we do work constantly on with the other programs. We could not operate without the other programs.

Mr. MYERS. Thank you very much.

The CHAIRMAN. If there are no further questions, we are very much obliged to all of you people who participated on this panel.

Dr. Miles H. Robinson has come in.

We will be glad to hear from you, Dr. Robinson.

**STATEMENT OF DR. MILES H. ROBINSON, PHYSICIAN,
POTOMAC, MD.**

Dr. ROBINSON. Mr. Chairman, members of the House Committee on Agriculture, ladies and gentlemen, I am grateful for this opportunity to appear before you.

I am Miles H. Robinson from Potomac, Md., a physician licensed to practice medicine and surgery in that State. I have been in general practice for nearly 30 years, taught physiology or pharmacology in Vanderbilt and University of Pennsylvania Medical Schools for 4 years, and while there my research work was published in the fields of nutrition, physiology, and pharmacology.

In the last 6 years, while still seeing a few patients, I have spent most of my time studying the relation between the health needs of the American people, the function and operation of Government health agencies, with special reference to the Food and Drug Administration, and private organizations such as the food and drug industries and organized medicine.

About 4 years of that time I was a medical consultant first on the staff of Senator Paul H. Douglas of Illinois, and then, more recently, on the staff of Senator Edward V. Long of Missouri, for both of whom my chief responsibility was an extensive investigation of the FDA. Three of my detailed reports, which were rather critical of the FDA, have been published in the Congressional Record in 1963, 1966, and 1968.

For the last 16 months, I have been representing an organization of about 13,000 consumers at the current FDA vitamin hearings, the record of which now stands at the fantastic number of 25,000 pages. The FDA attorney told us yesterday that he thinks we still have 6½ years to go. I suppose this demonstrates the difference between a Federal agency hearing and a congressional hearing, and I am very grateful that Congressmen do not live in the ivory towers of some Federal agencies.

May I say that I do not mean wholly to deprecate the FDA vitamin hearings. They are not entirely on the level of the FDA's 20-year performance on the cyclamates, those great deceivers of the human taste buds, which Secretary Finch has recently so admirably banned. On the contrary, many gems of information are coming out of the FDA vitamin hearings, of nature both administrative and nutritional, which answer many nutritional questions which bear directly on your concerns here, but which might try your patience if I said more about them at this point.

As I understand the deep concern of this committee, you recognize (1) that there is significant malnutrition in this country, as HEW's Dr. Arnold E. Schaefer and his national survey has proved; (2) that malnutrition is accompanied by debility and disease which is both cruel to the sufferers, and a serious economic loss to the Nation which impairs American strength and world competitive power; and (3) that it is essential to attack this problem efficiently and economically, lest we not only fail to solve the problem, but also bankrupt the Nation both financially, and morally by destroying initiative and encouraging bad habits in the very people we are trying to nourish and save.

The danger is real. In 1949, when I was practicing medicine in Washington State, the State almost went bankrupt in a great splurge of medical and other welfare handouts. A news item on this was published in the Seattle Times for April 7, 1953. Recently we have seen signs of this same great hazard in California and elsewhere under the medicaid and medicare programs.

The uncontrolled appetites of humanity for food, sex, chocolate candy, fast red automobiles, free medical care—which may or may not get to the root of the matter in every case—or large families the parents cannot support are practically insatiable. Appetites are a useful driving force like atomic energy. It is the lack of control of them which is dangerous.

In connection with people having more children than their abilities or circumstances enable them to support, there is a nutritional angle which should not be forgotten. A horse on fine pasture is said to be able to have a healthy colt every year, but even primitive people on the South Sea islands have taboos against having a child closer than about 3 years apart. They have no doubt shrewdly observed that it takes a mother time to rebuild her nutrition and her vitality, even on the best and most natural of foods. Maybe it is more difficult for nature to make a man than a horse. At least, we like to think that we are a more complicated product.

With respect to the uncontrolled appetite for food, what I have in mind is all the trashy food or nonfood on the market which people are urged to buy and do buy, as you can see if you look in the wheeled baskets at the checkout counters. These products are doctored up with pretty artificial colors, artificial sweeteners, and above all with sugar, all of which serves very well to conceal inferior flavor and quality and to entice people into eating what will or may be to their nutritional detriment. I think everyone would agree that this situation is worse than it was 50 years ago when I was a boy of 7.

When farmers produce high quality food, they are entitled to fair recognition and income for this achievement. On the other hand, the producers of inferior food gain an unfair advantage when food processors doctor up this inferior food with artificial sweeteners, risky artificial colors, sugar, MSG—monosodium glutamate—and so forth. And, of course, these additives are nutritionally undesirable, especially sugar.

If I could say just one more word on this matter of food which people will be tempted to buy if they have funds to buy whatever they please, I would like to mention the brave work of an eminent doctor in England, Dr. John Yudkin, and men like Dr. Richard Ahrens, professor of nutrition at the University of Maryland, and others. This work is finally bringing to the fore that a major factor causing our epidemic of heart attacks is probably our tremendous intake of sugar. My personal experience with patients has led me for years to believe that the role of sugar in the encouragement of infections and disease in general is one of the most neglected fields in medicine. Few have dared to challenge this great weakness of our modern civilization.

With regard to poor choice of available food, FDA's outside experts at the vitamin hearings have testified that they think about half the teenagers in the country are poorly fed, affluent as well as poor ones. If that is so, what assurance do we have that free money for the poor

will be spent wisely? There is not only a spendthrift hazard here, but a nutritional one. People who do not eat food high in vitamins are not likely for nutritional reasons to feel like working, especially poor people who have other reasons to feel discouraged. They are more likely to feel like sitting around, or venting the irritation which comes from a poor diet in bursts of irrational activity.

The scientific reason for what I say is that our great pioneers in nutrition, men like Dr. Tom Spies who wiped out rampant pellagra in the South, have proved that a relative lack of vitamins, especially the B vitamins, produces a very insidious apathy, malaise, and even mental imbalance. It is a great tragedy how often this is not recognized today, and that such people are often treated with stimulants, tranquilizers, or some brand of psychotherapy. It is interesting that a revolutionary new treatment of schizophrenia, which has been developed by Dr. Hoffer, an eminent psychiatrist in Canada, is based on massive doses of the B vitamin, niacin. I understand from him that there are over 10,000 people in this country on this treatment, and may I say that the reports are that it is highly successful. The question must now be asked, is this terrible disease which fills nearly one quarter of all hospital beds precipitated in an unknown number of cases by the chronic nutritional insult of niacin lack. Remember that in this country, the enrichment of cereal products with niacin is not mandatory, and practically all niacin is removed in the refining of flour.

Another important point which I think particularly applies to poor people is that once people get into a state of relative vitamin lack, ordinary doses of vitamins will not bring them up to par within a foreseeable time. It is a medical truism that at least 10 times the preventive dose is required to get out of the rut. If a person has been sufficiently scarred nutritionally, this may take a long time. It makes one think of diabetes, where the person is carried over the brink with his disease and may henceforth have to have a lot of outside insulin to keep him going. In any event, I believe it is the marginal person, perhaps without a history of first-class nutrition in his growing years, who is more inefficient with regard to vitamins and has to watch them more closely.

Turning now more specifically to what we should do to eliminate serious malnutrition among the poor; first, Dr. Schaefer's indispensable nutritional survey must be kept in funds and continued until we know at least as much about American nutrition as we already know about 32 foreign countries which have been our military allies, and the nutrition of which we have studied in great detail.

Second, we need to plan just what kind of foods to provide for people who have the misfortune to be malnourished and do not have the money to buy food. We need to do in this country what Dr. Kendall King, a respected colleague of Dr. Schaefer's, has done in Haiti. The brief and excellent report of this work is contained in the reprint from U.S. News & World Report, February 3, 1969, pages 84-85, copies of which I have available here and I believe have been distributed to members of the committee.

Malnutrition of children in Haiti is a widespread and deadly disease, which we now know has permanent bad effects on both body and mind, whether in Haiti or in this country. Dr. King studied the foods nat-

urally available in Haiti, and worked out a very simple diet composed of them, which he proved by animal experiments over a period of 2 years at the Virginia Polytechnic Institute was nutritionally first class before he tried it on people. Then centers financed by various U.S. charitable organizations such as CARE and the Mellon Family Mission were set up in Haiti where the mothers were taught how to cook and why to eat the foods recommended.

Dr. King's program in Haiti showed that frank clinical malnutrition in children can be eradicated there at a cost of 9 cents per day per child; and Dr. King informs me that if about 25 percent more of the same food per capita were available in Haiti, the children fed this would be perfectly nourished. Compare that with the billions that people are talking about that we should spend to do the job in our country.

With American agricultural resources, distribution facilities, and mass communication media aimed at a far more literate population, there is absolutely no reason why we cannot do the same thing in this country, and at a fraction of the billions of dollars it will cost to give poor people blank checks to spend for whatever their fancy dictates among the blandishments of our supermarkets.

If you feel I am making too strong a case for the nutritionally inadequate temptations in our grocery stores, may I read some excerpts from a letter written by Dr. Tore J. Mita, a Public Health Service nutritionist, which is the first thing which hits your eye in the current (September) issue of the prestigious *American Journal of Clinical Nutrition*. What he has to say drives home the point that many undesirable things can happen to the honest food produced by the American farmer with great skill and the sweat of his brow, before that food reaches the family which eats it. Dr. Mita writes as follows:

I am appalled at the substantial proliferation of neatly packaged, highly palatable food products on market shelves that either contribute a nutritional zero to the diet or an unfair share of nutrients in exchange for the consumer dollar * * * I deplore the fact that millions of economically and educationally disadvantaged consumers are unwittingly spending their scarce money for worthless food products, and nutritionists either continue to remain unconcerned or entertain hopeful illusions that people will eventually be educated into changing their food habits and choosing well-balanced diets * * *.

While manufacturers are convinced that a continuing stream of new food products is a key factor in their ability to stay ahead of competitors, it is my personal view that millions of unsuspecting consumers are also convinced that many of the "nonfoods" must be nutritious or surely nutritionists, physicians, and others would have expressed strong disapproval concerning the marketing of such products. It is also my personal view that a good deal of the burden of responsibility for correcting the poor food choices of our population must be shifted from the nutritionist and clearly placed on the shoulders of our food processing industry * * *.

I find it difficult to understand how we can allow "brave new foods" which are nothing more than a smorgasbord of chemicals, to be marketed without knowing something about their nutritional value to the consumer * * *.

The future of our country depends upon the health of its people. Correction of malnutrition among people in the United States will be expected to produce a major change in the national health picture and alleviate, to a considerable extent, the crushing economic burden on the population. The need for drastic action seems clear * * *.

If nutritionists continue to maintain their silence or an attitude of condonation, they will some day wake up to find, unlike Rip Van Winkle, that the scandalous nutrition situation in the United States not only exists, but more so.

If the food stamp program were worked out so as to restrict the availability of food for the poor to simple nutritious foods such as are working perfectly in Haiti at a cost of about 9 cents per child per day, and proportionately more for an adult, I suppose there would be a great hue and cry from starry-eyed liberals that our poor people would be deprived of their great and inalienable right to use their food stamps for soda pop or anything else that they want.

This is unreasonable. We have suffered enough from the permissive philosophy that the world owes us more than a living, owes us luxuries regardless of whether we or our parents have worked for them. My strongest argument is that if the simple, economical diet I have in mind is devised scientifically by people like Dr. King, I will personally be happy to eat it myself indefinitely as an example and proof that I am not recommending to a poor man something that I would not eat myself. It is probably only fair to tell you that I am quite likely already on that diet. I would also predict that the effects of a scientifically planned diet—plain food which in their best period made the ancient Greeks and Romans the magnificent men that they were—are such that even our millionaires might find it the latest stylist thing to adopt. After all, they are famous for liking to save money and get results. It is like the pretty college girl who nowadays wears flat, square-toed shoes. She knows what she is doing—it is comfortable and sensible.

So our task is to know the location and the extent of American malnutrition, which Dr. Schaefer is finding out for us. Then, we scientifically analyze the simplest and most economical foods available in this country which will eliminate malnutrition, just as the Haitian program is doing. Then provide this food to the poor and tell them why they should eat it and how to prepare it.

We come now finally to the problem of eligibility and control of the program. As you consider the program in Haiti, I think you will see that the element of control asserts itself to a considerable degree automatically as an inherent feature and as the program develops, provided that the program is absolutely honest, scientifically correct, and not contaminated by selfish interests trying to make exorbitant profits out of it, either financial or political.

For example, a big reason why the program works in Haiti, as you can read in that reprint that I brought in—is that the native, untutored mother has enhanced local status if she is known as a good mother to her children. So, here in America, we must teach mothers what a really well-nourished person free from the stigmata of malnutrition looks like. If you are interested, I have with me a splendid little booklet, which is Teaching Aid No. 5 written by Drs. Sandstead, Carter, and Darby, from Vanderbilt University Medical School, published by the journal, Nutrition Today, and from which almost anyone can understand how to look for the subtle malnutrition which we need to eliminate. This little booklet should be in the hands of every doctor. I got it a week ago. It has been just now published. And unless the medical schools get busy, the public is likely to have this information before they do.

As it is now, most Americans do not know what a malnourished person looks like. May I say that at the vitamin hearings, we have had testimony from a number of eminent medical professors of medical

schools who agree that the average doctor is not familiar with vitamin deficiencies as a general rule. He knows what frank scurvy and similar far advanced conditions look like. But more subtle vitamin deficiencies have not been taught him in medical school.

We have had dinned into our ears by special interests such extravagant praise of what great people we are, that it has become less majestic to look in the horse's mouth and see what we really are nutritionally. Our draft rejection is way over 50 percent and has been going up steadily for years, while we have been going on in our own rather tranquilized way.

Dr. Howard A. Kelly, one of the four great doctors of Johns Hopkins' early days, said he owed his "real start in life to my mother, who began to teach me the Bible, standing at her knee as soon as I could dimly grasp the simple words, and before I could read."¹

This is where we should begin the education of nutritional truth. It is a very sobering thought that we should have to look to the simple and often harried people of Haiti to learn how we should behave nutritionally.

My point about the inherent control of a really sound program is that once people have sound knowledge, know where they are going nutritionally and why, and can develop a pride of accomplishment like the admirable mothers of primitive Haiti, a great deal of control over the program is of a built-in nature. This way, you don't want, you don't buy, and you don't even want "for free" a dozen bottles of foodless soft drinks laced with deceptive sugar, pretty colors, and flavors that never grew on a farm. You have learned that such so-called foods do not produce glossy hair, rosy cheeks without pimples, bright eyes, and a lively step, no matter what the advertisements insinuate. We become infinitely less susceptible to the gluttony of gratifying mindless appetites, and digging our graves with our teeth.

We must realize that it is sheer idiocy, both financially, nutritionally, and morally from the standpoint of inculcating good habits, to make a gift to anybody, rich or poor, of just any kind of food which is sold in this country and which the uneducated or depraved whim of that person may lead him to want. That would be like offering a cut-down, welded-up, topless, drag racing automobile to a man who needs a quiet, clean, restful subway to go to work in all weathers, complete with a healthy walk and clean air to breathe at both ends of the trip.

What about eligibility? I am confident that social workers and local authorities, guided by Dr. Schaefer's findings and by other experts, can meet this challenge. If necessary, every prospective recipient for a food stamp can be examined by the mass survey methods used by Dr. Schaefer to see if he is malnourished. If so, that person can be given the basic diet immediately, pending further study of his situation, to determine why, or for how long, he cannot work and buy his own food. If he wants delicacies not in the basic diet, he can buy those with money he has earned himself. This is the way life should be, in nutrition or anything else.

A strong, self-reliant nation is not built by permissive, thoughtless programs which destroy initiative, encourage ignorance, and reward incompetence. This country has already been injured on many fronts

¹ Dr. Kelly of Hopkins, Johns Hopkins Press, 1959, p. 9.

by inadequate, poorly planned programs, which every hard-working man of commonsense knows in his bones are ruinous. The world of the future is not going to have much place, and in fact never has had, for nations that build their programs on sand, rather than on rock. What makes America a wonderful and powerful country is the freedom it gives to our people to do for themselves, to try anything that does not hurt them or others, while at the same time controlling this freedom by requiring that the individual finance it himself as much as possible.

In other words, every man can be an entrepreneur, but not at his brother's expense. Thus, our freedom is selected and controlled. This is what our private enterprise has been and must continue to be. If now we foolishly proceed with giveaway programs and let every man be an entrepreneur at his brother's expense, we destroy half of our great system. We let loose the dogs of infinite abuse. We enrage the careful man who pays for his thoughtless and often shirking brothers. They in turn lose their initiative, and increasingly misunderstand and ignore the essential nature of our free enterprise system.

I would make one other point, if I may. There is a certain charisma about anyone connected with something so essential as food and health which I think we have to be on guard against. Food is man's first necessity to stay alive. For this reason, that function and those who administer it, from the cook in the kitchen who Kipling told us could start or stop a rebellion, to our doctors in the medical profession, they all carry a certain aura which engenders respect and often unthinking emotion. Medical men, nurses, cooks, school lunch executives do not mind this at all. In fact, we are enthusiastic. But my point is when you are talking about billions of dollars a year for a food stamp program, we should consider the danger of an emotional reliance on simply shoving food or money at people without adequate controls and on the assumption that any food can do the job.

Thank you very much for the opportunity to be heard today.

The CHAIRMAN. Dr. Robinson, we thank you very much. I think it is fair to say that you have said some of the things that many of us on the committee have thought should be said. We have listened here for days to many witnesses. Many of those who have testified have simply pointed out the unfortunate conditions that exist. I think the members of this committee are pretty well aware of these conditions. I think that all of the members of this committee are anxious to try to help improve them. But we do want to give some serious thought to whether what we are doing is actually solving the problems or simply making new problems. When we have sought to find out, when we have sought to ask questions, we have sometimes been pictured, either by witnesses or by the press, as being entirely unsympathetic with the needs of the people.

I think you are pointing to the crux of this thing: What we need to do is to improve the nutrition. But merely spending money may not have the most beneficial effect. Even though I have been, for a good many months, portrayed as the chief architect of the destruction of the rights of poor people, I still think that if we are going to spend substantial sums of money to help those poor people, it should help, and that those poor people, in turn, should help wherever they could.

There are a good many of us on the committee—I say a good many; I speak only for myself—who believe that we ought to require that people who receive Government help do what they can. Some of them can't do anything; many of them can't. We recognize that. But there are people, and they may be a very small percentage, who will not do what they can to help themselves. I think that when we talk about helping those people, we discourage those who have been helping themselves and it becomes a snowballing situation, because many people say, well, if somebody will give me this, why should I work for it? I have felt that there ought to be participation on the part of the individuals who are the beneficiaries of this program to the extent that they can participate in it.

Nobody is suggesting that we should take some bedridden grandmother and require her to go out and break rocks or anything of that kind. But we are suggesting that where there are people who can do work, I personally think it is much better that they do some work.

We had a witness here a day or two ago who said nobody ought to have to work, that it is demeaning to require that they work, and that this idea of providing made work was foolish. I would much prefer to do the same thing over and over—stack a pile of bricks on one side of the street and carry them across the road and stack them again, but do something. I think the individual would be a better citizen, and I think the rest of our citizenry would be better citizens because of having to do something that they can do.

I believe that you are giving us some thoughts as to what we have to do if we are going to honestly tell the public that we are trying to solve these problems. If we simply want to tell the public that we have made a great show and that we have appropriated a lot of money, we can do that without any serious problems on our part. We do not need to hold any hearings to do that. We could have done that a long time ago without any great frustration to ourselves.

But if we are honestly going to try to solve these problems, we have to get down to the sort of thing you have been talking about. I very much appreciate your statement.

Mr. O'NEAL. Mr. Chairman?

The CHAIRMAN. Mr. O'Neal?

Mr. O'NEAL. I would just like to say, Mr. Chairman, that you said you speak only for yourself, but you speak for me, too. I associate myself with your remarks. I agree with them wholeheartedly.

I would like to say to Dr. Robinson that I had to leave the room and answer a telephone call, but I was intrigued with what you said. I wonder if when I was gone, you ever revealed the contents of this 9-cents-a-day diet that you were on. Is it a secret, or did you reveal it?

Dr. ROBINSON. I brought in with me an excerpt from the U.S. World & News Report.

Mr. O'NEAL. I have that. I have not read it.

Dr. ROBINSON. That contains exactly the information of what's in the diet. I do not mean to say I am on exactly the same diet myself, but I am on a simple diet.

Mr. O'NEAL. You mean the whole diet is 9 cents a day, or just some particular ingredient that goes in it?

Dr. ROBINSON. That is a good question. The whole diet costs nine cents a day per child in Haiti.

Mr. O'NEAL. Are you selling vitamins today or something else?

Dr. ROBINSON. I have no connection with the sellers of either vitamins or foods. I have written Dr. King to find out what scientific publications have been brought out about his work there, of which this report in the U.S. News & World Report, I take it, is a summary, and I believe an authoritative summary.

Mr. O'NEAL. You can tell us what you eat. You say you are on the diet. What do you eat for breakfast, lunch, and dinner?

Dr. ROBINSON. Just to orient the situation, let me first say that the diet in Haiti is corn and beans and a few vegetables grown in the gardens of these people—most of them have a little bit of land, an acre, maybe—a little milk, and a little meat and fruit. That is what they eat.

Mr. O'NEAL. You are eating more than 9 cents worth, are you not?

Dr. ROBINSON. Well, I certainly am. I do not live in Haiti, where the price of corn and beans is probably less. But you asked me what I eat.

I eat a great deal of home-ground grain and have been doing it for 20 years. We make all our own bread, with a modern oven that takes you about 15 minutes to throw it together and make it. Then you have what our ancestors ate for thousands and thousands of years. I recommend it. It is also very cheap, because the price of wheat is about 3 or 4 cents a pound and the price of crackle pops is about \$1 a pound.

I drink a little milk. I have a nice vegetable garden and we do not buy any vegetables all summer. It is a hobby with us to raise our own vegetables and we can a lot of them and freeze a lot of them and grow lettuce all winter in a little box heated with an electric wire.

I eat apples, a little fruit, and I eat some meat, a very simple diet.

Mr. O'NEAL. When you say this diet in Haiti costs 9 cents a day, who is paying the 9 cents? Is the Government paying the 9 cents?

Dr. ROBINSON. If you read in that reprint there, you will see that these centers in Haiti, of which at the time this was written there were about 10 of them, are supported by CARE and American philanthropic organizations. It says in there, I believe, that it costs a couple of thousand dollars a year to run one center. Dr. King has informed me that in those centers the total cost of the food for one child per day was 9 cents.

Mr. O'NEAL. I see.

Dr. ROBINSON. The center feeds the children and also educates the mothers. Somebody is in charge of the center and tells them the advantages of this food and what it will do for their children and how to prepare it.

Mr. O'NEAL. Now, you said that you were on the diet. How long have you been on this diet?

Dr. ROBINSON. About 20 years for the most part.

I might say that the chief attraction of home-ground grain is to the gourmet, actually. It has a perfectly marvelous flavor. They are attracted to it more quickly than people who do it in order to be healthy.

Mr. O'NEAL. I suppose you would recommend wheat germ?

Dr. ROBINSON. Pretty good stuff. The farmers are very fond of using it for their livestock, because they like to have cattle with glossy hair and nice pink color in the dewlap, which are able to produce milk and be healthy.

Mr. O'NEAL. Are you retired?

Dr. ROBINSON. No, sir. As I said in my statement, I still see a few patients. But I have found life around the Hill here pretty exciting and I feel I can do a little more to help people on a broader scale.

Mr. O'NEAL. Are you on a salary of any kind from any organization?

Dr. ROBINSON. Yes, I am.

Mr. O'NEAL. You did not say that in your statement?

Dr. ROBINSON. Well, I am glad to tell you about it. I did not want to talk too much about myself.

I am paid a reasonable fee by this consumers organization I represent to look out for their interests and the interests of the American people at the current FDA vitamin hearings.

Mr. O'NEAL. What consumer organization is that?

Dr. ROBINSON. It is called the National Health Federation with offices in California, a rather militant organization that is dedicated to freedom of choice in matters of health and to pure, wholesome food for the American people.

Mr. O'NEAL. Are the vitamin people contributing to this?

Dr. ROBINSON. Well, they do not contribute to me. I imagine there are some health food stores that subscribe to the journal of this little organization. But I can tell you one of the nice things about it is that there are no strings attached. All I have to do is follow my conscience in the vitamin hearings and I do not have to do anything else whatever for the National Health Federation.

Mr. O'NEAL. Thank you.

The CHAIRMAN. Mr. Mayne?

Mr. MAYNE. Doctor, have you been down to Haiti yourself to see this operation?

Dr. ROBINSON. No, sir, I have not.

Mr. MAYNE. Would it be fair to say that substantially all you know about that is what appeared in this article you have given us from the U.S. News & World Report?

Dr. ROBINSON. Not quite. I spoke to Dr. Schafer after he testified at our hearings and asked him if Dr. Kendall King was a reputable man. He enthusiastically replied that he was. I gathered from him that this program has status among nutritionists in this country.

Mr. MAYNE. It would appear from reading the magazine article that these mothercraft centers are pretty much confined to very small villages; is that your impression?

Dr. ROBINSON. Yes, sir. That is where it started.

Mr. MAYNE. There has not been any effort of this program in the terrible slums in Port-au-Prince?

Dr. ROBINSON. That I do not know. I imagine that that would naturally be more difficult and a greater challenge. But it seems to me the principle could be applied perfectly well.

Mr. MAYNE. Thank you.

The CHAIRMAN. Mr. Myers.

Mr. MILLER. I have just one comment.

I did not get one of your reports, but I understand that there may be some here? Is that right?

Miss GALLAGHER. We did not have enough copies, but we will make you one.

Mr. MYERS. May I ask you one question? In your limited experience thus far, and it has gone about 61½ years, which does not seem very limited to me in the investigation of vitamins—would it be possible to supplement those people in the country who are supposed to be suffering from malnutrition, could we supplement their diets with vitamins and raise their nutrition through an adequate diet? I am talking about a vitamin pill.

Dr. ROBINSON. First, let me say my experience and interest with vitamins is not 61½ years.

Mr. MYERS. I understood you to say that.

Dr. ROBINSON. That is just my experience in working with the Senators here and in connection with my activities here in Washington involving Federal agencies. I have been interested in nutrition ever since I started out in practice in 1940. It has been my chief interest.

Mr. MYERS. Would the pill, a vitamin type, suffice to raise the nutrition of these people?

Dr. ROBINSON. Well, I think vitamin pills help. The position of people like Dr. Schaefer and others is that they want to concentrate on food primarily. I think they are right.

For example, in the milling of grain, all of the B vitamins are taken out. This is a very serious matter. In the last 3 or 4 years, we have learned, for example, that folic acid, which is a B vitamin and taken out of grain and not put back in the enrichment program, is now thought to be the most widespread vitamin deficiency we have. The lack of this vitamin in the last few years has been shown to be an important cause of, for example, premature abortion, separation of the placenta, bleeding during pregnancy, and is thought even, a lack of it, to double the malformation chances for the unborn child.

Now, in addition—well, I mentioned about the use of niacin in schizophrenia. The point is that we have to make sure the food is as nutritious as possible.

Mr. MYERS. Yes, Doctor, but this one simple question—if they cannot get the food today and possibly a pill might be cheaper than to go any other route, can we adequately supplement their diet through the use of vitamin pills?

Dr. ROBINSON. Vitamin pills may improve their diet, but our first thought in nutrition should be wholesome food, which can be cheap enough.

Mr. MYERS. Okay. Thank you.

The CHAIRMAN. Are there any other questions?

(No response.)

The CHAIRMAN. If not, Dr. Robinson, we are very much obliged to you.

The committee will go into executive session.

(Whereupon, at 11:50 a.m., the committee went into executive session.)

FOOD STAMPS

FRIDAY, OCTOBER 31, 1969

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess at 10:05 a.m., in room 1301, Longworth House Office Building, the Honorable W. R. Poage (the chairman) presiding.

Present: Representatives Poage, Purcell, Foley, Vigorito, Montgomery, Alexander, Burlison, Jones of Tennessee, Melcher, Teague, Mathias, Mayne, Zwach, Kleppe, Myers, Sebelius, Mizell, and Resident Commissioner Córdova.

Also present: Christine S. Gallagher, chief clerk; Hyde H. Murray, associate counsel; John A. Knebel, assistant counsel; and L. T. Easley, staff consultant.

The CHAIRMAN. The committee will please come to order.

Mr. Steiger, you are the first witness this morning.

The committee is considering general farm and food stamp legislation, and this week is giving particular consideration to the food stamp sections.

We will be glad to hear from you in connection with food stamps.

STATEMENT OF HON. WILLIAM A. STEIGER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. STEIGER. Thank you, Mr. Chairman. I have a statement. It is not terribly long. I think it is available for the members of the committee.

The CHAIRMAN. We can do as you like on this. We would be glad to insert the statement in the record if you care to, or if you care to make an oral statement and have it in the record, we will do it either way.

Mr. STEIGER. What I think would be perhaps best for the committee and save you time, would be to have the prepared statement put in the record but let me highlight certain portions of it.

The CHAIRMAN. We will be glad to do that.

(The prepared statement of Mr. Seiger for inclusion in the record at this point follows:)

STATEMENT OF HON. WILLIAM A. STEIGER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. Chairman, I want to thank you and your committee for giving me the opportunity to appear before you this morning.

As you know I have joined in cosponsoring the Nixon Administration food stamp proposal, as well as the bill introduced by Congressman Biester to au-

thorize elderly persons to exchange food stamps for meals prepared and served by private nonprofit organizations.

Before beginning my testimony on proposals to improve our existing food stamp program, I would like to commend the committee for reporting favorably an increase in the authorization level for food stamps for fiscal year 1970 to \$610 million. It is my understanding that the bill will come before the House under suspension of the rules next Wednesday. Its passage will be a credit to the committee.

Realizing that it was the House Agriculture Committee which originated the first food stamp legislation, I know that each of you has a real interest in seeing that the program reaches its goals.

I participated quite actively in hearings before the Education and Labor Committee last year on the proposal to establish a Commission on Hunger and Malnutrition. While it was clear that we could not give 100 percent accurate figures on how many people in America are hungry or how many Americans are malnourished, testimony there and before other committees in the House and in the other body clearly revealed that our efforts to date have not been sufficient in meeting the problem.

There are at least two areas of concern which face the committee. One is what constitutes an adequate diet and how much will it cost to achieve this diet for all Americans. The second is more a question of administration. Are some of the present procedures too cumbersome—perhaps so cumbersome that we are thwarted in reaching our goal of feeding those in need, those who are unable to help themselves?

Certainly there are limits to what the Government can spend. We all recognize this. But we also know we cannot afford to neglect our responsibilities to our fellow Americans. And so we must carefully analyze what program can do the best job, what method can do it most efficiently and effectively, and what sum is an adequate and reasonable amount to spend. Simply making enormous amounts of money available will not in and of itself get the job done. If the most nutritious foods don't reach the people who need them, then all the money in the world can't help; on the other hand if the level of funding is so low that an adequate program cannot be undertaken, then we are in fact holding out a false promise of help to those who too often have known false promise.

President Nixon as you know has proposed that the Secretary of Agriculture establish national standards of eligibility. That would go a long way toward equalizing the opportunity for all those who need food. Congressman Foley of your committee has suggested that these standards be established on a regional basis taking into account variances in the cost of living in different regions, and this may be an area that you are exploring. In addition to national standards, the President has proposed that a family not have to pay more than 30 percent of its income for food. The Senate-passed bill as you know sets 25 percent as the limit. I know the committee will study all suggestions carefully, but I believe a standard of this kind is most certainly needed. And I also believe that until the President's welfare proposal is fully operational, we should provide free food stamps to all who cannot afford to purchase them. Again the Secretary of Agriculture has recommended a level of less than \$30 a month for a family of four, while the Senate has recommended \$64 a month for the same size family. These are all qualitative decisions. And they are of the utmost importance in achieving our goals. While I do not feel I am able to make a judgment on which level of assistance is best, I hope that the testimony presented to the committee in the course of its deliberations will permit you to make these decisions. I urge the committee to give careful attention to these three items.

The other kind of changes which are necessary in the food stamp program are more administrative, and they are perhaps easier to make. If, for example, a family cannot raise enough money to purchase its complete food stamp allotment once a month, and yet this is the only time the stamps can be purchased, then we are defeating the purpose of the program.

Or if stamps are available only between certain hours on say a Monday, and a person who is eligible for the program has a job from which he cannot be absent, then the program is not accomplishing its objectives.

Or if the stamps are available only if a person picks them up in person, and an eligible person is disabled or sick, then too the aims of the program are being thwarted.

It seems desirable and logical to me: (1) to make stamps available more frequently; (2) to make them available in partial allotments; (3) to make them available at times when those in need can get them; and (4) to make them avail-

able by mail or through a social worker or other qualified intermediary so that those unable to obtain stamps in person could still benefit from the program.

A welfare official in my district raised the problem of one member of the family spending the entire welfare check, before any other member could purchase food stamps. If the food stamp allotment were deducted from the welfare check at the request of the family, then the stamps could be mailed with the check and could be spent only on certified items.

To date, a most important segment of our population has been excluded from the food stamp program. I hope the committee will give careful consideration to this group—our senior citizens who do not have cooking facilities in their homes or apartments, and who cannot support themselves adequately or feed themselves nutritiously. This is where the legislation introduced by my distinguished colleague, Edward G. Biester, will be extremely valuable. Under this legislation nonprofit, charitable organizations would be authorized to accept food stamps in exchange for cooked meals prepared either for home delivery or for consumption in community dining halls. I see no reason why these citizens, who are often among the most isolated and needy in the community, should be denied the benefits of the Food Stamp Act.

I also urge the committee to give careful attention to authorizing the Secretary of Agriculture to carry out a food stamp program in an area where the need is demonstrated, and where State and local action is not forthcoming, or to make it mandatory for a State to conduct programs in all of its political subdivisions by a certain date, preferably June 30, 1970, or 1971 if some special problems exist. And finally I also urge the committee to permit unspent funds under the program to continue to remain available until expended and not, as at present, revert to the Treasury at the end of the fiscal year.

In conclusion, I would like to emphasize that the food stamp program today cannot be considered in isolation from President Nixon's other proposals for helping our Nation's poor. Although, for example, the family assistance proposals do not come under the jurisdiction of this distinguished committee, both the food stamp program and the family assistance proposals are designed to provide assistance to the poorest of the poor. They are both available to the working poor. In each, the incentive to work is preserved. In each, assistance is reduced on a gradual basis as income rises. Through the proposed comprehensive manpower training program, opportunities for job training and placement will be available. And as you know the President has stated that all employable persons who choose to accept family assistance payments will be required to register for work or job training; they will be required to accept that work or training, provided suitable jobs are available either locally or if transportation is provided. Day-care centers would be provided for children whenever necessary to enable a parent to gain training or work, but of course mothers of pre-school children would not be required to accept work.

We cannot consider each Government program in isolation from the rest, and yet we must aim to make each as effective as possible. It may be some time before the President's proposals are enacted and in operation, thus we cannot withhold improvement in the food stamp program. Hunger is an everyday problem. Malnutrition can damage a young child's ability to ever live a fully productive life. We cannot afford to wait.

I know the committee will give careful attention to all the proposals before it, and I look forward to your recommending important improvements in the food stamp program. I also believe, Mr. Chairman, that legislation relating to food stamps should be reported promptly so that the House can act.

Mr. STEIGER. The question of food stamp legislation, which this committee has had the responsibility for, and in which it has taken initiative in the past, is one about which there has been some controversy. I recognize there are two basic problems, one in terms of the quantity, that is the question of what is an adequate diet, and then secondly how one goes about administering an effective food stamp program.

We all recognize that there are limits to what the Government can spend, and I think we also recognize that there are those in this country who have not enjoyed the benefits of an adequate diet or a nutritious diet.

As a member of the Committee on Education and Labor, I spent some weeks in listening to the testimony that related to hunger and malnutrition. I do not know that anybody can accurately estimate how many people there are who are hungry or who clearly do not enjoy a nutritious diet. But there are those who are hungry and it is for that reason that I have asked to appear before you today.

In the statement, Mr. Chairman and members of the committee, I have gone through some parts of this program which I think are important. I do want to make it clear that I have joined Mrs. May in introducing the May-Nixon food stamp proposal and I have also joined with Congressman Biester in the legislation which would enable the meals-on-wheels concept to be utilized in the food stamp area, and in the statement I have touched on some of the kinds of problems which I think deserve the consideration of this committee.

Lastly, Mr. Chairman, may I say that I hope that the action that we will take next Wednesday, in passing the authorizing legislation which you have kicked out and for which you deserve credit, will soon be followed by further action to expand and improve the present food stamp legislation.

I would like to see the Congress act in this session if possible on something more than just the question of how much ought to be authorized to be available for food stamp legislation. I would like to see us take action over a comprehensive food stamp proposal.

I recognize full well that we cannot consider food stamps in isolation, that we must talk about the President's proposals for welfare reform, food stamps, hunger, nutrition, job training, for these things all fit together in what I think is a very complete and very comprehensive package aimed at helping those in our society least able to help themselves.

With that, Mr. Chairman, I will be happy to respond to any questions that any members of the committee may have.

The CHAIRMAN. Are there any questions of Mr. Steiger?

Mr. FOLEY. Mr. Chairman, I want to compliment the gentleman from Wisconsin on his interesting presentation, and on his leadership in introducing food stamp legislation and also legislation to provide food for the elderly and those who are handicapped.

I share with the gentleman the view that the welfare reform proposals are compatible with the food stamp program and indeed make a total package. It is true, however, is it not, that it may be necessary to revise the food stamp program if Congress undertakes to enact the President's welfare reform proposals, to the extent that free food stamps would not be necessary or at least not utilized if every family were assured the minimum incomes proposed in the program.

Mr. STEIGER. I do not think there is any question, I would respond to the distinguished gentleman from Washington, that we will need to revise the program. I said in my statement that I prefer that free food stamps be available until such time as the administration's welfare proposal is fully operational.

It would be shortsighted not to take that action. When the family assistance program is fully operational, then clearly food stamps are not going to be required on a free basis.

Mr. FOLEY. Thank you very much.

The CHAIRMAN. Are there any other questions?

Mr. KLEPPE. Mr. Chairman. Congressman Steiger, I just briefly went over your statement, and it seems to me that you have given this a considerable amount of thought and attention, and I suspect you did a great deal of this before you became a cosponsor of the administration bill. I was pleased to note your comment regarding the resolution which comes up next Wednesday, because from the committee's standpoint we think that this is a legitimate move at this time, and I was pleased with your comments on this.

Let me just ask you, if I could, one specific question about change in the food stamp authorization. This has to do with strikers. I have asked this of other witnesses and I would like to ask it of you, because I have a specific example in my district.

I have an oil refinery and they went on strike and they were out for 10 days, and a number of the employees were making between \$8,000 and \$9,000 a year. Do you believe that they should legitimately qualify for food stamps?

Mr. STEIGER. Mr. Kleppe, I should have checked the record, but I am more than willing to bet that I supported the Teague amendment at the time that the Congress considered this question. I do not believe food stamps should be available to strikers, but I am less persuaded on the question of not making them available to students. I have very mixed feelings about the student question. On the question of strikers, it seems to me that there is a need for clean hands on the part of the Government.

If you are going to enable someone who has an economic grievance against a private company to take advantage of a fundamentally Government-sponsored food program, which conceivably then could prolong a strike because the economics of it make it possible for him to do so, then in a sense or at least in my mind, the Government is deciding to take sides one versus the other. I do not think that is appropriate.

Mr. KLEPPE. Bill, I want to compliment you on your thought on this subject, because it is a very important one. It is one which we have spent a lot of time on, and we certainly have a responsibility to pursue. Thank you.

The CHAIRMAN. Thank you, Mr. Kleppe.

Mr. KLEPPE. Thank you.

The CHAIRMAN. Mr. Teague?

Mr. TEAGUE. Thank you very much, Mr. Steiger, for what you have given us today. I think in all probability in one form or another you will have a chance to vote on the Teague amendment this year.

The CHAIRMAN. Mr. Mayne.

Mr. MAYNE. Congressman, your testimony is certainly very helpful to us. I am particularly interested in what your views would be in a little more detail on food stamps for students, because I know that you are one of the Congressmen who has spent a good deal of time traveling to the various campuses of the country to see what the conditions are there.

There are still, believe it or not, people who are going to college, and graduate school, whose tuition and all expenses are being paid for by their parents. Now what about a student who has no income, but who has all of his expenses, tuition, board and room, his and his wife's and children's expenses all being paid for by the old man. Should that person qualify for food stamps?

Mr. STEIGER. Mr. Mayne, taking the examples that you have given, my answer would be no. My dilemma is this, and I know that Mr. Montgomery, who testified before the committee, raised this point. He said perhaps this is one way to decide the problem—if a young person were eligible for food stamps before becoming a student, he or she ought to remain eligible. That is one way to handle it, because that student has a very legitimate point.

I am more concerned about the graduate student than I am about the undergraduate, because clearly there are examples of a graduate student with a fellowship or a graduate scholarship which pays him \$1,500 to \$2,000 as a stipend, who may be married, and whose wife may also work or may have a graduate scholarship also, but their total income is not very great, and they are not being supported by their parents. It seems to me they ought to be eligible for food stamps just as any other person in our society is eligible within the income limitations; but if their parents are paying their way for whatever amount, tuition, books, room, board, then I do not think they should be eligible. I do not know what we do to write a law to make this distinction or whether we leave it up to the Secretary by regulation to provide for a means of doing this.

Mr. MAYNE. As I understand the criteria now, they are that you cannot have income over a certain amount or liquid assets over a certain amount, and I am sure that there are many students who would qualify in that respect who, however, some from substantial families or have their expenses being paid for them either by their families or by the Government through some Government program or other, so that it would seem to me inherently unfair to tax the workingman to subsidize that student's food bill, and similarly, if a student had been able to buy a new automobile, it would seem to me that that, although not a liquid asset, ought to be taken into consideration as to whether he would be eligible. Would you agree with that?

Mr. STEIGER. I would, Mr. Mayne. As you know, of course, under the present Internal Revenue Code, that is not counted as income, those things that you have discussed and enumerated. I suppose, for the purposes of food stamps, one could find a way to count that as income, and therefore make the owners ineligible. I would, however, support you in terms of trying to make sure that if they are eligible, it is on a legitimate basis of need, and that there are not others helping them. I frankly do not know how you do it.

Mr. MAYNE. Thank you.

The CHAIRMAN. Mr. Burlison?

Mr. BURLISON. In your colloquy with the gentleman from Washington, I believe you indicated that it was your feeling that after the President's welfare program becomes fully operative, that the food stamp program would no longer be necessary?

Mr. STEIGER. No, sir, that free food stamp would not be. The President's welfare proposal and food stamps to me are very complementary.

Mr. BURLISON. I misunderstood you. Thank you.

The CHAIRMAN. Any other questions? If not, we are very much obliged to you, Mr. Steiger. We appreciate your coming before the committee and giving us your suggestions.

Mr. STEIGER. Thank you, Mr. Chairman, very much.

The CHAIRMAN. We have a former member of our committee with us. We are always glad to see him back. I wish he would come back before us more often, Congressman Matsunaga of Hawaii.

We will be glad to hear from you.

**STATEMENT OF HON. SPARK M. MATSUNAGA, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF HAWAII**

Mr. MATSUNAGA. Thank you, Mr. Chairman and members of the committee for this opportunity of appearing before you and expressing my views with respect to legislation which would amend or extend the food stamp program.

H.R. 14401, a bill that I cosponsored, would authorize elderly persons to exchange food stamps under certain circumstances for nutritious meals prepared by private nonprofit organizations. As a former member of the Committee on Agriculture, I take great pride in the fact that I played a role, however small, in the enactment of the Food Stamp Act of 1964, and appreciate this opportunity to help expand the benefits of that original act.

I believe we all recognize the role the food stamp program has played in providing a more equitable share of our food abundance to low-income families. In my home State of Hawaii, for example, since the food stamp program was inaugurated in April 1966, its benefits have been extended to over 2,000 families. This worthy program has assisted eligible needy families in many other parts of the Nation, and we must insure its continuance.

Unfortunately, under the present law, persons who meet age, residency, and income requirements are not eligible for food stamp benefits unless they have cooking facilities in their households. The effect of this requirement is to discriminate against elderly people who lack cooking facilities in their homes. Others who may be the unwitting subjects of discrimination are those who suffer from chronic illness or physical disability which makes it impossible for them to market for and prepare food. These indigent and helpless citizens are in great need of assistance, and surely they are among the most logical beneficiaries of the program.

Under the provisions of H.R. 14401, food stamps would be issued only to those aged individuals who would be the direct beneficiaries of this amendment, thus controlling the possibility of abuse. The Secretary of Agriculture would be authorized to designate specific churches and other nonprofit charitable organizations to accept food stamps from those beneficiaries in exchange for prepared meals. These organizations would be subject to regulations promulgated and administered by the Secretary of Agriculture.

Mr. Chairman, I believe the enactment of H.R. 14401 is necessary to insure that the benefits provided by the program will reach all intended beneficiaries. In our land of plenty, there is no reason why our Nation's food abundance should not be utilized to the maximum extent practicable to safeguard the health and well-being of our Nation's needy, who today face the scourge of malnutrition.

In age, as well as in youth, needy Americans must be provided with a better balanced and more nutritious diet if we are to continue to take rightful pride in the greatness of this Nation of ours.

Mr. Chairman and members of the committee, with your kind permission I also wish at this time to express my support for H.R. 12430, a bill introduced by the distinguished chairman, Mr. Poage.

The bill would provide for an open-end authorization of funds to finance the food stamp program and would also make permanent the Food and Agriculture Act of 1965. This bill would allow the House Appropriations Committee to determine the amount required to fund the program annually, after receiving estimates from the Department of Agriculture as to how much it could wisely spend each fiscal year in administering the program.

This would give the Appropriations Committee necessary flexibility in providing funds for the food stamp program, while at the same time making permanent what I consider to be the best program thus far instituted to provide needy, low-income families with a balanced diet.

I am fully cognizant of the objections which are voiced against any "open-ended" authorization, but I am also confident that the very nature of the food stamp program, wherein the beneficiaries themselves must provide the basic funds for the purchase of food stamps, will prevent abuse.

The almost instant success of the food stamp program goes to prove that it is not only an effective instrument in the war on poverty, but that it is also blessed with the beneficent spirit of America. To continue to neglect our needy, aged individuals because of an inadvertent technicality in the 1964 Food Stamp Act is inexcusable.

I urge the committee's favorable report on both H.R. 14401 and H.R. 12430.

Thank you very much.

The CHAIRMAN. Thank you, Mr. Matsunaga.

Are there any questions?

Mr. MATHIAS. Mr. Chairman, I have one question of the Congressman.

Sparkie, on your second page you recommend that food stamps be given or provided to people who lack cooking facilities in their homes?

Mr. MATSUNAGA. Yes.

Mr. MATHIAS. You have had the program since 1966 in Hawaii. What have these people been eating for the last 3 years if they have not had cooking facilities? How do they pay for their food? How do they do it? What has happened in the past?

Mr. MATSUNAGA. We have many of these individuals whom I mentioned in nursing homes, so-called nursing homes for the aged, and also we have homes for the aged where cooking facilities are provided. We have several homes where the elderly who are capable of paying for their keep do live, and although many of them are even in wheelchairs, and I visited some of them, because of the kitchen and cafeteria facilities provided they are able to have their meals regularly, but there are many who are unable to pay for the meals that are provided in these homes.

Mr. MATHIAS. The old people who are in nursing homes, they are provided for right now, but what about the people who are not in nursing homes that do not have cooking facilities? What has happened to them in the last 3 years? Are they starving to death? Are they dying, how do they eat?

Mr. MATSUNAGA. They are suffering from malnutrition, of course, and some of them are being provided for by welfare. Social workers call upon them from time to time with prepared food, and then of course they depend upon relatives and neighbors.

I think this program is intended also to help those who not only are suffering from lack of suitable income themselves, but who must take care of the elderly just as in the case of medicare, wherein we found that there were many families who had to sacrifice the education of their children because they had to care for their elderly parents.

Here again we find many children of these elderly citizens who have their own children, and who are suffering from low income, and who need to take care of their elderly parents, and as a consequence even sacrifice the education of their own children. This is the type of situation which we would like to correct by a bill such as this.

Mr. MATHIAS. Sparkie, you know that some nursing homes, even though they are considered nonprofit, there are salaries involved, maintenance and so forth. Now, you would exchange a food stamp for a meal, you are paying for a service in there, and in some cases, in modern, very expensive nursing homes, service is quite high, the percentage is quite high, so actually the food stamp would be paying for services, not only just a small amount for the food itself, but a great deal of services?

Mr. MATSUNAGA. That is correct, but then just as today when a housewife goes to a supermarket and takes out prepared, precooked foods such as a TV dinner, the service is included in the price of the food which the housewife purchases. That is today considered a part of the cost of food. In the case of disabled elderly and those who have no cooking facilities at home, the important thing is that they will be provided with the necessary food to prevent malnutrition.

Mr. MATHIAS. Sparkie, if they are crippled or in wheelchairs, wouldn't it be quite difficult for them to go three times a day to a church or some place where they had meals, where they could exchange food stamps for a meal?

Mr. MATSUNAGA. I suppose, because of the nature of the organizations which will be authorized to serve these meals, we can expect that a member of the church, a member of the charitable organization, will seek out those who are unable to go to the cafeteria regularly, and get volunteers to provide the necessary service to these indigents?

Mr. MATHIAS. How many people do you think need this service in Hawaii, or just say Honolulu, for example?

Mr. MATSUNAGA. I have no real estimate, and it would be a pure guess on my part. If the gentleman would wish, I will make an effort to provide such a figure.

Mr. MATHIAS. You have 3,000 now.

Mr. MATSUNAGA. 2,000 families.

Mr. MATHIAS. Would it be double that do you think, another 3,000 ultimately?

Mr. MATSUNAGA. I do not believe so.

Mr. MATHIAS. How many, would you say, 1,000?

Mr. MATSUNAGA. There might be about a thousand I would say.

Mr. MATHIAS. Do you think a thousand volunteers would every day, three times a day, go to somebody's house?

Mr. MATSUNAGA. Well, not necessarily a thousand would be in wheelchairs. They will be able to make it. Perhaps wheelchair cases and the extra services would involve maybe half a dozen, and certainly we would be able to get half a dozen volunteers a day. I know of many

charitable organizations which have ladies especially, like the Red Cross, for example, who spend hours every day on a voluntary basis. Volunteers at mealtime for an hour, or a half hour per day, I am sure this could be raised.

Mr. MATHIAS. Would it be cheaper in the long run to buy them a small stove and put it in their homes? You are paying for a lot of service, and the money you would save by buying them a stove, a nice stove in the house, would be a lot cheaper in the long run than paying for services year after year after year.

Do you think that is logical?

Mr. MATSUNAGA. In certain instances perhaps this might be the logical thing to do, but in the case of indigents, where the individual concerned is of such age that even providing cooking facilities would do no good, we would still have to revert to providing prepared meals.

Mr. MATHIAS. My point is what have they been doing for the last 3 years in Hawaii? Are they dying?

Mr. MATSUNAGA. Well, they are suffering from malnutrition, as I said earlier, and they are dependent upon those who cannot afford to continue to provide for the elderly, the indigent, without making sacrifices in other areas, such as education and care of their own children.

Mr. MATHIAS. Thank you very much.

The CHAIRMAN. Are there any further questions? If not, Mr. Matsunaga, we very much appreciate your attendance here. We are glad to have you back.

Mr. MATSUNAGA. Thank you very much.

The CHAIRMAN. It is nice to have you come around any time.

Mr. MATSUNAGA. Thank you, Mr. Chairman, thank you very much.

The CHAIRMAN. The next witness is Mr. Stephen Kurzman, of Washington, D.C., representing the Urban Coalition Action Council. He is accompanied by John Lagomarcino, deputy executive director of the Urban Coalition Action Council.

We will be glad to hear from you.

**STATEMENT OF STEPHEN KURZMAN, SPECIAL COUNSEL TO THE
URBAN COALITION ACTION COUNCIL; ACCOMPANIED BY JOHN P.
LAGOMARCINO, DEPUTY EXECUTIVE DIRECTOR OF THE URBAN
COALITION ACTION COUNCIL**

Mr. LAGOMARCINO. My name is John Lagomarcino and I am the deputy executive director of the Urban Coalition Action Council.

The Urban Coalition Action Council brings together various leaders in American life who do not normally collaborate on national issues but who share an overriding concern about the problems of our country and particularly the cities. Its chairman is John W. Gardner, the former Secretary of the Department of Health, Education, and Welfare.

Some of the segments of our Nation represented on the policy council of the Action Council are business, labor, State and local government, religious and minority groups. A list of the policy council members is attached to our testimony.

The Action Council very much appreciates the opportunity to testify today on a subject of great concern, not only to our urban areas but to the country as a whole. We support enlargement and improvement

of programs to combat hunger and malnutrition generally, and the food stamp program particularly. As an organization whose principal concern is the betterment of urban life, we surely cannot ignore the tragic anomaly of the existence of large numbers of underfed and grossly malnourished citizens living in the midst of a staggeringly prosperous economy.

Mr. Kurzman and I are here today as spokesmen for an organization that is proof that reasonable people of divergent viewpoints can come together and act in concert on important and complex public issues. The desire for progress and improvement is a great motivating force in working toward solutions of the many problems vexing our society. That desire for progress remains a driving force in the Action Council today.

We believe that same desire for progress exists in this committee today. It is manifest in the hearings it has held last week, as well as this, and the great attention given these hearings by the committee members. It is manifest also in the recent committee action increasing the fiscal 1970 food stamp authorization figure.

But we feel much more needs to be done. To discuss this in more detail, I wish to introduce Mr. Stephen Kurzman, a special consultant to the Action Council and the former deputy director for operations of the National Advisory Commission on Civil Disorders. Mr. Kurzman was minority counsel to the Senate Committee on Labor and Public Welfare and is currently in the private practice of law.

Thank you, Mr. Chairman.

The CHAIRMAN. The attachment to your statement will be inserted in the record at this point.

(The attachment referred to follows:)

MEMBERS OF THE POLICY COUNCIL OF THE URBAN COALITION ACTION COUNCIL

Mr. John W. Gardner, chairman
 Mr. Andrew Heiskell, cochairman
 Mr. A. Philip Randolph, cochairman
 Mr. I. W. Abel
 Hon. Ivan Allen, Jr.
 Mr. Joseph H. Allen
 Mr. Arnold Aronson
 Mr. Jordan Band
 Hon. Joseph M. Barr
 Mrs. Bruce B. Benson
 Mrs. Amalia V. Betanzos
 Hon. Julian Bond
 Dr. Paul W. Briggs
 Hon. Jerome P. Cavanagh
 Mr. Frederick J. Close
 Hon. John F. Collins
 Hon. Richard J. Daley
 His Eminence John Cardinal Dearden
 Hon. Daniel J. Evans
 Dr. Arthur Flemming
 Mr. Henry Ford II
 Mr. Herman E. Gallegos
 Hon. Milton Graham
 Mr. Ernest Green
 The Most Reverend George H. Guilfoyle
 Mrs. Fred R. Harris
 Hon. Patricia R. Harris
 Hon. Richard Hatcher
 Dr. Edler G. Hawkins

Miss Dorothy I. Height
 Dr. Vivian W. Henderson
 Mrs. Aileen Hernandez
 Hon. Richard J. Hughes
 Mr. Roy Innis
 Dr. Howard W. Johnson
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 Mr. Edgar F. Kaiser
 Mr. Joseph D. Keenan
 Hon. John V. Lindsay
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 Hon. Arthur Naftalin
 Mr. James F. Oates
 Mr. Robert S. Powell, Jr.
 Mr. Walter Reuther
 Mr. David Rockefeller
 Mr. James Rouse
 Mr. Theodore Schlesinger
 Dr. Mark R. Shedd
 Mr. Asa T. Spaulding
 Hon. Carl B. Stokes
 Mr. David Sullivan
 Hon. James H. J. Tate
 Mr. John Wheeler
 Mr. Roy Wilkins
 Rev. Andrew J. Young, Jr.
 Mr. Whitney M. Young, Jr.

The CHAIRMAN. Thank you, Mr. Lagomarcino.

Mr. KURZMAN. Thank you.

Mr. Chairman and members of this committee, my name is Stephen Kurzman, and I am appearing on behalf of the Urban Coalition Action Council. We appreciate the opportunity to appear before this committee on the critical question of domestic food programs and their impact on continuing hunger and malnutrition in the United States. Our basic thrust here today is to urge you to act promptly and favorably on S. 2547, the Senate-passed food stamp bill and to go forward, beyond that measure, to consider a broad range of further objectives.

The documentation is overwhelming at this point that, despite unprecedented prosperity and despite a number of well-intentioned food programs, hunger and malnutrition do continue to exist in this country. A partial listing of this documentation includes the following:

Hearings, Senate Subcommittee on Employment, Manpower, and Poverty, April 1967.

Hunger U.S.A., Citizens Board of Inquiry Into Hunger and Malnutrition in the United States, 1968.

"Hunger in America," CBS documentary, produced by Martin Carr, May 1968.

"Hunger and Malnutrition," hearings before Senate Subcommittee on Employment, Manpower, and Poverty, May and June 1968.

"Nutrition and Human Needs," hearings, Senate Select Committee on Nutrition and Human Needs, 12 volumes, 1968-69.

"The Food Gap: Poverty and Malnutrition in the United States," committee print, Senate Select Committee on Nutrition and Human Needs, August 1969.

Report, Subcommittee on Food and Nutrition, President's Urban Affairs Council, March 1969.

Report of Dr. Arnold Shaefer, Director, National Nutrition Survey, U.S. Public Health Service.

"Poverty, Malnutrition, and Federal Funding Assistance Programs, a Statistical Summary," committee print, Senate Select Committee on Nutrition and Human Needs, September 1969.

The findings in all these studies and all these reports have electrified the Nation. Dr. Arnold Shaefer, Director, National Nutrition Survey, U.S. Public Health Service, has testified before this committee that preliminary data from his survey indicated, "Malnutrition is a health problem in the United States, and our preliminary findings clearly indicate that there is malnutrition in an unexpectedly large portion of the sampled population." Shockingly, Dr. Shaefer's survey also uncovered seven cases of marasmus and kwashiakor which we did not believe existed in this rich country. The Subcommittee on Food and Nutrition of the President's Urban Affairs Council estimated that half of all infants from poor families in the United States are likely to suffer from undernutrition and that there is no significant proportion of the poor who do not suffer from undernutrition. Moreover, it estimated that half of the poor in the Southern States and a fifth of the poor in non-Southern States suffer from malnutrition, and that "scattered evidence indicates 5 to 10 million (persons) are suffering from severe hunger and malnutrition."

Despite the crying need, documented in all of the forums cited above and beginning over 2 years ago, our current food programs are still not reaching three-fourths of the poor, many of whom suffer extreme poverty. At present, the direct distribution program is operating in 1,187 counties and serving approximately 3.1 million individual recipients. Under this program, 22 commodities are made available to the States with a retail value of \$15 per person per month. These commodities have less than adequate amounts for energy and vitamin A according to the National Research Council's recommended dietary allowances. Moreover, the average number of commodities distributed in the States is 18, which means that even those poor persons participating in this Federal food program are being denied an adequate diet.

The food stamp program provides a bonus for food purchases which varies with the income and family size of the recipient, with an average bonus of \$6.73 per person per month in food purchasing power. Three million two hundred thousand persons participate in this program. The program provides only 60 percent of the minimum needs of those in extreme poverty who participate. Both programs fall far below the Department of Agriculture's own economy food plan, which calls for \$25 per person per month or \$1,200 per year for a family of four—an amount USDA admits can be utilized by only the most ingenious of the poor to gain a balanced diet. Moreover, there remain approximately 470 counties and independent cities with no food programs at all, and these areas include about 8 percent of the poor. In areas where food programs do operate, fewer than one-third of the poor are being reached—approximately 6 million of the 20 million persons living in families receiving less than \$3,000 annual income.

The Census Bureau estimates that 907,000 families have an income of less than \$1,000, \$200 less than the \$1,200 rockbottom USDA requirement for food alone per year. Another 1.7 million families have incomes under \$2,000. It is safe to assume that many members of these families are going hungry. A family of four with income of \$2,000 would have to spend 60 percent of its income on food in order to meet USDA's economy plan standards. Clearly, with the costs of clothing, shelter, medicine, utilities and other fixed necessary expenses, people in such circumstances cannot eat adequately. After all, the average American spends only 17.4 percent of his income for food.

Nor are poor children being reached by the school lunch program. There are 32.5 million schoolchildren who do not have access to school lunches. The House Committee on Education and Labor says 3.25 million of these children need free lunches and another 19.5 million need reduced-price lunches.

In sum, current family food programs offer little assistance and fail to reach the great majority of the poor. Fourteen million of the poor consume food not meeting recommended dietary allowances and 8 million more are on diets with less than two-thirds of the recommended allowances for one or more essential nutrients. Nor are our welfare programs reaching them. Only 10.2 million of the country's 25.4 million persons living below the poverty line receive any form of welfare assistance. The family assistance program proposed by President Nixon will, we hope, help to remedy this situation, but at the \$1,600 per year

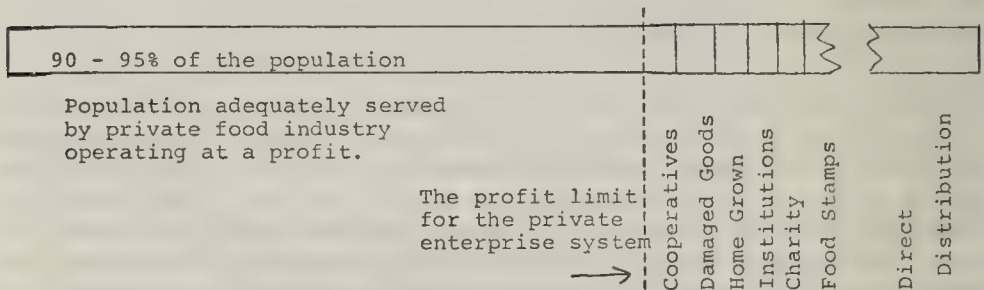
level which has been proposed for a family of four, it is clear that improved and expanded food programs will remain an urgent need for many of these families.

A graphic way of illustrating what all these studies and hearings show was presented by a witness before the Senate Agriculture Committee last May. Mr. Robert Choate, who is an expert in this field and currently a consultant to the White House Conference on Food and Nutrition, introduced the following bar graph.

I would ask the chairman please to insert this graph in the record at this point.

The CHAIRMAN. Without objection we will insert the graph in the record.

(The diagram referred to follows:)



Mr. KURZMAN. What this shows is that the private food industry adequately serves some 90 to 95 percent of the population of the Nation. The remaining 5 to 10 percent still must eat but lack the cash to do so adequately. We find a limit in the profit to be obtained from the food-buying population beyond which the private food companies cannot readily go. As Mr. Choate pointed out, we have developed a number of alternatives to provide for this 5 to 10 percent, but they only reach a portion of the need. We have cooperatives, soup kitchens, charity feeding houses, homegrown foods are encouraged, occasional sales of damaged goods are made at a loss. Governmental food programs have to fill the remaining gap. The largest, as we discussed, are the food stamp and direct distribution commodities programs. But as the graph illustrates, a substantial gap remains.

What that food gap means in human terms extends far beyond the jurisdictional lines of this or any other single committee of the Congress. Hunger and malnutrition are in many instances the underlying causes of illness and public health problems, of inability to learn and educational problems, of unemployment, underemployment, and a loss of productivity. With its action on improving and expanding Federal programs that fill the food gap, this committee can have a profound effect on the whole range of related problems which would otherwise be left to piecemeal consideration by other committees. Conversely, inaction by this committee would create pressure upon the other committees to consider the impact of food deficiencies on the problems with which they must deal.

We urge this committee to devise a strategy for closing the food and nutrition gap. We recommend a series of objectives which we believe should be sought by that strategy. A substantial step toward

these objectives would be taken by enactment, with some adjustments, of S. 2547, the food stamp bill passed on September 24, 1969 by a substantial bipartisan majority of Senators.

The Senate-passed bill was introduced by a bipartisan group including nine of the 13 members of the Select Committee on Nutrition and Human Needs, which had held hearings throughout the country over a 10-month period. Its sponsors were Senators McGovern, Javits, Percy, Cook, Hollings, Pell, Yarborough, Mondale, Kennedy, Hart, Spong, and Goodell.

The following are the long-range objectives we believe the committee should address itself to:

1. Nutrition Education and Information: There is a great need to improve knowledge among the poor, as well as among many families who are not poor, of healthful nutritional practices, of how to obtain nutritious foods and maintain a wholesome and balanced diet. S. 2547 makes a start in this direction in section 1(10), which would afford participants:

Such instruction and counseling as will best assure that they are able to use their increased purchasing power to obtain those nutritious foods most likely to insure that they receive a nutritionally adequate diet.

This is an effort which should not, in our view, be limited only to food stamp recipients or only to agencies concerned with food stamps. For example, HEW and OEO programs and the agencies and institutions they fund should also be enlisted in these efforts, along with the Cooperative Extension Service.

2. Nutrition research: More precise knowledge is needed about the extent, incidence, and location of malnutrition on a continuing basis. For example, HEW's national nutrition survey should be expanded so that its sample is adequate, its data are fully analyzed, and food program effectiveness is monitored and evaluated. Special consideration should be given to the particular nutritional needs of the rural poor, migrants, Eskimos, Indians, and the elderly. S. 2547 does not deal with this subject.

3. Outreach: A full range of supportive services is needed at the local level to reach more of the Nation's urban, rural, and migrant poor with existing food assistance programs. In his May 6 message to the Congress, President Nixon pointed to OEO's "unique outreach among the poor themselves." S. 2547 would expand availability of food stamps by permitting certain private nonprofit institutions, including mobile food services which provide meals to older persons, to accept food stamps (section 1(1) and 1(16)). It would spread awareness of the program by authorizing the giving of instruction and counseling mentioned above at schools, retail food stores, in homes and, through voluntary cooperation, in Federal, State, local or private agencies which carry out informational and educational programs for consumers, and particularly through the National School Lunch Program and its extension (section 1(10)).

The cumbersome precertification procedure would be amended so that an affidavit is sufficient, subject to subsequent disqualification for fraud (secs. 1(12) and 1(17)); this parallels the technique long authorized for the Federal income tax system. It goes beyond it, by the way, by requiring an affidavit. Issuance of stamps and collection of payments for them would be facilitated by authorizing use of post

offices, banks, credit unions, the mails and other agencies. (secs. 1(11) and 1(14)(3)). Under limited circumstances, where the Secretary of Agriculture determines there is a need and no food stamp program exists, USDA would be authorized to administer a food stamp program through a private nonprofit organization or a Federal, State or county agency approved by the Secretary. In line with President Nixon's reference to OEO's outreach capabilities, we would hope that OEO would be given a substantial role in providing the services necessary to fuller participation of the poor in all food assistance programs—not solely the food stamp program.

4. Private enterprise: A principal advantage of the food stamp program is that it utilizes the private food distribution system rather than creating another distribution system as required by other types of food assistance programs, particularly commodity distribution. S. 2547 would permit more of the poor to be reached by the private system by improving the current payment and value schedules, which require payment in advance, on a rigid monthly basis, of up to 47 percent of income to participate in the program. Free food stamps would be issued to families earning less than one-half of the amount determined by the Secretary of Agriculture to be necessary to purchase a nutritionally adequate diet, at this time approximately \$60 per month for a family of four, or \$720 a year. In no event would more than 25 percent of a household's income be charged for stamps; again, this is still higher than the 17.4 percent of income paid for food by the average family. State eligibility requirements, which now range from \$1,920 to \$4,140 for a family of four and bear no relation to geographic differentials in food prices, would be replaced by a more equitable national minimum standard of \$4,000 adjusted to take regional variations into account.

As important as these changes would be, a number of other programs should also be initiated to enlist the private sector more fully in the distribution and education processes. Current governmental efforts with food companies to provide foreign developing nations with enriched and fortified foods should be extended to this country as well. Production, processing, and distribution by small food businesses in low-income areas should be encouraged by the Small Business Administration, the Department of Commerce, and OEO, especially with the aid of local development corporations. As the President's May 6 message recommended, "an advisory committee of major food processing and food distribution companies" should be established.

5. Maternal and child nutrition: As the President stated and as Dr. Shaefer emphasized in his testimony before this committee, malnutrition during pregnancy and in the infant and young child can cause physical and mental retardation. The President called for special package and pilot voucher programs by HEW, and these should be authorized by legislation. Participation in free or reduced-price school lunch programs should be increased by establishing national eligibility and funding standards for local school districts so that all needy children, less than half of whom now benefit from these funds, can participate. Similar emphasis on poor children should be mandated upon the special milk program. Private food companies should bring their expertise in processing and distribution to low-income-area schools

which lack adequate facilities for preparation of meals. Again, S. 2547 does not cover these subjects.

6. Direct commodity distribution: New direction should be given to commodity distribution so that it supplements food stamp and school feeding programs. Together these programs should insure that low-income families have available to them a range of foods necessary for a nutritious and well-balanced diet. National standards of eligibility, cash payments to States, grants to public and private agencies and use of section 32 funds for purchase of nutritional foods not otherwise available under Federal food programs, should be authorized. USDA should assist State and local agencies in outreach efforts to insure maximum participation of low-income families, and distribution should be facilitated, in conjunction with OEO, HEW, and HUD, through neighborhood centers. S. 2547 makes one important advance in this direction by permitting a combination of food stamp and commodity programs under certain narrowly defined circumstances (section 1(7)).

The objectives we have outlined are not ours alone, by any means. Most were identified and recommended to the President by the Food and Nutrition Subcommittee of the Urban Affairs Council. Many were embodied in the President's May 6 message. Many are embodied in bills already introduced in both Houses of Congress, such as S. 2789, introduced by Senator Javits and a bipartisan group of cosponsors; S. 1864, by Senator Talmadge; H.R. 13423, the Foley-Green bill; and H.R. 12222, the administration bill introduced by Congresswoman May.

We recognize that these objectives will incur additional cost to the U.S. Treasury; for food stamps alone, \$1.25 billion in the current fiscal year instead of \$750 million under the current projections, and a similar \$500 million difference in fiscal years 1971 and 1972. But as Senator Hollings stated on the Senate floor when S. 2547 was passed, "This is no time to holler 'chaos' and 'the end of the world is coming' over the expenditure of \$500 million in the next fiscal year," particularly when compared with expenditures for other purposes. It has been estimated that the objectives other than those relating to food stamps would cost approximately \$415 million in the first year. Again, matched against other expenditures, including some \$3 billion in agricultural subsidies annually, this does not appear to require a major wrenching of national priorities. The comprehensive approach to food assistance we recommend is well worth the additional cost and may well cost less than the loss of productivity and wasted lives caused by hunger and malnutrition.

For the record we would like to offer a number of editorials, local news stories, and columns from newspapers, both large and small, in many parts of the Nation in recent months. These indicate a growing national awareness and concern about food shortages and deficiencies and the need for expanded and improved food programs.

Thank you, Mr. Chairman. That concludes my prepared statement.

The CHAIRMAN. The editorials you mentioned may be filed with the committee.

(The editorials referred to by Mr. Kurzman may be found in the committee files.)

Mr. KURZMAN. Thank you, Mr. Chairman.

The CHAIRMAN. Are there questions?

Mr. TEAGUE. Just one, Mr. Chairman.

What are these diseases marasmus and kwashiakor? Do you think you can discuss them in mixed company here?

Mr. KURZMAN. If I were a medical expert, Congressman Teague, I would be happy to. I cannot testify as such. However, it is my understanding that these are infirmities, both physical and mental, which are severe, long-term, permanent, and crippling, and that they have been found in many of the underdeveloped countries. They are the result medically, as I understand it, of food deficiencies and shortages, a lack of quantity and quality, which we never expected to find in this country. That is why finding any cases of them in the United States, as Dr. Shaefer found, was such an immense shock.

Mr. TEAGUE. Thank you.

The CHAIRMAN. Mr. Purcell?

Mr. PURCELL. First I want to thank you for the amount of information and energy that you and your organization have shown in working with this problem. I do not know whether I have a question or just a comment. I think we all agree that trying to educate the people about nutrition is probably the most significant step in this whole operation. I know of some instances, for example, where food stores have put on displays in the supermarket of the kinds of foods you use to fix the end product and it is very good. Then you run into difficulty on using butter. Some doctor shows up and complains that is going to give people fat around the heart or whatever you get from eating butter.

Mr. TEAGUE. Cholesterol.

Mr. PURCELL. I am not old enough or fat enough to have that. And then the use of milk even gets complaints. I do not know whether I am asking you a question or just wanting company in my misery, but would there be some way that with a nationwide organization that you work with we can eventually work with the medical people to not be as picayunish as I think they often get. The people we are talking about have got a long way to go to get very sick from overeating, which is what the rest of us worry about, and this is just a problem that I think we run into when you get out in the public trying to do what appears to be a good educational job. I might conclude by saying do you have any thought on it?

Mr. KURZMAN. I guess I have two partial answers, Congressman Purcell. I would say in the first place that we have taken note in our statement of the fact that inadequate dietary choices are a problem not only for the poor—where inadequate choice is also compounded by the lack of adequate resources and the lack of educational opportunity and sophistication in dealing with products that are presented on the shelves—but also with the overwhelming majority of the American population which is not poor and which should have the necessary sophistication. I would tend to agree, from my own knowledge on the subject, that there has not been any great effort—which is one of the things we are backing here—to pull together the available information on which the medical experts would agree, and put that together with the tremendously efficient food distribution and advertising programs of the food industry, so that what we do know and what is agreed upon by the experts is at least brought to the attention of the public, both the poor and the nonpoor.

The second part of my answer is that I would hope the forthcoming White House Conference on Food and Nutrition, to be held early next month, will bring together a very impressive array of experts in this field and will be able to come up with the kind of consensus on certain basics about diet which could then be forwarded by the food industry, and by Government in cooperation with it.

Mr. PURCELL. Thank you. That is all I have.

The CHAIRMAN. Thank you, Mr. Purcell.

Mr. Mayne?

Mr. MAYNE. Mr. Kurzman, your credentials on problems of the city, as stated by Mr. Lagomarcino, are very impressive. I note that you were on the staff of the Senate Committee on Labor and Public Welfare and the National Advisory Commission on Civil Disorders, and are now engaged in the private practice of law. Where are you practicing law?

Mr. KURZMAN. In my own firm here in Washington, Congressman.

Mr. MAYNE. Just your name?

Mr. KURZMAN. No, sir, the name of the firm is Kurzman & Goldfarb.

Mr. MAYNE. When we get onto the matter of agriculture, I notice that on the final page in the next-to-the-last paragraph of your testimony, you made some reference to \$3 billion in agricultural subsidies. Was it your intention to criticize this expenditure?

Mr. KURZMAN. No, merely to use it as a comparative measure, Congressman Mayne, of what we are talking about in the food stamp and other food assistance programs.

Mr. MAYNE. Then does the Urban Coalition Action Council have a position on agricultural subsidies? I do not know whether it has taken a position or not.

Mr. KURZMAN. I will defer to Mr. Lagomarcino.

Mr. LAGOMARCINO. If I may respond, Mr. Mayne, the answer to that is, "No, it does not."

Mr. MAYNE. I perhaps had gotten the wrong impression from that particular sentence. I thought that perhaps it was expressing opposition to the concept of agricultural subsidies, and I am relieved and pleased to find that that is not the case.

Mr. LAGOMARCINO. No, sir, we did not intend to make that point at all in this statement.

Mr. MAYNE. Thank you.

The CHAIRMAN. Mr. Melcher?

Mr. MELCHER. Mr. Kurzman, just the sentence preceding the reference to the \$3 billion in agricultural subsidies. You have the figure of \$415 million. What is this figure referring to, sir?

Mr. KURZMAN. We have listed, Congressman, some six objectives, as we have called them, and have tried to identify the extent to which these objectives are reached or would be reached by the food stamp program as amended by the Senate-passed bill. That leaves untouched a fairly large portion of the objectives we think ought to be sought by the Congress. That \$415 million figure is an estimate of what those remaining objectives would cost, reached in these ways. It is a very crude and rough approximation.

Mr. MELCHER. \$415 million?

Mr. KURZMAN. In the first fiscal year.

Mr. MELCHER. In addition to what would be covered by the Senate bill, is that right?

Mr. KURZMAN. Yes, that is correct.

Mr. MELCHER. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Montgomery?

Mr. MONTGOMERY. Thank you, Mr. Chairman.

I direct my question to either one of the gentlemen.

I think we are generally in agreement that the mechanics of securing food stamps could be improved. I know in the bill I have introduced there are mechanics that would make it easier for a participant to obtain food stamps. Also the Senate bill on food stamps makes it easier to get food stamps. My question is did the McGovern bill have the same mechanics in it pertaining to making food stamps easier for people to receive, as the Agriculture Committee bill?

Mr. KURZMAN. I think the answer to that, sir, is that the bill that was substituted on the Senate floor goes even further than the committee-reported bill in the direction of facilitating the distribution of food stamps. The committee bill attempted to do it, and I think that the substitute bill does it better.

Mr. MONTGOMERY. Does it better. Did it take some of the recommendations in the Agriculture Committee bill, and are they implemented in the McGovern bill?

Mr. KURZMAN. Yes, indeed, sir.

Mr. MONTGOMERY. My last question, and I have asked other witnesses who have testified on the McGovern bill, I have asked them this question, and it has been of concern to the witnesses. I do not think they realize that the bill went this far. Under the McGovern bill, and I have been told this by the Department of Agriculture, it is possible in some cases that a family of seven with the breadwinner earning \$11,000 a year would be eligible for food stamps.

This seems excessive to me, and I would like your comments on that.

Mr. KURZMAN. I think the Senate bill leaves very much in the hands of the Secretary of Agriculture and the States the setting of eligibility standards, both maximum and minimum. It leaves to the State agencies the setting of standards in the first instance, and it imposes upon the Secretary the obligation to set the maximum and minimum standards, but it says that the minimum shall in no case be less than \$4,000 per year for a family of four. It also sets as a goal the minimum level in income a household must have, in order to purchase a nutritionally adequate diet for the members of such household and be financially able to meet the other normal living expenses of a household. That is the way section 5(a) of the act would read under section 1(8) of the Senate-passed bill.

It seems to me, sir, that what that is doing is leaving to the Secretary of Agriculture the determination of what is necessary for those purposes. Our estimates are built upon a presumption that the eligibility range is not going to go very much higher than the range the States now have set. As I mentioned, for a family for four they range from about \$1,900 to about \$4,100 for a family of four. Now for a family of seven I do not know quite where the States go, but I would personally be quite surprised if it went to \$11,000.

Mr. MONTGOMERY. I was quite surprised, too. That is why I brought the question up. The Department has made some study on the McGovern bill, and this is a figure that was given to me, that in some cases now, this would not be the order, that this possibly could happen?

Mr. KURZMAN. As I say, Congressman, I think what could have to happen, under the formula of the Senate-passed bill, is that the Secretary of Agriculture would have to decide that that was a minimum level of income a household must have in order to purchase a nutritionally adequate diet and meet its other household expenses. I do not think that the Secretary of Agriculture is likely to.

Mr. MONTGOMERY. As I understand it, if he wanted to get to the minimum, really take care of some low-income people, where the formula is drawn up, this would end up requiring seven people with an \$11,000 income trying to protect the lower income, he would be exposing people making \$11,000 to receive food stamps?

Mr. KURZMAN. As I say, sir, as I read these provisions, they are very, very flexible, and they afford the Secretary of Agriculture the opportunity to set incremental levels per additional members of the family very much at his discretion. It seems to me there is nothing fixed or necessary about the formula which would lead to any conclusion about the maximum amount of income that would still entitle a family to purchase food stamps.

Mr. MONTGOMERY. Thank you.

The CHAIRMAN. Thank you, Mr. Montgomery.

Let us go off the record for a moment.

(Discussion off the record.)

The CHAIRMAN. Back on the record.

Mr. Foley?

Mr. FOLEY. Mr. Kurzman, I agree very largely with your testimony, and I want to compliment you on it. While the question raised by the gentleman from Mississippi comes with reference to many programs—rent supplements and others—is it not true that the incremental value of food stamps for large families, as they approach higher incomes, would be very small in many cases?

Mr. KURZMAN. I would assume so, yes.

Mr. FOLEY. I am sure you have seen graduated eligibility charts, which indicate that families may have a bonus eligibility of \$5 a month or \$7.50 a month. As this is graduated off it trails off, while we can say technically that these families are eligible, as a practical matter it is very doubtful that such a family would go to the trouble of being certified for food stamps for so small a portion of value. Is that not correct?

Mr. KURZMAN. That is correct, Congressman.

Mr. FOLEY. Thus it is not a matter of a family receiving great, huge bonuses of food, but merely its being on the outer edge of eligibility, where the value of the food bonus would be very small indeed?

Mr. KURZMAN. Yes, and I would add that the Secretary could state that the incremental amount would decrease as the family size increases, if he feels that that was a reasonable way of handling it, particularly as the gross income of the family increased.

Mr. FOLEY. Could the Secretary also make a judgment that the value of the stamps would be so small for a family like that that he could arbitrarily set a level of cutoff?

Mr. KURZMAN. Exactly. There are several different variables, all all of which could avoid any arbitrary abuses.

Mr. FOLEY. Thank you.

The CHAIRMAN. Mr. Myers?

Mr. MYERS. Mr. Chairman, I have a couple of questions for Mr. Kurzman.

I quite agree with much of your statement, too. However, I feel that, like many others who have appeared as witnesses, you have oversimplified solutions.

First, it seems to me that you and most of the witnesses have made an assumption that the food stamps have solved problems, that they have solved the nutrition and hunger problem of families, and if only we would grant more money and more stamps to the program we could reach more people.

Now, I have some serious reservations about just how much food stamps have accomplished in solving nutritional problems, and to me I think the problem of nutrition is greater than the hunger problem in our country.

I use a personal case here. My wife volunteers once a week as a teacher in a school here in Washington for handicapped children, and just yesterday a little boy who was almost completely blind came to her with 30 cents, and he said, "Mrs. Myers, I want to buy lunch. Help me buy lunch," but he said, "this amount of money also has to buy breakfast tomorrow morning for my brother and me."

My wife said, "Why doesn't your mother prepare breakfast?"

And he said, "She has to go to work before I go to school."

Now, I know nothing about the family. I am making an assumption and I should not do this, I realize, but it appears that there is money in the family and possibly even food stamps. Yet we all know that this little boy and his brother cannot receive adequate nutrition or even satisfy their hunger on 30 cents for two meals.

Has your Urban Coalition Action Council ever appraised families to see what kind of a job the stamp program is doing or if it is doing any job at all?

Mr. KURZMAN. I think, Congressman, what we are relying on here is a great deal of testimony which has been given in all the forums that we have listed, in all these reports, which indicates in sum that food stamps are an effective way of increasing the purchasing power of the many people who receive them. I realize that is a very limited statement, and I think we agree that food stamps alone do not solve the problem, nor would merely increasing the number of food stamps or even the availability of them.

That is really a principal purpose of our testimony today, to say that we would like this committee to address itself to the other things which are very critically necessary, along with food stamps, and along with commodity is distribution and school lunch programs, and child nutrition programs and free milk and all the rest. We are really talking about a package of social services for people who will not be able to achieve an adequate diet if you only add additional purchasing power.

Now, some portion of that population may well be able to achieve an adequate diet, if you simply increase their purchasing power.

Mr. MYERS. There will be some benefit of course, but is it measurable? Is it significant for the amount of money it is costing or may there not be better ways of solving the problem? That is my question.

Mr. KURZMAN. Like all those trying to solve these problems, we would be happy to hear of other alternatives. Right at the moment the ones we have listed seem to be the only ones around; that is, to supple-

ment their income by way of food stamps or welfare payments or other cash assistance, or to supplement their food directly by direct distribution, either through commodity distribution, school lunch or the milk programs. But what I think you are really talking about, Congressman, is what we are saying in regard to the need to involve agencies with which the Department of Agriculture does not necessarily or automatically deal. That is, there are now tremendous outreach capabilities. The example you mentioned might be one which an agency here in the District of Columbia funded by, let us say, OEO might be able to handle. They might be able to do something for that boy which the Department of Agriculture in mailing food stamps under the Senate-passed bill could not do alone. That is why we are urging that you consider that as part of what you do with food stamps.

Mr. MYERS. I certainly cannot take exception with your statement. However, that which motivates that mother or the family is not there, and I am not sure we can write any legislation that is going to motivate that mother short of some Federal agency coming down and sticking a spoon in that child's mouth, and I do not think any of us want that. You suggest nutrition education as one of your long-range objectives?

Mr. KURZMAN. Yes, indeed.

Mr. MYERS. And I completely agree with this. I think every member of this committee at various times has supported this attitude. When we talk about compulsory education as contingent upon or as a requirement to receive stamps or even work, I have noticed in the last week we talk about these requirements, especially education as being part of the problem, I have seen the people who testified previously about more money shake their heads "no."

And as long as those people think they do not need more education, we cannot legislate it, I do not believe.

This is one of the shocking things. Now, we all want to help people, but how in the world do you do it, if they do not know they need it? If all they want is more money in their pocket and more food stamps, and do not realize this—I am not critical of some people even though it may be their own fault, because the innocent children are involved here, but we have also heard about work requirements and some people are violently opposed to the word "work" as being a requirement to receive these if they are physically able to work.

However, it seems to me that what you are saying here to help the needy children, if we give stamps to able-bodied men who chose not to work for any reason whatsoever, if they are on strike or any other reason, or college students who are in college because they want to be, not because they must be, I think we are defeating the very purpose here in trying to help needy people. Would you agree with this or not, that we are just shotgunning it and pouring food stamps and money on these people?

Mr. KURZMAN. In the last instance let me say, Congressman, that the point about strikers and students is not a point which is raised particularly by the Senate bill in any respect. In other words, I think if that is a problem, it is a problem with the food stamp program generally and probably with the commodity distribution program as well.

Mr. MYERS. I think they have probably purposely evaded it.

Mr. KURZMAN. I would say from our point of view with good reason. That is, those programs should not be used as weapons in other battles.

Mr. MYERS. One way or the other, either side. Categorically do you think then anybody should receive them as long as they do not have income, even though they are able to work?

Mr. KURZMAN. I think hunger is the issue here, and this is not. Let me put it this way: I think it is not a function of a food stamp program or any of these food assistance programs to help solve the general problems of welfare or the general problems of labor-management relations or the general problems of student unrest.

What we are trying to do with these programs is to zero in on hungry people. I tend to agree with you—and that is the thrust of our statement—that we are not doing that at present. We are trying to devise a way to do that, but the reason we are not doing it is not that we are giving it to people who do not want to work or strikers or rioting students. I do not think that is the cause of the failure of these programs.

Mr. MYERS. One last remark.

I cannot speak for anybody else but I do not think strikers should receive it and I am not attempting to break strikes by denying these people, but I think if a person wants to go on strike, they should be economically able to defend their position and not the taxpayers of the United States. It is just as bad one way to break a strike as it is to break it the other way to the advantage of the other party. It seems to me if you deny it on the premise that this is breaking a strike, then it is exactly the same analogy here. It can be used to continue the strike and break the other party, so for this purpose I do not think this was the intent of the food stamp or any other social welfare program. It is to help people to help themselves, because they are not able to do it, and the person that is able to work, and if they chose to go to college instead of going to work, then they either should work in college—I certainly worked in college for my meals.

I think kids should go to school but I also think they ought to know how they got it, and if we make it too easy, I just think that we are destroying the very principle that you speak about here, about the businessman, labor and all working together.

I think these things are being abused, and I think we are shot-gunning today, if I may use that term, instead of rifling, and I think if we continue this way we are destroying the intent of the programs. Thank you.

The CHAIRMAN. Are there any other questions?

Following up a little on what you were saying, I do not intend to prolong this, but I would like to ask our witness a question.

You said as I recall that the issue here is hunger. Weren't those your words?

Mr. KURZMAN. Yes, indeed, sir.

The CHAIRMAN. And I think that is a rather fundamental issue. Mankind throughout time has been trying to deal with hunger. That is primarily the crux of the difference between the Communist system and the private capital system—which one will induce people to meet their requirements, and hunger is the basic problem that they have to meet.

Many of us believe that the Communist system does not meet it as well as our private enterprise system. Now, our system meets it only to the extent that there is inducement to work. That is all there is to the private enterprise and property system. If there is no advantage in working, no advantage in saving, no advantage in being a constructive member of society, then the private property system will not work.

I think it does work. I think it has worked throughout the years. I think that we have some pretty good authority for the statement that "He who will not work let him not eat." I think that has been pretty sound philosophy for the last 2,000 years at least.

I cannot see how any program that provides a man a reward without any work on his part is going to solve the hunger problem.

You can feed such a man, but basically society cannot feed him alone. If everybody gets in his category and is convinced that it is just as profitable to sit in the shade, and eat the manna that his neighbor brings to him, as it is to get out and work, then everybody is going to get in the shade. Now, aren't you ignoring the fundamentals of hunger? The fundamental way to get rid of hunger is for people to work, so that they themselves can provide for their livelihood.

I am not saying that three-fourths of our population will not work. I am not trying to say that any group of people will not work. I am simply saying that there are people in the United States and all over the world who will not work unless they get hungry, and there are unfortunately a whole lot of such people. Their number is bound to get greater if we reward them for indolence. That is not saying that we ought to deny any disabled person full aid, that is not saying that we ought to cut off aid for some mother, some child, some crippled person, some old person.

That is not saying that at all. But it is saying that there are people who are perfectly able-bodied and perfectly able to work, and if we give them assistance without requiring anything of them in return, their numbers will greatly increase. Do you disagree with me? Do you think we can just continue to make it as profitable to sit under the tree as it is to work, and expect to find as many people working as we have today?

Mr. KURZMAN. I am afraid, Mr. Chairman, that we disagree on very basic premises. I think there is very little evidence that any significant proportion of those who receive food stamps or any other kind of food assistance are choosing to do so as to elect not to work.

The CHAIRMAN. I think that when you make that statement you prove that you never lived in an area where there were a great many people who sit under the tree, and that you are entirely out of touch with a large segment of American life, and life everywhere.

It is not only true in America, it is true anywhere in the world. We all know that there are a number of such people. The percentage is not great. It has been pointed out the percentage is not great, but there are a great many such people.

Mr. KURZMAN. Mr. Chairman, may I add one comment on that? The statistics on income which the Internal Revenue Service and the Census Bureau provide indicate that, in addition to the approximately 2 million people who are unemployed, we have something like 6.5 million people who work full time, 40 hours a week, 52 weeks a year,

and still earn less than the national poverty standard of \$3,300 for a family of four. I think that is a complete answer. We are not talking about people who do not choose to work. We are talking in many cases of people who actually do work full time.

The CHAIRMAN. I do not understand at all. Do you just mean that there are certain people who do not have the ability to earn a substantial amount, and therefore do not earn? What has that to do with the man who sits under the tree and refuses to work?

The fact is that there are people who are working, even though they are not getting as much as we would like to see them get, and even though in many cases they are incapable of making as much as someone else. Some of those people that you are talking about are disabled. I have known lots of people who had handicaps and worked, and worked hard, and my hat is off to them.

I respect them. I have known lots of people who had no education, and because of their lack of education could not earn much, but they worked hard. I think the private property system encourages it. I think that some of those people who you are talking about would not work under the Communists.

I just wonder if we are proposing to break down our system of incentives. You have to have some kind of system of incentives, don't you?

Mr. KURZMAN. Yes, indeed, Mr. Chairman. In fact, we would like to improve those incentives. We would like to make a lot of people who now do not have adequate diets educable and capable of learning the skills that are necessary for today's more and more sophisticated job world. We would like more of those people to be able to work, and that is why we think they should have food, particularly young people.

The CHAIRMAN. That is not the question I asked. I was talking about a system of incentives, something that will encourage people to work. People do not work for nothing. To go back even further than 2,000 years, go back somewhere in the dim past—the Book that most all of us accept, says, "By the sweat of thy brow shalt thou eat bread."

Now I think that is true. I think it was true when old Adam was kicked out, and I think it is still true. "By the sweat of thy brow," that means work as I understand it. That is the way I understand it. If you expect to get the good things of life, work for them.

Now, I have not any objection to helping the individual who needs help, and I do not want you to go away from here and say that Bob Poage said that he would not help some poor widow and her kids. He never said anything of the kind. But he has said that he was not going to help some deadbeat who is sitting down at the pool hall waiting for his wife and kids to go out and see what the neighbors brought in.

If you ask me to help that fellow have a better life down at the pool hall, why I am just not interested in helping him. I am interested in helping his family, but I am not interested in helping that bird who could work just as well as I can. Are you?

Mr. KURZMAN. You have given a very unappealing example.

The CHAIRMAN. I asked you a question.

Mr. KURZMAN. I do not think that is the issue here, Mr. Chairman.

The CHAIRMAN. I do not care whether it is the issue or not. How do you feel about it?

Mr. KURZMAN. Let me say this. I do not think that the average \$6.75 a month that recipients of food stamps are now getting out of the

general treasury constitutes an overwhelming incentive to spend your life in a pool hall. I do not think that could conceivably be the construction in terms of the amount of money we are talking about, even if the program were expanded. That is not the issue here, it seems to me, Mr. Chairman. The issue is how to get the food to the people who need it, and I think there is a good deal of agreement on that point.

The CHAIRMAN. It is \$7.72 right now and there is \$340 million. We spent \$220 million last year, didn't we, and you have suggested that we should pass a bill here that involves \$2.5 billion annually within the next 2 years, so it is not \$6.70 you are talking about. It is a great deal more than that.

Mr. KURZMAN. Mr. Chairman, may I interject—

The CHAIRMAN. Probably 30 times that much.

Mr. KURZMAN. That \$2.5 billion spread over the number of people who ought to be included—people who fit your definition of those who are needy who are not now being served—will probably not come out to very much more than \$6.73 a person. We are talking about tiny percentages, relatively small percentages of those you and I would agree ought to be served by this program who are not now being served by it. We are saying, "Let's spend the money to reach the others who deserve to be served."

The CHAIRMAN. The point I am making is I have not understood why you and others who have appeared before this committee, who have a legitimate and proper concern for the needy are also so concerned about maintaining a bunch of drones.

Are there any further questions?

(No response.)

The CHAIRMAN. If not, we are very much obliged to you, gentlemen. We appreciate the opportunity to discuss these things with you.

Mr. KURZMAN. Thank you, Mr. Chairman.

Mr. LAGOMARCINO. Thank you, Mr. Chairman.

(The following letters and statements were also submitted to the committee:)

STATEMENT OF HON. DANIEL E. BUTTON, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF NEW YORK

Mr. BUTTON of New York. Mr. Chairman, as a cosponsor of one of the bills, now before the House Committee on Agriculture, concerning the continuation, on a permanent basis, and improvement of the Food Stamp Act of 1964, I present the following statement of support.

With the sixties, there came to America a new sense of social consciousness which revealed the great fallacies surrounding America's domestic scene. One of the most shocking revelations brought to light, to the embarrassment of a nation so abundant with wealth, was the extent that hunger exists in the lives of millions of its adults and children. So in this sense of embarrassment and guilt, the Food Stamp Act of 1964 (which is due to expire in December of 1970) was passed. According, however, to the findings submitted August 1969, to the U.S. Senate by its Select Committee on Nutrition and Human Needs, the food stamp program is not effectively meeting the needs of the poor. Furthermore, its inadequacies cannot be met by increased appropriations alone.

The aim of the food stamp program, to help low-income persons obtain adequate diets by increasing their food-purchasing power, is good in itself. However, the means employed to bring about the end are totally ineffective in eliminating poverty-related hunger and malnutrition. The standards for eligibility for the program have no recognizable relationship to need. Because of the basis used in some States for determining eligibility, hundreds of families whose incomes are slightly above the poverty level, but still cannot afford to feed their families

properly, are denied eligibility to the program. As long as we allow these conditions to continue, I believe we are allowing hunger and malnutrition to flourish in America.

The improvement of the food stamp program would not only be in aid of the poor, but it would aid in the preservation of the future brainpower of the country. Evidence shows that hunger and malnutrition clearly contribute to the lack of intellectual growth and learning capacity, as well as physical capabilities, among low-income families. As Dr. Charles Lowe, Chairman of the Committee on Nutrition of the American, stated:

"When malnutrition is coupled with the constellation of adverse environmental factors that are characteristic of life in poverty, it is clear that intellectual growth will be jeopardized * * *. There is no evidence that feeding people makes them smart, but it is indisputable that hunger makes them dull."

In fact, a study made between 1965 and 1967, by Drs. H. Peter Chase and Harold P. Martin, of the Department of Pediatrics, University of Colorado Medical Center, establishes a direct correlation between undernutrition in infancy and stunted physical and mental development in preschool years.

The lack of mental and physical growth is only one of the disadvantages hunger and malnutrition impose on our society; disease and high rates of mortality soon appear. Hunger and malnutrition also burden the economy of the Nation. The Bureau of the Budget estimates that if poverty-related hunger were eliminated a threefold return on our taxpayers' investment would result. Work productivity and capacity would also increase if hunger were eliminated.

How can an improved food stamp program aid in the elimination of poverty-related hunger and malnutrition? First, by removing the strict and unrealistic eligibility requirements, a great number of the poor and near-poor will be able to get the stamps. Second, by reviewing the present schedule of food stamp purchase prices, as it is now we discriminate against the poorest families. The less a family monthly income is, the fewer food stamps he is allowed to purchase.

Since the poor and the welfare administrators, alike, feel the food stamp program should be our principal food assistance program—because it permits the participants to a freedom of choice in the selection of their food—I feel we should direct our attention toward betterment of this program. The Food Stamp Act, when passed in 1964, was a notable achievement, but we must bring it into the realm of reality, we cannot sit back and rest, as yet.

STATEMENT OF HON. SILVIO O. CONTE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. Chairman, I appreciate this opportunity to testify today in support of comprehensive food stamp legislation.

This committee is to be commended for its recent action in reporting out a resolution nearly doubling the authorization for food stamps for the current fiscal year. I am hopeful that the resolution can be brought up under suspension of the rules. I intend to support the resolution, and I am confident that the required two-thirds support of our colleagues will be forthcoming.

But, while the passage of this resolution will represent an important first step demonstrating this body's good faith and determination to work toward eradicating hunger and malnutrition, it remains only a first step.

It is essential that we proceed to prompt consideration and passage of comprehensive food stamp legislation. Mr. Chairman, I commend you for scheduling this latest series of hearings devoted exclusively to food stamp legislation. I am hopeful that they will provide the necessary expertise on which your committee can forge sound legislation.

For there can be no doubt that the problem of hunger and malnutrition is widespread. It is by no means a strictly regional problem. My own State of Massachusetts is certainly in need of a greater effort on both State and Federal levels. Only this week, a Massachusetts Welfare Department official stated there are "upward of 700,000 persons in the Commonwealth living on incomes that do not permit them an adequate diet."

As you know, the Senate has recently adopted, by a vote of 78 to 14, the most comprehensive food stamp legislation ever passed in either body. In his recent message to Congress, the President said this about the Senate effort and our responsibility in the House:

"The Senate has shown a willingness to join in this commitment and has acted with dispatch. I urge the House to move so as not to prolong any further the day when this ancient curse of malnutrition and hunger is eliminated in this most modern of nations."

As a Republican, I am, of course, proud that our President has made this commitment. But I am fully aware that the only chance for passage of sound food stamp legislation is predicated on a truly bipartisan effort.

I am pleased to have joined the distinguished lady from Washington, Mrs. May, in cosponsoring the administration bill. But I intend to examine—as I know this committee is examining—the features of the McGovern-Javits Senate-passed bill, as well as the so-called Foley-Green bill. Such an examination will enable us to select the best features of these bills in drafting final legislation.

There are, indeed, many complex issues to be examined. While I am, as yet, not wedded to any one of these proposals, I have given a good deal of consideration to the main features that, I believe, any sound bill should include. I want to discuss each of these matters, briefly, with you today.

Taking as our goal—one I believe we all share—that of providing a nutritionally adequate diet for all Americans, I believe any sound legislation should provide for: (1) Easier access to food stamps by those who need them; (2) uniform national eligibility standards; and (3) a sensible funding procedure.

EXPANDING ACCESS TO FOOD STAMPS

At present, the food stamp purchaser must pay up to 50 percent of his income to participate in the program. Each of the three major bills—Nixon-May, Javits-McGovern, and Foley-Green—recognize that this situation must be changed. All rightly provide, at differing levels of income, for free food stamps for those most in need.

While the Administration bill places a maximum price on stamps at 30 percent of income and would follow the economy food plan of \$100 a month for a family of four, the other two bills, with slight variations set the maximum at 25 percent of income and would apply the low-cost food plan figure of \$125 a month.

In line with my desire to promote a bipartisan bill, I think it would be useful for the committee to consider a compromise formula which might retain the administration 30-percent figure, but accept the Senate-passed standard of \$125 a month.

The problem of providing easier access to food stamps is more than a matter of income eligibility. We must also consider where and how the stamps are distributed. I think the proposals to permit distribution through post offices deserve serious consideration, but would agree with other critics who suggest that the Senate bill's inclusion of grocery stores may present a dangerous incentive to fraud by discounting for cash.

The manner of distribution is no less important. I am pleased that all three bills would permit the deduction of stamp costs from welfare checks.

The frequency of distribution is also of vital importance to people trying to manage meager budgets that make it difficult to purchase monthly. I suggest that weekly coupon issuance should be permitted.

Raising income levels and providing for simpler distribution does nothing to extend coverage to every class of those in need. The present bill does not provide for many economically eligible persons over 65, who are not able, or lack the facilities, to cook their own meals.

I am pleased to have been one of the 70 cosponsors of the Biester bill, H.R. 14386, which is included in both the Senate and the Foley-Green bills. The provision should be included in the legislation reported out by this committee.

There is growing support for the position that any new program should foster the phasing out of commodity distribution programs for food stamps. I know that you, Mr. Chairman, have favored this, and I share your view. The essential feature of all three bills in this respect, that the two programs can be run simultaneously during a transition period, should be adopted.

Finally, the extension of food stamp programs requires major emphasis on an educational outreach program. I know this committee's concern for this vital matter, having read the testimony at your hearings last April on the Human Nutrition Act of 1969. While the Nixon-May approach, requiring all potentially eligible households to be informed of the program, represents improvement, I recommend that the more affirmative approach of the other two bills be adopted.

UNIFORM NATIONAL ELIGIBILITY STANDARDS

There can be no real doubt at this point of the compelling need for uniform national eligibility standards. The present variation in eligibility in each of the 43 States (and the District) which have food stamp programs is intolerable. As Secretary Hardin himself testified last July before this Committee, "Nutritional needs do not rise and fall with State welfare standards, and they do not recognize or respect State boundary lines."

Even the original Senate committee bill favored national minimum and maximum standards set by the Secretary of Agriculture. A House-passed bill should do no less.

Closely intertwined with the eligibility question is the matter of certification. As this is now left exclusively in the hands of the States, it should be no surprise that again there is great variance.

In most cases, however, certification is a lengthy and burdensome interview—investigation procedure, involving considerable cost.

While the President in his message last May called for "prompter and simpler certification," the administration bill is silent on the point. I believe that certification should be permitted solely by written affidavit. This is what the Internal Revenue Service has been doing for years.

As you know, certification by declaration is nothing new to the food stamp program. Many states have initiated the practice with good results. The State of Maine has found that its certification costs have been reduced to one-fourth, and the time involved has been reduced from an average of 45 days to 10 days.

We cannot, of course, ignore the problem of fraud, which will always tempt a few. While the present law makes it a crime to knowingly acquire stamps in an unauthorized way, the committee may wish to follow the Foley-Green approach and create an additional offense for knowingly making a false affidavit with enforcement made the responsibility of the Inspector General.

While the present act provides no mechanism for appealing denials of certification, both the Nixon-May and the Foley-Green bills would inaugurate a fair hearing procedure which should be adopted in some form.

SCOPE AND METHOD OF FUNDING

The common feature of all three bills with respect to funding is their recognition that a massive increase in spending will be required. I am pleased that you too, Mr. Chairman, appear to have recognized this in your bill which would authorize the appropriation of such funds as may be necessary.

While all of us must appreciate the restraints on spending which today's inflationary spiral demands, I know of no area of concern that deserves a higher priority than the need to put an end to hunger and malnutrition.

While I remain undecided as to what levels of funding are appropriate, I think the approach of the Foley-Green bill deserves serious consideration. Under this approach, the Commodity Credit Corporation would assume the same responsibility for financing food stamps it now assumes for stabilizing and protecting farm incomes. It has always seemed ironic to me, as I noted in my testimony before this committee last July, that this unique "backdoor-financing" procedure permits giant farm subsidies but is not available to feed hungry children.

The most important advantage of the CCC approach, of course, is that it would eliminate the need for pre-appropriation which now artificially curtails natural program expansion.

CONCLUSION

These points I have discussed, Mr. Chairman, by no means exhaust the areas of concern to this committee. But I am hopeful that they have raised most of the major questions you must consider.

In closing, I want to reiterate that it is imperative for this committee to act promptly on this vital legislation. Secretary Hardin himself made this clear in his testimony of July 15, when he pointed out that, while the farm program does not expire until after the 1970 crop, "it is essential, indeed it is crucial, that the Congress enact legislation which will permit us to improve the food and nutritional needs of this Nation's poor today." The cost of further delay to a hungry child or a malnourished pregnant woman is simply unacceptable.

I understand, Mr. Chairman, that you and others feel it is necessary to hold on to food stamp legislation, in order to secure passage of a farm bill.

My own view is that a sound new farm program can be passed without holding this food stamp legislation hostage.

And, furthermore, there is a real danger that the strategy could backfire, and produce nothing better than a poor version of each bill.

I earnestly entreat you, Mr. Chairman, and the members of this committee to enable this body to match the commitment that the other body and our President have made.

You now have an ample record on which to hammer out a sound bill. Your colleagues, and the nation at large, call upon you to act promptly and decisively.

Thank you.

STATEMENT OF HON. LAWRENCE COUGHLIN, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF PENNSYLVANIA

Mr. Chairman, I testify in favor of H.R. 14387 which would amend the Food Stamp Act of 1964 to authorize persons age 65 or over to exchange food stamps under certain circumstances for meals prepared and served by private nonprofit organizations.

I sponsored this measure, because I believe it is a just and reasonable extension of the Food Stamp Act. I do not feel the intent of this act was to penalize senior citizens who do not have cooking facilities or who are so incapacitated that they cannot shop and prepare food.

The economic pressures upon our elderly are so great that it would be an injustice to permit the present wording of the act to prevent those who need food from obtaining it, because of physical handicaps, illness or lack of cooking facilities.

This amendment would authorize senior citizens to exchange food stamps—under specified circumstances—for meals prepared and served by nonprofit organizations. The Secretary of Agriculture, in accordance with carefully prescribed regulations under this administration, would be empowered to designate church and other nonprofit organizations of a charitable nature to accept food stamps in exchange for prepared meals.

In the case of our elderly, I do not expect an abuse of this right to obtain meals from nonprofit organizations. To the contrary, I hope that the regulations would be so administered that those who need to take advantage of this service would be encouraged to do so and not to be frustrated and discouraged.

In addition to the all-important humanitarian considerations, I feel this change in the act would help enrich the lives of many elderly by allowing them to congregate with others in community dining halls. The life to the spirit is almost as crucial as food for the stomach.

This assistance would be helpful especially to senior citizens who are physically handicapped or chronically ill, and who otherwise could not afford meals. They could obtain home-delivered meals from religious and other nonprofit groups if permitted to use stamps for this purpose.

In advocating this amendment, I recognize the stopgap nature of the proposed change.

Abundant testimony before this distinguished committee has shown that food stamps are not reaching those who need them the most. Whether it is one of four eligible families enrolled in the plan in a specific county or only one of eight eligible families enrolled in another county, the story throughout the country is all too familiar. The people who need food stamp aid are not receiving it.

That we have failed in helping meet the needs of the poor is disappointing but not surprising. Our entire approach to welfare—or assistance, if you will—has been based on erroneous assumptions and self-defeating regulations.

The President has suggested a new approach to welfare. In this program, I find the first glimmerings of hope that we may provide the needy the help they require while affording the incentive to lift themselves from the mire of poverty.

The family assistance part of the President's program is vital. While it may develop its own failings, it certainly offers more hope than our present system.

But, for our older citizens, the promise of tomorrow cannot wait for the reality of today.

I feel the amendment to the Food Stamp Act, while a short range proposition, is a must if we are to try to meet our obligations to our senior citizens. I urge adoption of H.R. 14387 and thank the chairman and the committee for the opportunity to present this testimony.

STATEMENT OF HON. SAMUEL N. FRIEDEL, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF MARYLAND

Mr. Chairman and other distinguished members of this important committee, as one of the cosponsors of H.R. 14388, I urge that this very much needed measure, and other identical bills be favorably considered by this committee.

Congress enacted the Food Stamp Act of 1964, in order to promote the general welfare so that the Nation's abundance of food could be utilized to the maximum extent practicable in order to safeguard the health and well-being of the Nation's population and raise levels of nutrition among low-income households. Congress passed this law because we realized that more than 5 million Americans live in family groups whose yearly income is less than the total amount they must have for food alone—less than the equivalent of \$1,200 a year for a family of four. The Department of Agriculture states this is the minimum cost of an "emergency economy" diet. Some 1.3 million of our fellow Americans have no cash income at all. The Office of Economic Opportunity estimates that 561,000 are unrelated individuals.

The food stamp program has been expanded in scope from time to time in order to make it more effective. The act itself has been amended, but more has to be done. Under the present law, persons who otherwise meet age, residency, and income requirements, are not eligible for food stamps if they do not have any facilities to cook. Also, many unfortunate men and women are incapacitated physically or are infirm, weak and sick, and therefore; they cannot possibly go to a store or food market and buy groceries and provisions; nor are they able to cook for themselves. It necessarily follows that if they have no one to do these things for them, then such handicapped or ill persons are, in effect, denied, the use of food stamps.

To remedy that situation, H.R. 14388, H.R. 14387, H.R. 14389, and H.R. 14390, were introduced to extend the benefits of the food stamp program to the elderly who are now denied eligibility for the reason they are physically unable to cook or otherwise obtain food and prepare it. This proposed legislation would authorize nonprofit, charitable organizations to accept food stamps in exchange for cooked meals prepared either for home delivery or for use in a common dining room for the benefit of elderly persons.

I invite the attention of this committee to the fact that the food stamp program itself is not something new. A food stamp plan was operated by the Department of Agriculture between 1939 and 1943 under the authority of section 32 of Public Law 320 of the 74th Congress. In September 1959, a food stamp program was explicitly authorized by Public Law 86-341, for the period ending January 31, 1962. Since then, as was pointed out, this humanitarian program was expanded to aid and assist that segment of the population most in want. Currently the program is in operation in 1,489 areas throughout the country. On October 21, 1969, just a few days ago, Assistant Secretary of Agriculture Richard E. Lyng, designated 57 additional areas in seven States to begin a food stamp program, which will embrace 52 counties and five independent cities.

I am firmly convinced that the food stamp program is the most effective approach to improving the diets of poor families. However, the program needs to reach even more needy people with poverty-induced hunger. In these times of rich economic achievement, the basic goal of having enough to eat still remains, for too many of our fellow Americans, a promise rather than a reality. The bills now pending before this committee would do much to show compassion for our less fortunate citizens.

I, therefore, strongly urge and recommend favorable action for this legislation.

STATEMENT OF HON. SEYMOUR HALPERN, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NEW YORK

Mr. Chairman, members of the committee, I am grateful to be given this opportunity to testify before you on H.R. 12222, a bill to amend the Food Stamp Act of 1964, as amended, a bill which I am proud to join the gracious Congresswoman from Washington—and many other esteemed colleagues—in cosponsoring.

The need for change in the structure and goals of the food stamp program has been well established during the last year and a half. Observers charged that the program failed to reach everyone in need, and, when it did reach them, the aid it provided was not always an adequate protection against malnutrition. Unhappily, these charges were borne out by the facts. The present administra-

tion, as soon as it took office, clearly recognized the urgency of the situation: as a result in February, the Department of Agriculture instituted the distribution of free food stamps in some of the poorest counties of South Carolina. In April the President issued a message on hunger and malnutrition which included far-reaching proposals for revision of the food stamp program. (These proposals are incorporated into H.R. 12222, and I will soon be discussing them in detail.) Then, in June, the President appointed Dr. Jean Mayer of Harvard University as special consultant to organize the White House Conference on Food, Nutrition, and Health.

All of these actions demonstrate the administration's concern about the undeniable and intolerable presence of malnutrition in the United States. They reveal, too, the administration's determination to solve this problem. We in the Congress are thus entrusted by the President and the people of this Nation with a great task: to aid in the complete elimination of poverty-related hunger and malnutrition in America by reworking the food stamp program.

I believe that H.R. 12222 represents the best way of revising the food stamp program to make it more suited to the needs of more low-income people. It is, first of all, a responsible bill, and one that has been carefully thought through. It incorporates not only the President's proposals, as I indicated, but also the provisions of a food stamp bill earlier introduced by Mrs. May. As a result, the provisions of H.R. 12222 have been designed with care to solve specific problems. We can be quite certain of the effects, both direct and indirect, this bill will have on the food stamp program and the problems of poverty-related malnutrition. It is a sober, judicious, and well-considered bill. It is also a bill that is bound to be highly effective.

I think these points will become evident as we examine the provisions of the bill in greater detail. It begins by revising the Food Stamp Act's statement of purpose from that of merely "raising levels of nutrition" to that of enabling poor households "to purchase a nutritionally adequate diet." It also states the congressional finding that lack of purchasing power among low-income people contributes to hunger and malnutrition. In amending the Food Stamp Act in this particular way, H.R. 12222 makes a definite promise and sets a specific goal. If we look a little further along, we can see how it proposes to achieve that goal and to make good on that promise.

H.R. 12222 next recognizes that the concurrent operation of the food stamp and commodity distribution programs in the same location can be of great benefit under certain circumstances. Those circumstances are: during emergencies caused by natural disasters (at the request of the State agency operating food programs) during the transition period from the operation of the commodity distribution program to the food stamp program, and—again at the request of the State agency—for longer than the transition period if the State pays the full cost of handling and issuing the commodities within the State. I believe that these provisions strike an ideal balance between Federal and local responsibilities, and also between flexibility to meet the needs of the malnourished poor and the restrictions necessary to insure effective administration of the program. This admirable balance is reflected in other sections of the bill. For example, the Departments of Agriculture and Health, Education, and Welfare are required to set national income standards for eligibility in the food stamp program so that the present situation of conflicting and often inadequate standards that vary from one State to the next can be eliminated. H.R. 12222 also provides that the total coupon allotment issued to each participating household is equal to the cost of a nutritionally adequate diet, as determined by the Agriculture Department. Under no condition would households be charged more than 30 percent of their income for their coupon allotment, and families with little or no income—under the Federal eligibility standards—will receive free food coupons. This last provision, of course, is central to any attempt to rid the Nation of poverty-related hunger and malnutrition. The well-received and well-executed example of free food stamps being distributed by the Department of Agriculture in certain areas of South Carolina, provides us with assurance that this section would be workable, popular, and effective. That it is also necessary has by now been established without doubt.

Certain new requirements are added to the Food Stamp Act by H.R. 12222 and I would be remiss if I didn't mention them. First, households receiving public assistance would be allowed to authorize the withholding of coupon purchase charges from their welfare checks. The State agency could then automatically mail the monthly coupon allotment to the public assistance households, thus eliminating any unnecessary inconvenience for the households. Also, the States

would be required by H.R. 12222 to assume a positive responsibility to inform low-income people about the food stamp program and to encourage them to participate. Local Office of Economic Opportunity agencies, for example, could be used for these outreach activities. The bill also requires each State to provide for the operation of either the food stamp or commodity distribution programs in each of its political subdivisions by the end of fiscal year 1970, or fiscal 1971, under certain circumstances. Appropriations up to \$315 million are authorized for fiscal 1969 and up to \$610 million for 1970.

This Nation has recently been awakened to the fact that hunger and malnutrition persist in America, the proverbial land of plenty. The Nation's citizens and its leader have responded to the situation with the willingness to change it. We in the Congress have thus been shown a need for change and been given a clear mandate to make that change. Let us respond to this challenge with generosity but with responsibility as well. Let us amend the food stamp program to provide all needy households with the ability to purchase nutritionally adequate diets, but let us make certain this action is taken through the States. Let us see that the food stamp program is able to be flexible in its responses to people's needs but let us also put it on a firm legislative basis. These goals can often be difficult to reconcile in one piece of legislation, but I believe that H.R. 12222 does so. It is for these reasons that I respectfully urge the committee's consideration of a bill I am proud to cosponsor.

STATEMENT OF HON. MARGARET M. HECKLER, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MASSACHUSETTS

Mr. Chairman and Mr. Belcher, members of the committee:

I welcome this opportunity to express to the committee my interest in H.R. 14388, which I am cosponsoring, and the similar bills which would amend the Food Stamp Act of 1964 so that elderly persons under certain circumstances can exchange food stamps for meals prepared and served by nonprofit organizations.

In addition, I want to commend the distinguished chairman for his efforts to insure the continuation of the food stamp program, which would otherwise expire on December 31, 1970. It is an indisputable fact that there is a serious hunger problem in our Nation, apart from the special problem of elderly persons who for reasons of illness or physical disability are unable to shop for or prepare meals, and it is essential that the food stamp program be continued in the light of the rather large contribution it has made to the overall effort to help those who cannot help themselves.

In broad outline, the hunger problem of the elderly is indeed a special problem because another element is introduced—which is the aging process, the slowing down of the body and mind, with the increased risk that excessive activity can be injurious or fatal.

It additionally provides to elderly citizens, who are eligible to take advantage of such facilities, the right to exchange food stamps for food at commissaries operated by the Department of Defense at various military installations.

The plight of this segment of the elderly population was similarly recognized in the Senate when it enacted a Food Stamp bill which contains the identical provisions I have described.

Since existing law is inequitable in only partially addressing itself to the hunger problem of the elderly, I urge the committee in its wisdom to accomplish what has been left undone.

As just one example, the risk of heart attack is intensified in the later years. Thus, it is meaningless to concern ourselves with the fact that some elderly persons are healthier than others—healthy enough that they are not confined in bed or institutions but able to go out, buy food and prepare it. We should hardly subject them to unnecessary risks if there is an alternative open to them which means that they need not endanger their lives.

Present law is hardly comprehensible in stating that elderly persons, who are otherwise qualified by age, residency and income, cannot get food stamps if they do not have cooking facilities at home. Obviously, this begs the question: How do we help the kitchenless man, who are also physically handicapped or bedridden and who do not have friends or relatives to shop and cook for them?

Religious or nonprofit organizations have created programs to bring meals to these afflicted persons or to transport them to dining places. Thus, our society has found a partial answer.

But again this begs the question: Many cannot afford the cost of such services. Why deny them food stamps to buy such services?

I do not believe the point of this legislation needs to be belabored. This legislation allows the Secretary of Agriculture, under prescribed regulations, to designate specific charitable organizations to accept food stamps for prepared meals.

STATEMENT OF HON. GEORGE MCGOVERN, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF SOUTH DAKOTA

Mr. Chairman, I appreciate this opportunity to appear before your committee. I hope that I can convey to you what I deeply believe to be the most urgent need for legislative action by the Congress this year. I speak not only as chairman of the Senate Select Committee on Nutrition and Human Needs, but as a member of Congress from a farm state, as a former member of this Committee and a member, for nearly 7 years, of the Senate Committee on Agriculture.

While that may be a short period in the annals of congressional seniority, I think it has brought to me a perspective as chairman of a committee investigating hunger in America which I might not have otherwise had. I hope as a result, my testimony will be helpful to your deliberations on both farm and food program legislation.

For I believe that the economic outlook for agriculture, particularly the plight of the family farmer, is no less important to the future of our country than the need to assure that 15 million poor Americans who seriously risk suffering from hunger and malnutrition have enough to eat. The future of our farm families and the fact that hunger exists in this country are not unrelated, for the outlook for one may soon add to the reality of the other if the needs of all Americans who are economically deprived are not met.

But that is not to say that the existence of hunger and malnutrition is otherwise related to our agriculture programs or policies. Hunger does not exist in this country because we try to insure that the farmer receives a decent price for his produce. The American farmer has enough problems without being made the scapegoat for hunger. By the same token, however, the hungry children of this country should not have to await passage of farm legislation before they receive enough to eat.

The fact is that hunger exists because 5.1 million Americans, or 20 percent of the poor, live in families whose yearly income is less than the amount of money the family needs for food alone. These 5.1 million poor Americans cannot even begin to meet the basic necessities of life.

The fact is that another 9.3 million poor live in families with incomes less than the equivalent of \$2,400 for a family of four. To feed themselves adequately they would have to spend more than half that income for food alone.

These 14.4 million hard-core poor Americans risk hunger and malnutrition daily simply because they are poor.

Another 10.6 million Americans with incomes between \$2,400 and \$3,600 per year also lack the resources to purchase an adequate diet.

The food stamp and commodity distribution programs combined serve only a fifth of our 25 million poor. These programs have never succeeded in reaching a significant portion of those in need of help. They have not succeeded for two reasons. First, because we have never provided sufficient funds to enable the food stamp program to reach those in need; and, second, because the food stamp and commodity distribution programs are so in need of legislative and administrative reform that Federal, State and local administrators could not effectively dispense their benefits if the programs were funded at a level to assure the elimination of hunger and malnutrition.

It is time, Mr. Chairman and members of the committee, that we face up to the basic question involved in the passage of food stamp legislation: the question of the purpose of this program. If we want a food supplement program which helps a little, but which makes no pretense of being able to end poverty related malnutrition, then there is really no point in amending the existing legislation at all. We now have a modest, nonnational program which goes into half of our counties, reaches about one-fifth of the poor in those counties, and provides them with less than they need in food stamp benefits.

But that is not satisfactory when children go to school without breakfast, cannot afford lunch at school and get a few hundred starchy calories for supper.

The Senate responded a few weeks ago to the rapidly growing sentiment in this country, which demands that poverty related hunger be stopped now. I hope the House of Representatives will do no less.

If we seriously expect to make the food stamp program into an effective vehicle for the elimination of poverty-related hunger in America, we must write a program which meets at least three basic commonsense criteria. We must write a program which provides the poor family with enough food stamps to insure that it is really able to purchase a nutritious diet; which provides these stamps at a price which the family can afford; and which offers these stamps through an administrative system which insures that all who qualify for stamps actually receive them.

I believe that on each of these three key points S. 2547 offers the kind of reform which we must have if we are to make this the year when we finally begin to move effectively against hunger.

On the first point, the provision of enough stamps to a poor family to insure that it is able to purchase an adequate diet, there has been some debate on the actual cost of such a diet. The administration has sought to provide a family of four with a monthly stamp allotment of only \$100. Yet according to the Department of Agriculture, and I quote, "less than 10 percent of the families spending \$100 per month on food, as recommended by the economy diet plan, are actually able to achieve a nutritious diet." Thus, the Department continues, "the public assistance agency that is interested in the nutritional well being of its clientele will recommend a money allowance for food considerably higher than the \$100 cost level of the economy plan."

To speak of ending hunger with a program which the Agriculture Department itself admits provides only enough stamps to adequately feed one of every 10 poor families is simple fraud.

The Senate bill provides a more adequate, though still modest, stamp allotment—one equal in value to the \$125 per month low-cost diet which USDA recommends for those "interested in the nutritional well being" of the poor. I believe that the Congress is interested in the nutritional well being of the poor and will adopt the adequate "low-cost" stamp allotment.

The second major provision required of a realistic food stamp program is that it offer stamps at a price which the poor can fairly be expected to pay. What is this price?

Some 1.3 million Americans have no cash income at all. OEO estimates that 561,000 are unrelated individuals: 770,000 live in families of varying size.

To require that families with no income pay for their stamps will simply write out of the program 1.3 million poor who have no cash income, on the false assumption that the poor need some incentive to save their money for food and learn to budget their food dollar.

As I have stated, more than 5 million poor people have incomes lower than the amount they must have for food alone—less than the equivalent of \$125 a month for a family of four. Food is the first necessity of life which they need desperately. Food is what they buy with the money they have left over—if they have any left—after they pay to keep from being evicted by the landlord, to keep their lights from being shut off, and to keep from freezing in winter. It is cruel to ask such a family to choose between food and medicine and other necessities and call that choice an education in effective budgeting.

We have given free food to poor families for decades under the commodity donation program. Yet we don't call that program welfare. Instead, we use the rationalization that we need to dispose of the surplus our farmers produce. We provide free education for American families whether they are poor or rich. We provide income supplements in the form of public assistance, based, theoretically, on a family's minimum basic living expenses, including food, and we do not ask the poor to pay into those programs on a "let's not give something for nothing" rationalization. The food stamp program is the only Federal poverty program that requires the poor to pay an admission fee—a token fee except for those who cannot pay a fee, designed to put us safely on record against "the dole."

We should have the compassion and decency to waive that admission fee for those whose incomes and standards of living are so low that they are in a state of hopeless poverty. A family whose income forces it into a perpetual state of hunger and malnutrition should receive its food stamps free.

One of the most important provisions of S. 2547 will provide free stamps to such families—families whose entire monthly income is less than \$60.

Another important provision of the Senate passed measure stipulates that no poor family be asked to pay over 25 percent of its total income for stamps. Since

the average American family spends only 17 percent of its income for food, I can see no reason for asking the poor to spend over 25 percent of their tiny incomes for their food.

The third critical requirement of a decent stamp program is that it provide administration and regulations which help the needy family to participate, rather than hindering or even prohibiting its participation.

The present food stamp program is part and parcel of the welfare system which President Nixon branded a "colossal failure." In order to reform that system and provide what he called "elementary justice," the President proposed that applicants for assistance should be certified by simple personal self-declaration and that any family earning less than about \$4,000 per year should be eligible. Both of these very important reforms, reforms which would replace costly, humiliating eligibility investigations with simple, effective spot checks, and would substitute an adequate national eligibility standard for the present inequity of wildly varying state-by-state standards, are made by S. 2547.

Also written into S. 2547 is a workable guarantee that every county in the Nation will have a food stamp program by 1971. Since it is widely agreed that the food stamp program is our best food program, and since it is obviously unfair to offer the poor either no program at all, or an inadequate substitute for the food stamp program, the Senate bill provides appropriate authority for the Secretary to operate stamp programs as a last resort to insure that we will finally have a real national program by 1971.

Each of these administrative and regulatory reforms—national eligibility standards, self-certification, and national program coverage—have been accepted as vital to a workable welfare system. They are equally vital to that stepchild of the welfare system, the food stamp program. Without these reforms it will make little difference whether our food stamp program offers the poor family a chance to eat properly, for few families will be able to cut through the existing administrative mess to take advantage of that chance.

The final, and in the last analysis decisive, prerequisite to any real effort to end hunger is the provision of enough money to do the job. The only honest statement which can be made about the annual cost of an adequate food stamp program is that this cost cannot be accurately estimated. By juggling "guesstimates" of future participation and unemployment rates, one can obtain whatever cost estimate suits his purpose. I will not engage in such guessing games with respect to S. 2547. How much the entire program might cost depends entirely on factors which neither I, USDA, nor anyone else can predict.

The only way to absolutely guarantee an adequate food stamp program is to provide the sort of financial flexibility which we already guarantee to our farmers through the back-door funding scheme operated by the Commodity Credit Corporation, and to our school children through the open-ended authorization. S. 2547 does not contain this sort of financing, but the bills introduced by two distinguished members of your committee to provide flexible financing mechanisms. While I fully agree with the cosponsors of S. 2547 that the authorization levels which it contains, \$1.25, \$2, and \$2.5 billion over the next three fiscal years, represent the most far reaching commitment of resources to the battle against hunger ever considered by the Congress, I think that this section is one in which the House could take the lead with a more flexible provision.

In addition to the changes which I have mentioned, S. 2547 makes a number of other improvements. All are important. All meet needs exposed in long days of hearings before your committee, before the Senate Agriculture Committee, and before the Select Committee on Nutrition. All would amend the food stamp program so as to insure that it becomes at last what we have long promised it to be—a strong first line of defense against the hunger which afflicts our poor.

There are some issues that cannot be compromised. Ending the hunger of America's poorest families is one such issue. The Congress has the opportunity now to enact the first program which can offer real hope to the very poorest families in America—families which for years have watched helplessly while their children followed the same dismal cycle that has ruined their own lives. This cycle leads from infant malnutrition through adult dependency to total despair. It must be broken. In the words of Dr. Charles Lowe, "the most readily accessible step is also the most critical. Were we to insure that the infants, children and pregnant mothers of this country receive adequate nutrition, we could interrupt the cycle and remodel the future."

"Interrupt the cycle and remodel the future." It sounds too simple to resolve the seemingly insoluble problems we face. Yet, as is often the case with what

seems insoluble, it may be the simple but basic approach, rather than the complex remedy, that provides the ultimate solution.

I hope that the House will join with the Senate in taking this simple, basic approach to ending poverty by moving quickly to adopt the kind of strong, expanded food stamp program which will finally win the long battle against hunger in America.

STATEMENT OF HON. WILLIAM S. MOORHEAD, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF PENNSYLVANIA

Mr. Chairman, recently I was proud to join with 78 other Members of the House of Representatives in sponsoring bills H.R. 14387 through H.R. 14390, legislation to amend the Food Stamp Act of 1964, as amended, to provide for certain elderly persons to share fully in the benefits of the food stamp program. This measure would allow needy senior citizens to exchange food stamps for meals prepared by nonprofit organizations either for home delivery or for consumption in community dining halls.

Presently, people who do not have cooking facilities in their households are not entitled to receive food stamps, no matter how great their need. And their need—especially when they are elderly—may be very great, indeed. From 30 to 40 percent of Americans over 65 are classified as poor or near poor. It is in this age group that hunger and malnutrition are problems of exceptional severity, and here too, where being bed ridden or chronically ill and unable to shop for and prepare food is commonplace. I believe that we must not ignore the plight of such persons. We must not allow them to continue to be barred from participation in the food stamp program—which in effect is what the present law does—but rather must make sure that a nutritious diet is available to them through the food stamp program.

H.R. 14388 and its companion bills would authorize needy elderly people to exchange food stamps for meals prepared and served by private nonprofit institutions. Included in these are boarding houses or schools that provide meals to aged people who are not living in such institutions and private nonprofit organizations that prepare and deliver meals to aged persons in their homes. Under rules and regulations prescribed and administered by the Secretary of Agriculture, such institutions and organizations would be specifically designated by him to accept food stamps from the elderly participants in exchange for meals. The eligible institutions and organizations would thus be able to purchase food with the aid of the stamps and would then serve it to the participants, but the stamps themselves would be issued directly and only to the individual participants.

This amendment would have many welcome results. For example, it would utilize the cooperation of charities and similar nonprofit organizations and institutions, thereby giving those worthy endeavors some indirect encouragement. At the same time, it would in no way dilute or alter the basic intent of the food stamp program, which is to provide needy individuals with the means to obtain adequate diets. Finally and centrally, it would enable thousands of needy citizens who are isolated by age and illness to partake in their fair and necessary share of America's abundance.

STATEMENT OF HON. ARNOLD OLSEN, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF MONTANA

Mr. Chairman, I appreciate the opportunity to submit at this time a statement in favor of H.R. 14389 which would permit the elderly, in certain cases, to exchange food stamps for prepared meals served by private nonprofit organizations.

I believe that the plight of the poor and hungry in this Nation is compounded in the case of our senior citizens by the present restrictions on the food stamp program. Under the present law, persons who otherwise meet age, residency, and income requirements are not eligible for the program if they do not have cooking facilities in their households.

It is said to observe that many of our elderly poor are often forced, because of a less than adequate income, to live alone in single hotel rooms or boarding houses which are without cooking facilities. It is tragic that such circumstances should, in effect, deny their eligibility for relief through the food stamp program.

Besides the economic value of this bill to the elderly, there is also a social advantage. I believe that many elderly people who are physically fit but who do not have kitchen facilities in their domicile, would find their lives more reward-

ing if the use of food stamps were to make it possible for them to join others in community dining halls. Although there are some cities which have instituted senior citizen centers, the cost of administering such centers has become exorbitant. The food stamp program could supplement these volunteer efforts.

The bill would also allow food stamps to be used as payment for home-delivered meals to the elderly, physically handicapped, and chronically ill persons who cannot shop or prepare food themselves and have no one to do these things for them. Although these individuals qualify in every other respect for food stamps, they are, in effect, being denied eligibility because of their infirmity. This situation must be reversed.

The proposed legislation would authorize the Secretary of Agriculture, under regulations carefully proscribed and administered by him, to designate specific church and other nonprofit groups of a bona fide charitable nature to accept food stamps in exchange for prepared meals.

I feel that the needs of the elderly, who must often struggle to survive on small retirement income, have been too often overlooked in the past. Our senior citizens have unique problems which should be taken into consideration when proposing welfare legislation. We must not allow their very distress to become the reason for their disqualification under the food stamp program.

Thank you.

STATEMENT OF HON. CLAUDE PEPPER, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF FLORIDA

Mr. Chairman and members of the committee, I am honored to have this opportunity to present to you my views on the Food Stamp Act amendment which is contained in H.R. 14387, and three companion bills, and which has been sponsored by a total of 79 Members of the House of Representatives.

This measure would allow low-income elderly people to exchange food stamps for cooked meals prepared by certain designated nonprofit institutions. Many of our senior citizens are effectively prevented from taking part in the food stamp program as it is presently constituted because of a lack of cooking facilities in their households. And yet it is among precisely this group that food stamps are desperately needed. Rates of malnutrition, poverty, and illnesses which confine their victims permanently to bed are extremely high among Americans aged 65 and over. However, elderly people who suffer from all three of these conditions are ineligible for food stamps if they do not have a kitchen in their residence. We are thus faced with a situation in which those with perhaps the greatest need for food assistance are unable to obtain any at all. The legislation proposed by H.R. 14387 and its companion measures would remedy this intolerable situation.

This bill would authorize the Secretary of Agriculture, under rules and regulations prescribed and administered by him, to designate certain private nonprofit institutions to accept food stamps from elderly program participants in exchange for prepared meals. The institutions could be schools or boarding houses that prepare and serve meals in community dining halls to elderly people who do not live in institutions, or they could be private nonprofit organizations that prepare and deliver meals to elderly people in their homes. The low-income senior citizens eligible for food stamps under this proposal would be those without cooking facilities in their living quarters and those who are bedridden or physically handicapped to the extent that they are unable to prepare meals for themselves. The first mentioned participants would receive their meals in the community dining halls while the second, of course, would receive theirs through home delivery. The food stamps would be issued directly to the individual participants and not to the institutions, thereby preserving the original intent and modus operandi of the food stamp program.

This amendment was made part of the food stamp bill recently passed by the Senate; I urge its inclusion in any legislation this committee sees fit to report. I believe it to be our duty to come to the aid of the elderly poor who are unable to provide themselves with nutritious meals, and I am convinced that this amendment presents the most desirable way to achieve that goal. It requires no substantive changes in the way the food stamp program is administered; it indirectly encourages charities and similar organizations to provide certain aged people with a necessary service; and it allows an exceptionally needy segment of American citizenry to obtain an adequate diet. Our low-income senior citizens deserve no less.

Thank you.

STATEMENT OF HON. DONALD W. RIEGLE, JR., A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MICHIGAN

Mr. Chairman, I wish to testify in support of my bill, H.R. 14389—a bill that would amend the Food Stamp Act of 1954 to permit elderly persons to exchange food stamps, under certain explicit circumstances, for meals prepared and served by nonprofit organizations.

Under present law, we are providing food stamps to thousands of poor people thus enabling them to increase their food consumption, improve their nutrition, and use their limited earnings for other necessities like clothing, shelter, and household needs. By doing so, we are attempting to help end poverty in America. But there is still a clearly defined group of people in the United States who are becoming more poverty stricken—a group whose needs cannot, and should not, be ignored. These are our senior citizens living on fixed incomes who, very often, are unable to generate additional income to meet rising living costs.

Quite often these people who have worked hard all their lives, sacrificed for the needs and future happiness of their children, and saved in anticipation of their old age and retirement days. Yet, through no fault of their own, inflation, illness, or other unforeseen events have, in many cases, wiped out their limited savings and they are left to live on limited pensions and social security which are not adequate to provide for their daily needs and rising medical costs.

Our present food stamp program can assist those who are able to get out of the house, go to the market, and come home to cook their own meals. But what of those individuals who are physically handicapped or have a chronic illness which makes it impossible to shop or prepare food? What happens to those who do not have adequate cooking facilities in their homes? Must they be forced to depend upon their children with households of their own to manage, or upon busy neighbors, to find someone willing to volunteer to shop and cook for them?

It is truly ironic that at a time of unprecedented economic prosperity and achievement, the basic goal of "enough to eat" for all our citizens continues to be a promise rather than a living reality. Certainly, with all the resources available to us we can find a way to help elderly people in these circumstance.

I submit that my bill, H.R. 14389, would meet the needs of this group of people. Briefly, it would authorize the Secretary of Agriculture, under regulations carefully outlined and administered by him, to designate specific church and other nonprofit organizations of a bona fide charitable nature, to accept food stamps in exchange for prepared meals.

This proposal would assist two clearly defined groups of senior citizens. The first are those physically handicapped or chronically ill who could not get out of the house to buy adequate amounts of food. Home-delivered, food stamp paid-for meals would go a long way toward alleviating their problem. The second group is made up of those who are physically fit and meet all age, residency and income requirements but who are not eligible for food stamps because they do not have cooking facilities in their homes. I think they might find their lives more rewarding if the use of food stamps would enable them to join others in community dining halls. Of course, like the first group mentioned above, they would also be greatly assisted by having prepared meals delivered to their homes if they are bedridden or confined to their homes.

The challenges of finding creative ways to help our senior Americans enrich their lives and improve their economic situation are great. In my own district in Michigan, the Mott Foundation does have a "Mobile Meals" program where three meals a day are delivered to anyone who is incapacitated. The going rate for three hot meals is \$2 a day. The Mott Foundation discounts this price to \$1.25 for anyone on Government assistance. However, the cost is not reduced for senior citizens whose income, very often, is just as limited as the income of those on public assistance. Certainly, this bill would have an immediate beneficial effect in my own area where this type of program is already working. The Mott Foundation mobile meal system could serve as a successful, workable prototype for similar programs throughout our country where thousands of people could be helped through an expanded food stamp program, as envisioned by my bill.

Therefore, Mr. Chairman, I urge your committee to adopt H.R. 14389 and bring it to the House floor for passage.

STATEMENT OF HON. FRANK THOMPSON, JR., A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NEW JERSEY

Mr. Chairman, I want to thank you for this opportunity to express my support for legislation that would expand the food stamp program for the benefit of our

senior citizens. H.R. 14389 is an uncomplicated bill. It would amend the Food Stamp Act to authorize the Secretary of Agriculture to designate church and other nonprofit corporations to accept food stamps in exchange for prepared meals. These meals would be made available to elderly persons who are physically handicapped or are otherwise incapacitated to the extent they cannot shop or prepare their own food and have no one at hand to do these things for them.

I realize this marks a new departure for the program, but I think we should keep the overall goal of the program in mind. That goal is to get food to those who are in need of it and who otherwise would go hungry. I feel confident that the Department of Agriculture can forge the necessary administrative rules to prevent any potential abuses that might intrude. Therefore, I strongly urge the committee to report favorably H.R. 14389.

Thank you.

STATEMENT OF HON. CHARLES W. WHALEN, JR., A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF OHIO

Mr. Chairman, H.R. 14390 amends the Food Stamp Act of 1964 by authorizing the Secretary of Agriculture, under regulations carefully prescribed and administered by him, to designate private nonprofit organizations to accept food stamps from elderly persons in exchange for prepared meals.

The term "private nonprofit organizations" includes specific church and other nonprofit bona fide charitable organizations. Included also are boarding houses or schools which provide meals to persons of 65 years of age or over who are not residing in an institution or boarding house. Other groups authorized to accept food stamps would be private nonprofit organizations that prepare and deliver meals to persons of 65 years or over in their homes and commissaries operated by the Department of Defense if the participating household otherwise is eligible under regulations of the Department of Defense to utilize the services of such commissaries.

As you know, under present law, persons who otherwise meet requirements are not eligible for food stamps if they lack cooking facilities in their households. Because of this regulation, physically handicapped or chronically ill individuals who find it impossible to shop or prepare their own meals, in effect, are denied use of food stamps. Our bill is an effort to overcome this discrimination.

Mr. Chairman, it is a sad commentary that administrative restrictions of this sort contribute to, rather than solve, the dietary problems of many less fortunate Americans.

I believe that H.R. 14390 coincides with the intent of the present law to eliminate hunger. Without this change, that goal will continue to be frustrated. Therefore, as a cosponsor of this legislation, I urge its inclusion in the committee's bill, extending the food stamp program.

STATEMENT OF RAYMOND E. JENNISON, PRESIDENT, AMERICAN CORN MILLERS
FEDERATION AND EXECUTIVE DIRECTOR, CORN MILLERS EXPORT INSTITUTE

Mr. Chairman and members of the committee, my name is Raymond E. Jennison and I am the president of the American Corn Millers Federation and executive director of the Corn Millers Export Institute. I am grateful for this opportunity to appear before you to discuss our recommendations with respect to changes in the farm program and proposals to meet the problems of hunger and malnutrition in the United States.

Each year our industry grinds over 100 million bushels of corn for a wide variety of food and industrial uses. This represents over \$125 million in cash to the American corn farmer. Our mills are located in every State of the continental United States. The American Corn Millers Federation is composed of mills which account for a major portion of the corn products milled by the dry process in the United States.

Corn, "the backbone of American agriculture," has more extensive and diversified uses than any other grain.

It is our largest single crop. It is highly regarded as a low cost animal feed; as a delicious and nutritious food in many forms; and its unique physical and chemical properties adapt it to an infinite and ever expanding array of industrial uses.

Dry corn mills are located in every State.

They produce flour, meal, grits, flakes, and oil for a wide variety of food uses.

In addition, they manufacture an impressive list of products for industrial use, such as core binders for foundries, adhesives and binders for paper and paper board manufacturers, and for manufacturers of gypsum board and other building materials. Also diluents and binders for explosives manufacturers, drilling materials for the oil industry, flocculants and binders for the metallurgical industries and many more.

I have seen a study prepared by the USDA which indicates that some 1.2 million man-years of employment were needed for the corn production and marketing operations in 1967. This was 1.6 percent of total U.S. civilian employment. This figure includes employment in processing, transportation, storage and distribution of corn and its products along with labor requirements in corn production and in the supplying industries such as fertilizer and machinery.

Certainly, by any standards among crops, corn production is the giant—the greatest in both bushel and dollar value. Since the dollar value approximates \$5 billion, it is greater than the value of any of the next two crops combined. In the marketing year coming to a close at the end of this month, USDA has estimated that farmers will receive about \$2.5 billion from sales.

Our agricultural productive capability in the United States is one of our greatest assets—unmatched anywhere in the world. This gives us the means to really close any nutrition gap that now exists for any American. Our objective must be to obliterate hunger and malnutrition in the United States.

Researchers tell us that malnutrition is a silent crippler—adversely affecting the work performance of the individual, and even the ability to learn. Thus, good nutrition becomes a key element in efforts to lift persons from a life of poverty and ignorance—and in many cases off the welfare rolls. Not only does keeping people in a hunger status result in inefficiencies, it has overtones of questionable morality to the Nation.

Certainly, USDA should be commended for its fine dedicated personnel—men and women who are administering the several programs which are helping feed millions of our fellow Americans. We have seen their work in the school lunch program, the school milk program, the commodity distribution program, the pilot breakfast program, the food stamp program, and so forth. As one examines the background and constant search for improvements, one cannot help but feel proud of the achievements and we are glad that milled corn products are an important part of these feeding programs.

We are here today to suggest improvements in the program to eradicate hunger and malnutrition.

One of the items that I would like to discuss today is CSM, which the July 1967 issue of *Today's Health*, published by the American Medical Association characterized as "one of the newest weapons in the Food for Peace program's effort to combat malnutrition."

This product was the result of a close working relationship between private industry, USDA technicians, and AID officials. About 1 billion pounds have been shipped to about 100 developing countries where there is a desperate need for proteins. This protein-rich food has made and is making a major contribution to nutrition wherever utilized. This high-protein formulated food consists of gelatinized corn meal (64 percent), defatted soybean flour (24 percent) nonfat dry milk (5 percent), and soy oil (5 percent), to which minerals and vitamins (2 percent) have been added and can be used by any age group.

Blended Food Product-Formula No. 2 (the technical name for CSM) is a complete precooked food which requires only a minimum of preparation. The cost has been going down and is now less than 8 cents per pound packaged and delivered to ocean ports—and the industry has been able to produce the product in large amounts.

Three and one-half ounces, when made into a gruel or porridge, will supply a child with one-third to one-half or more of the necessary daily nutrients, except for ascorbic acid (vitamin C), during a period in his life when lack of proper food can seriously damage both body and mind. When children are reached in time they respond rapidly to the improved diet.

After exhaustive tests, UNICEF decided that CSM provided a unique, great, new economical protein product. This great, humanitarian, world-oriented group made a substantial purchase with its own funds. On the distribution end, we find it universally applauded by CARE, Catholic Relief, Church World Service, Lutheran Relief, and many other voluntary agencies.

Against this background of nutritional success, at low cost, we would recommend that this uniquely, low cost, high-protein product be included by USDA

in the commodity distribution program, the school lunch program, and any child feeding programs. The cost per unit of protein is extremely low—probably lower than any other food. The potency of the protein is fortified by the vitamins and minerals which comprise 2 percent of the mixture.

The significance of this food is that it is here and available now, for use now, for helping eradicate malnutrition now. There is ample industry capacity for production. It is a pretested product. The user will be getting a modern product in a ready-to-eat form. Today we hear the words "instant," "precooked," "prepared," and "convenience" in relation to foods. CSM has these attributes. It is not a product for the poor alone. CSM makes an excellent cereal or soup (one company is market testing a CSM soup now). It can be used to thicken soups or gravies. Quick muffins can be made from it, as can pancakes. Breeding for fish is still another use.

The War on Hunger is a unique war—the war against malnutrition—which can provide only more and better lives, as we wage it with greater vigor. If we retire from this war, casualties result. Our successes abroad encourage us to suggest using it in programs here at home. This has a meaning for today in the new emphasis and energies devoted to tackling the problem of hunger.

The American Corn Millers Federation recognizes that excess productive capacity is the major overriding problem affecting agriculture. The mechanization and modernization of commercial agriculture have resulted in revolutionary changes that are irreversible. This is reflected in higher production per acre and per man-hour. In some segments of agriculture the production growth has exceeded the increase in demand. Many farmers for one reason or another have not been able to increase their production in line with the requirements of modern technology. Farming by old methods is no longer economic, and many of these farmers have chosen to leave agriculture.

The number of farms continues to go down at the rate of about 100,000 per year. Along with this reduction in number of farms has come an increase in the average size of farms and continually gradual decreasing need for labor.

A rational appraisal of the needs of agriculture for the 1970's must be based on the fact that there has been a rapid change in distribution in the income structure of our Nation's farms in recent years. For example, in 1960 less than one-third of all cash receipts from farming were accounted for by farms with value of sales of \$40,000 or more. By 1968, the proportion was almost 50 percent. By 1970, it will exceed 50 percent. This same sales class group increased in number from 113,000 in 1960 to 194,000 in 1968. Thus, in 1968, this group represented only 6.4 percent of the total number of farms, but accounted for 48.5 percent of the cash receipts from farming and about 32 percent of realized net farm income. Farms with a sales value of \$40,000 and over are increasing every year.

Similarly, farms with sales between \$20,000 and \$39,999 have increased by almost 50 percent between 1960 and 1968, rising from 227,000 to 332,000.

Thus, in 1968, 17 percent of the farms provided almost 75 percent of the cash receipts from farming. This trend toward concentration will continue.

Another basic factor which must be considered is that the average income per farm operator in 1968 was almost \$10,000, with about half coming from realized net farm income, and the balance from off-farm income. Fifty-three percent of the farms had sales of less than \$5,000. Because of substantial off-farm income, these operator families had total incomes averaging about \$7,000.

No single farm program can meet the varied needs of both the small scale and the commercial farm. Price support programs are of small help to rural people who have little to sell. A major need is to separate the commercial farms from the small scale farms and to fashion programs appropriate to each.

A forward looking program for commercial agriculture should stress:

- (1) A land use adjustment program aimed at shifting land from tilled crops to less intensive use.
- (2) Provide price support levels so that market prices would normally fluctuate above the support level.
- (3) Put more farm decisions in the hands of the farmer and less in the hands of the Government.
- (4) Promote high-level domestic consumption and allow those sectors of the industry to expand that can do so profitably.
- (5) Encourage commercial export of farm commodities and manufactured products of these commodities.

The greatest single economic problem in rural America is the underemployment and low income found among many small farmers. We would recommend that programs be developed to:

- (1) Improve rural educational opportunities,

(2) Focus research and extension education on helping rural people adjust to change.

(3) Promote off-farm employment opportunities in rural areas and improve employment information services.

We feel that as the land use adjustment program becomes effective in reducing overall production that gradually the special programs for such commodities as feed grains can be phased out. We believe that this should be done gradually so that feed grain producers can adapt to market conditions without the need for the special Government programs.

It is to be noted that the projected increases in corn yields based on the experience in the early 1960's appear to have not been attained. During the last 3 years the indicated harvested corn yield has been 78.6 bushels per acre; 78.5 and 78.8 bushels per acre.

Dr. Louis Thompson of Iowa State University has indicated that the sharp increases in yield outturns during the early 1960's was due in major part to favorable weather conditions. He predicts that during most of the 1970's the average corn yield will be in the 80-bushel area.

With the increase in the domestic demand for feeding and possibly exports, it would appear that by 1975, the United States will need a corn crop of over 5 billion bushels; possibly 1 billion bushels more than the indicated 1969 production. With this demand for domestic consumption and export, it would appear that the United States will need greater acreages in feed grains in the next several years.

We believe that this factor should be considered in the development of a gradually phased out feed grain program.

The ultimate objective must be to achieve a demand and supply situation under which the involvement of the Federal Government in the marketing process for feed grains would be minimized. Much greater reliance would be placed on strengthening the market's ability to determine price. Operating decisions would be made by corn growers without the constant concern about the program details and effects on future allotments.

In the fourth decade of these special farm programs, it is recognized as a manifest reality that the U.S. farm programs must make sense to an urban oriented Congress. Agriculture must compete for available funds with the pressures of other groups in our society and our overall requirements for defense. With this background, we have asked ourselves how within the free enterprise system, can we best integrate agriculture into the American system. Commercial agricultural policy should be oriented toward the market as the guide to action.

STATE DEPARTMENT OF PUBLIC WELFARE.

Austin, Tex., August 22, 1969.

Re H.R. 12222 and S. 2370.

HON. ELIGIO DE LA GARZA,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN DE LA GARZA: Subject bills, which have been introduced and are now pending before the respective Committees propose certain amendments to the Food Stamp Act of 1964. Section 9.(a) of each bill provides as follows:

"Notwithstanding any other provision of law the Secretary of Agriculture after June 30, 1970, shall not approve, or continue the approval of, the participation of any State in the food stamp program or the program for the distribution of federally donated foods to households unless the State makes provision for the operation of one of such programs in each political subdivision within the State.

"*Provided*, That the Secretary of Agriculture may extend the period for compliance with this section to June 30, 1971, upon notification by the Governor of any State that State legislative action is required to provide authority or funds to meet the requirements of this section and that the legislature of such State will not convene in regular session between the date of enactment of this act and June 30, 1970, et cetera".

As I believe you know the Texas Constitution contains various provisions placing responsibility for the care of indigents, including their burial, on counties. Presumably, it would be necessary for the State legislature to authorize a Constitutional Amendment vote in order to have authority to amend or change these provisions. Also, it would be necessary for the State legislature to pass some enabling legislation to authorize a State agency to move into a county and operate

either a food stamp program or a commodity distribution program contrary to the wishes of the county officials. Last, but by no means least, it would also be necessary for the State legislature to appropriate sufficient funds with which to pay for the cost of operating such programs.

The passage and approval of these bills with section 9.(a) included would mean that needy people in the 154 Texas counties which now have either a food stamp or a commodity distribution program would be denied their benefits. A continuing effort is being made, with some success, to get additional counties to establish one or the other program. We now have seven (7) counties seriously considering the establishment of a food stamp program and several others interested in a commodity distribution program. However, there will still be some hard-core counties which will not in the foreseeable future, or without some action by our State legislature, as detailed above, be willing to establish either program. Such a denial of food assistance available to 80 percent/85 percent of the population of Texas would in my opinion be a travesty on justice and inhumane. This same condition exists in other States.

Somewhat in connection with all of the above, it might be well to point out that there is an increasing trend among the several States in terms of the appropriation of State funds to meet all or part of the expense of operating food assistance programs. For example, in the State of Washington there is a food stamp program in every county, which is operated by the county, presumably within certain mutually acceptable guidelines and with a State appropriation the counties are reimbursed 70% of the cost of such programs. It is possible that in time, and I do not see it within the foreseeable future, that the Texas Legislature might make some limited appropriation for such purposes.

In the meantime and by virtue of the situation in which we find ourselves, the purpose of this letter is to enlist your support in having Section 9.(a) removed from HR 12222 and S 2370.

Your help will be greatly appreciated.

Sincerely yours,

BURTON G. HACKNEY.

HUMBOLDT COUNTY,
DEPARTMENT OF PUBLIC WELFARE,
Eureka, Calif., September 30, 1969.

HON. DONALD H. CLAUSEN,
Member of Congress, First District of California,
House Office Building,
Washington, D.C.

DEAR SIR: California State Department of Social Welfare Food Stamp Manual Section 7,2339 states: "The food stamp program is not designed as an income maintenance or public assistance program. It is meant to improve diet and move more agricultural products through normal trade channels to low-income household".

The food stamp program has been expanded constantly in recent years nationally on the basis of expanding assistance to the poor and is more and more a floor under a nationally inadequate public assistance program. However, it lacks the reasonable limitations set for public welfare. It is in essence a guaranteed minimum income without clear public understanding or consent.

The California regulation goes on to state. "So, for example, an assistance household may become ineligible because of 'failure to accept available employment', but this would not affect eligibility as a nonassistance household for food stamps".

I feel certain that most planners and most legislators advocating the expansion of food stamps do so with the implicit understanding it is for needy families and individuals who are poor through no apparent fault of their own. To the contrary—along the coast of California and elsewhere—food stamps are fast becoming a way of life for a large number of "voluntarily unemployed".

The voluntarily unemployed can be classified into three general groups:

Strikers—recently approximately one hundred and ten nonassistance families of strikers from a Humboldt County pulpmill utilized food stamps to aid in financing continuance of a prolonged strike against the employer. This represented almost two-thirds of the total strikers involved. This was of particular concern not only to the employer, but to county officials as the Federal Government was seen as actually providing a subsidy to the strikers that is unavailable to the employer.

College students—In September, 1969, approximately 300 college students in Humboldt County, 38.6 percent of the 778 nonassistance households, were using food stamps as a means of subsidizing their advanced education. We strongly contend that the public or the legislators do not knowingly advocate food stamps as a scholarship fund for advanced education. Food stamps in this instance is not just helping to keep some starving soul together, but helping a clearly employable youth to the exceptional affluence open to the college graduate. Most dismaying—knowing the system—the college student without qualm frequently appears to use all kinds of deceptions in reporting household and income to assure initial and continuing eligibility for food stamps. If the Federal Government wishes to expand subsidization of advanced education—let it do so openly, through expansion of scholarship—not through the subterfuge of food stamps.

Hippies—these are the disheveled, often emotionally disturbed society drop-outs who may live in huts, communal housing or even an old Volkswagen bus. Word has swiftly gotten around on the food stamp "system" and by September, 1969, 330 such households were certified in Humboldt County or 42.4 percent of the total nonassistance caseload. Sadly, these individuals frequently have such poor physical appearance that perhaps only 1 to 50 would be hired by any reputable employer. As a group they are repugnant to staff and truly needy clients. Marijuana, body odor, profanity, theft, and vulgar acts are among the complaints now frequently reported by staff and public concerning food stamp users—all attributable to the "hippie" segment of the food stamp populus.

In summary, in Humboldt County—the first county in California to initiate a food stamp issuance—food stamps are becoming the least defensible program administered by the County Welfare Department. There is an increasing pressure for a cut-back, if not elimination, of what once was a highly valued program to the County's needy and the County's merchants.

Legislation should be passed immediately precluding issuance of food stamps to the "voluntarily unemployed". Such legislation must be carefully worded to avoid abuse by administrative agencies. The following is a tentative suggestion:

For the nonassistance household—the certifying agency may request reasonable proof that any applicant 18 years of age or older is employable or actively and effectively seeking employment. The request may include requirements that the applicant is currently registered at the local USES office for employment and obtains a medical examination at the certifying agency's expense verifying that the applicant claiming incapacity is incapacitated for full-time light work. Not to be requested more frequently than 90-day intervals.

Provides verifiable proof monthly of five efforts to seek employment from bona fide employers. Eligibility is subject to verification that the applicant by appearance and attitudes was seriously seeking employment in contacting the prospective employer. Verified refusal of undemeaning full-time employment within applicant's capacities results in an automatic termination of food stamp eligibility for 6 months.

In closing, the continuing inclusion of the "voluntarily unemployed" as eligible for food stamps is acting as a deterrent to expanded use by many unemployable poor. Furthermore, it endangers continuing public support of a highly valuable basic program. *Your efforts to demand that any future food stamp legislation eliminates eligibility for the "voluntarily unemployed" would be greatly appreciated.*

Very truly yours,

DAVID C. KELLY, Director.

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., October 17, 1969.

HON. W. R. POAGE,
Chairman, House Committee on Agriculture, U.S. House of Representatives,
Washington, D.C.

DEAR MR. POAGE: We are taking this means to present views of the American Farm Bureau Federation on proposed legislation to extend the food stamp program beyond December 31, 1970 and authorize funds for its operation.

Farm Bureau is the Nation's largest general farm organization, with a membership of nearly 1.8 million families. Since our members are engaged in production and marketing of every kind of agricultural commodity, Farm Bureau appropriately maintains a continuing interest in sound and effective efforts to expand

the Nation's total food consumption and to improve the dietary habits of the population.

In testimony with respect to the 1970 Federal budget, Farm Bureau did not propose any reduction in the request for \$340 million for operation of the food stamp program during the 1970 fiscal year. The Senate has enacted legislation authorizing \$1.25 billion for the 1970 fiscal year, and your committee recently approved authorization of \$610 million for fiscal 1970.

Despite our interest in expanded consumption and improved diets, we are increasingly concerned with the rapid pace at which the food stamp program is expanding and is being projected for the future on a permanent basis. You will recall that the food stamp program was initiated in 1961 on a pilot basis. Since that time, it has expanded steadily both in numbers of participants and in total cost. More than 3 million persons currently are participating in the program at a cost of \$315 million. Legislation recently passed by the Senate authorizes \$2.5 billion for the 1972 fiscal year, and it has been estimated that participation will expand to some 14 million persons.

As originally conceived, the food stamp program was designed as a mechanism for assisting needy individuals to supplement inadequate diets during periods of economic difficulty until such time as they once again could attain self-sufficiency. In view of the nation's economic growth and the existence of labor shortages in some segments of industry, it would seem that participation in the food stamp program at some point would begin to level off at least to the degree that beneficiaries would have taken advantage of opportunities resulting from high employment, job training, and special educational assistance.

The fact remains, however, that the program has continued to expand, and it is apparent that it will continue to do so. In reality, the food stamp program has become a significant part of the welfare program, and it should be treated as such. We do not believe that the cost of the food stamp program should be charged to the budget of the U.S. Department of Agriculture, or that legislation pertaining to the food stamp program should be considered by the Congress as a part of farm legislation.

Voting delegates to the annual meeting of the American Farm Bureau Federation held at Kansas City, Mo., last December took cognizance of the increasing welfare characteristics of the food stamp program and unanimously adopted a statement of policy as follows:

"Currently the food stamp program is being charged to the agricultural budget even though it has developed into a welfare operation. We urge that it be transferred to the Department of Health, Education, and Welfare."

We request that this letter be made a part of the committee's hearings on legislation relative to the food stamp program.

Sincerely,

MARVIN L. McLAIN, *Legislative Director.*

CONSUMER FEDERATION OF AMERICA,
Washington, D.C., October 20, 1969.

Hon. W. R. POAGE,
Chairman, Agriculture Committee,
U.S. House of Representatives, Washington, D. C.

DEAR MR. CHAIRMAN: Consumer Federation of America is an organization of 140 consumer-oriented groups in 37 States and the District of Columbia. The member groups are active in all 50 States and encompasses millions of consumers.

At the second annual meeting of Consumer Federation of America August 24, 1969, delegates adopted unanimously the following resolution:

"We support extension of the food stamp and school breakfast and lunch programs on terms which will guarantee their availability at effective levels to those segments of the consuming public that lack the ability to satisfy their nutritional needs."

I respectfully request you to make this a part of the hearing record on the pending food stamp legislation.

Sincerely,

ERMA ANGEVINE.

UNIVERSITY OF MISSOURI—COLUMBIA,
COLLEGE OF AGRICULTURE,
Columbia, Mo., October 21, 1969.

HON. W. R. POAGE, *Chairman,*
Committee on Agriculture,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. POAGE: These comments on food stamp policy arise in part from studies we have conducted at the University of Missouri.

Essentially, this is a plea that the food stamp plan be retained and expanded but not be converted to a Jack-of-all-poverty-aids device. Food stamps are a fine program serving a specific purpose, and they work best when confined to that purpose.

Specifically, stamps are a means of stretching a low income family's food dollar and thereby enabling it to have more and better food. It is not a way to add to those dollars. It is not itself a source of income nor just a way to hand out script exchangeable for food.

In the present concern for poverty and search for any easy means of relieving it, it has been tempting to propose to make food stamps poverty-relieving. Stamps would in effect become a replacement for dollars. This would be the consequence of making purchase requirements extremely liberal, or of allowing families to buy any quantity of stamps they wish, few or many.

To recast food stamps into a general antipoverty program would greatly reduce its dietary-improvement effectiveness; that is, the dietary improvement per dollar of program cost would fall sharply. Worse, the *total* dietary benefit would not increase much and might even drop off. Yet as a means of relieving poverty in general, liberalized food stamps would have little advantage over increasing dollar payments directly.

This is not to defend the particular formulas for purchase of stamps. Perhaps they need to be liberalized somewhat. But if the basic handicap is that families lack sufficient dollars for a decent living, that deficiency ought to be met directly and not by distorting the food stamp program.

Respectfully yours,

HAROLD F. BREIMYER, *Professor.*

AMERICAN FEDERATION OF LABOR AND
CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., October 23, 1969.

HON. W. R. POAGE,
Chairman, House Agriculture Committee,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: As you know, Mr. Julius Rothman, associate director of the AFL-CIO Department of Urban Affairs, testified on September 4 before your committee on the subject of food stamp legislation.

At that time, Mr. Rothman suggested several provisions which we believe should be incorporated into the food stamp reform legislation reported by your committee. We did not, however, endorse any specific bill to the exclusion of all others. Rather, we recommended that the committee combine the best provisions of several pending bills and report out the strongest possible food stamp measure for consideration by the full House of Representatives.

Since we testified before your committee, the Senate has approved a food stamp reform bill which we supported. This bill, S. 2547, contains most of the provisions we suggested in testifying before your committee. We therefore urge that your committee give favorable consideration to the provisions of the Senate-passed bill in reporting a measure for further action by the House.

We would appreciate it if this communication could be made a part of the committee's hearing record. Thank you for your attention in this matter.

Sincerely yours,

ANDREW J. BIEMILLER,
Director, Department of Legislation.

NATIONAL CONGRESS OF PARENTS AND TEACHERS,
Chicago, Ill., October 30, 1969.

Hon. W. R. POAGE,
Chairman, Committee on Agriculture,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN POAGE: In your current hearings on the several bills which would amend the Food Stamp Act, would you please record the National Congress of Parents and Teachers, known as the National PTA, in strong support of S. 2547 or any other bill with similar provisions.

We particularly wish to see the higher appropriation of \$750 million enacted for this purpose, and free food stamps made available to families earning \$60 a month or less.

Our more than 10 million members spread across this country not only include families who are sometimes hungry but are deeply sensitive to the enervating effects of chronic hunger upon our fellow citizens. We regard ending hunger in this country as one of the highest and most immediate priorities of this time.

We shall greatly appreciate your consideration of our members' views in support of a strong food stamp program.

Sincerely yours,

MRS. EDWARD F. RYAN,
NCPT Chairman for Legislation.

The CHAIRMAN. That concludes our hearing for today, and the committee is now adjourned.

(Whereupon, at 11:35 a.m., the hearing was adjourned subject to the call of the Chair.)

File with P.L. 91-671

**GENERAL FARM PROGRAM
AND
FOOD STAMP PROGRAM
(COTTON)**

HEARINGS
BEFORE THE
SUBCOMMITTEE ON COTTON
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
NINETY-FIRST CONGRESS
FIRST SESSION

NOVEMBER 18, 19, 25, DECEMBER 2, 3, AND 8, 1969

Serial Q
Part 3

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COTTON

TUESDAY, NOVEMBER 18, 1969

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COTTON OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to call, at 10 a.m., in room 1302, Longworth House Office Building, Hon. Thomas G. Abernethy (chairman of the subcommittee) presiding.

Present: Representatives Abernethy, Sisk, Burlison, and Mizell.

Also present: Representatives Poage, O'Neal, and Alexander.

Lacey C. Sharp, general counsel; Hyde H. Murray, associate counsel; Martha S. Hannah, subcommittee clerk; and Fred T. Ward, assistant staff consultant.

Mr. ABERNETHY. We will now come to order.

I most appreciate the presence of those of you who are here this morning to testify as well as to listen.

Following full committee discussion on general farm legislation, several subcommittees have either begun or will conclude hearings, including this one on cotton. Cotton is a very important part of the agricultural economy of this country. In one-third of the States over a million people live on farms which depend to a large extent on cotton for their livelihood. Many more are involved in the marketing, manufacturing and selling of cotton products and furnishing supplies to farmers and these other groups. Cotton exports are important to our balance of payments and could be even more important.

Aside from the overall importance of cotton to the economy of this Nation, it is in the interest of other segments of agriculture that we maintain a healthy cotton industry. This means that the maximum possible number of the 16 million fertile acres that are best suited to cotton are used to produce cotton. This land will not lie idle. If not used for cotton, it will certainly be used for other crops which, for the most part, are already plagued with surplus problems.

In the 27 years I have been in this Congress and even before I came, cotton from time to time was blessed with a surplus which we all worried about. Every cotton program in all these years was designed to cope with surpluses. Only twice have we had too little cotton—during the Korean conflict and in 1967 and then only momentarily. It seemed good at the time, but cotton suffered serious irrecoverable losses to synthetic fibers and foreign production during these two periods. But today we face the stark fact that the situation has changed. The outlook is no longer for a surplus of cotton. Our problem is not how to deal with a surplus but how to get enough cotton produced to meet our domestic and export needs.

Why has this change come about? Simply stated on the average it costs almost half again as much to produce a pound of cotton as the price at which it can be sold to meet its competition at home and abroad.

Therefore, the very first requirement for any cotton program is that it bridge this gap between costs and market price. Otherwise, we will simply go out of the business of producing cotton in the United States. Any cotton program which we adopt must also meet the test as to whether it will result in enough production to meet the demand. In addition to providing this essential requirement for production, we must go as far as possible in maintaining farm income.

Thus I would hope that these hearings will point the way for a sound cotton program designed to achieve the most for agriculture for cotton, and for the Nation.

The first witness scheduled for this morning is Mr. C. H. DeVaney, assistant legislative director for the American Farm Bureau Federation.

We would be happy to hear from you.

STATEMENT OF C. H. DeVANEY, ASSISTANT LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION

Mr. DeVANEY. Thank you, Mr. Chairman.

We appreciate this opportunity to appear before this Agriculture Subcommittee on Cotton. Mr. Shuman and eight of our State farm bureau presidents presented our recommendations for amendments to the Food and Agriculture Act of 1965 on August 5, 1969 to the full committee on Agriculture.

These recommendations covered all commodities affected by the act of 1965. Even though this hearing is being held to consider cotton, we feel sure its findings will be part of an overall program for all commodities. We would request that our remarks today be considered only a part of such an overall program.

The Farm Bureau proposal, the Agricultural Adjustment Act of 1969, has been introduced by over 40 members of the House, including two members of the Agriculture Committee—Mr. Teague of California and Mr. Goodling of Pennsylvania.

Briefly, our overall proposal includes the following points:

1. Beginning in 1971, payments would be phased out by reducing the total amount used for this purpose for 1969 crops 20 percent for 5 years, with no limitations on payments to individuals during the phaseout.

2. Effective with the 1971 crops, loan rates for wheat, cotton, feed grains, and soybeans would be limited to not more than 85 percent of the previous 3-year average price.

2. Effective in 1971, the Government would be prohibited from selling its stocks of these commodities at less than 150 percent of the current loan rate plus carrying charges. This would protect the market against cut-rate dumping of Government stocks and thereby permit market prices to rise above the support levels.

4. With the phaseout of acreage allotments, marketing quotas, base acreages, certificates and Government payments for feed grains, wheat, and cotton, each producer would be free to plan his production of

these commodities so as to make best use of his resources in the light of the market outlook. Thus, the way would be clear for farmers to earn and get higher incomes in the marketplace.

5. The cropland adjustment program would be modified to require emphasis on the retirement of whole farms and the use of competitive bids to determine the land that is to be retired. The Secretary of Agriculture would be directed to retire at least 10 million acres per year for 5 years under this modified program.

6. Grazing on retired acres would be prohibited, and the Secretary would be authorized to limit the total acreage that may be retired in any county or local community to avoid adverse effects on local economies.

7. A special transitional program would be instituted for low-income farmers to help those who do not have the resources needed for a successful farming operation to make a transition to more gainful employment. This program would be entirely voluntary.

Looking directly to cotton, the 1965 act has contributed to the reduction of cotton stocks, although at a very high cost. Bad weather was also a factor.

Let us assume for the sake of discussion that the program was responsible for all the reductions. If we include only the cost of price support and diversion payments, the estimated reduction in the cotton carryover from August 1, 1966, to August 1, 1969, has cost an average of \$234 per bale. Details are shown in the table.

(The table referred to follows:)

ESTIMATED PER UNIT COST OF REDUCING CARRYOVER STOCKS UNDER THE PRESENT SUPPLY-MANAGEMENT PROGRAMS FOR COTTON, WHEAT, AND FEED GRAINS

[In million bales]

		Upland cotton	
		Carryover	Change from previous year
August 1—			
1966	-----	16.6	-----
1967	-----	12.3	-4.3
1968	-----	6.3	-6.0
1969	-----	6.4	+1.1

Fiscal year	Estimated cost of cotton program ¹ (millions)	Change in carryover during crop year (million bales)	Cost per bale of reduction in carryover
1967	\$792.6	4.3	\$184
1968	855.2	6.0	143
1969	745.0	+0.1	-----
Total	2,392.8	-10.2	234

¹ Price support and diversion payments.

Mr. DE VANEY. The promoters of direct payments on cotton argued that payments would benefit consumers by reducing the retail prices of cotton goods. The promised savings to consumers did not materialize. Instead of lowering prices to consumers, payments resulted in higher mill margins.

The average mill margin on 20 constructions rose from 24.91 cents per pound in the crop year 1962-63, the last full year before payments, to 38.82 cents in the crop year 1966-67, the last full year for which comparable data are available.

Current information on cotton margins is not entirely comparable with the above data as USDA has increased the number of constructions used in computing margin statistics. Recent data indicate that mill margins are still well above the prepayment level.

(The information referred to follows:)

CLOTH AND RAW COTTON PRICES AND MILL MARGINS

[In cents per pound]

Year beginning August	Average for 20 constructions		
	Unfinished cloth prices	Raw cotton prices	Mill margins
1962.....	60.52	35.61	24.91
1963 ¹	61.54	35.46	26.08
1964.....	62.98	27.23	35.75
1965.....	65.15	26.49	38.66
1966.....	64.26	25.44	38.82
	Average for expanded number of constructions		
1966.....	66.18	25.56	40.62
1967.....	66.47	30.60	35.87
1968.....	68.25	26.79	41.46

¹ Payments to the mills began on Apr. 11, 1964; however, the USDA made no adjustments for these payments prior to August 1964.

Source: "Cotton Situation." January 1968 and October 1969. Economic Research Service. USDA.

Mr. DeVANEY. The promoters of the act of 1965 also claimed that it would increase cotton consumption. But domestic mill consumption has declined every year since 1965.

In the 1965 marketing year domestic mills used 9.36 million bales of cotton. In the 1968 marketing year they used only 8.12 million bales. Exports have fluctuated, but were lower in the 1968 marketing year than in 1965. Total disappearance dropped from 12.29 million bales in 1965 to 10.84 million bales in 1968. If the cotton industry is to survive, some way must be found to stop this erosion of its markets.

(The chart referred to follows:)

UPLAND COTTON DISTRIBUTION. 1965-68

[In 1,000 running bales]

Marketing year beginning Aug. 1	Mill consumption	Net exports	Total
1965.....	9,355.9	2,936.4	12,292.3
1966.....	9,349.9	4,655.9	14,005.8
1967.....	8,854.0	4,161.3	13,015.3
1968.....	8,115.9	2,722.9	10,838.8

Mr. DeVANEY. Government payments are an unreliable basis for the income that is necessary for a healthy agriculture because they can be cut or limited at any time.

The act of 1965 has put cotton farmers in a most vulnerable position with a Congress strongly oriented to other priorities. This is clearly indicated by the following table.

(The table referred to follows:)

CASH RECEIPTS FROM FARM MARKETINGS AND GOVERNMENT PAYMENTS, 1967

[In millions of dollars]

	Cash receipts from farm marketings	Direct payments	Total receipts	Payments as percentage of total
Cotton lint.....	947.5	932.1	1,879.6	49.6

Source: "Farm Income—State Estimates, 1949-67," supplement to the July 1968 Farm Income Situation, August 1968 Economic Research Service, USDA.

Mr. DEVANEY. Cotton payments made direct to farmers from the Federal Treasury totaled \$932 million in 1967. This is more than the total value of all upland cotton produced in 1967, figured at the loan rate for cotton. It should be obvious that payments of this magnitude cannot possibly continue; and every effort must be made to find a different approach to the cotton program.

The proposed Agricultural Adjustment Act of 1969 has been carefully designed to correct the difficulties that have arisen under existing farm programs including the cotton program.

The transition to the market system would be gradual. Substantial payments would be made during the transition period to help farmers make needed adjustments.

The acreage retired from production under the cropland adjustment program would be increased as existing programs are phased out. Increases in the acreage retired under the CAP would tend to offset reductions in the acreage diverted under annual diversions.

The use of a bid procedure to select the land that is to be retired would hold down Government costs and insure the retirement of the land that farmers themselves most want to retire.

The acreage that can be planted to cotton for export outside the present program would be increased in 1971 and 1972, and the penalties on excess cotton production would be repealed effective with the 1973 crop. These changes would permit cotton producers who want to produce more cotton to expand their production, provided they waive all cotton payments.

The special transitional program provided by the Agricultural Adjustment Act of 1969 for low-income farmers would help farmers who do not have the resources needed for a successful farming operation to make a transition to more gainful employment. This program would be entirely voluntary. Producers who wish to participate would have a number of alternatives. This gives the program the flexibility that is needed to solve individual problems.

In short, farm bureau is recommending a broad-based program to help individual farmers make needed adjustments, increase prices, expand markets, cut costs, and thus provide the basis for increased net farm income.

Mr. ABERNETHY. Does that conclude your statement?

Mr. DEVANEY. Yes, sir.

Mr. ABERNETHY. Thank you very much.

I don't follow you when you suggest that the 1965 act itself reduces the consumption of cotton. How do you reach that conclusion?

Mr. DeVANEY. Well, I think that the record shows that cotton consumption has decreased since 1965. The proponents of the act of 1965 indicated that it could increase the production. And the point we are making here is that it didn't.

I don't say personally that the act of 1965 is all the reason for the change.

Mr. ABERNETHY. That is what you said in your statement.

Mr. DeVANEY. We state that the assumption that it would increase the production didn't come true.

Mr. ABERNETHY. The 1965 act made cotton available to the mill at the cheapest price you can remember, didn't it?

Mr. DeVANEY. Right.

Mr. ABERNETHY. How do you make the charge or substantiate the charge that the act that made the cotton cheaper at the mill itself caused the reduction?

Mr. DeVANEY. Our point is here that even though, including us, we thought it might increase the consumption. It didn't.

Mr. ABERNETHY. What do you suggest to encourage the consumption of cotton?

Mr. DeVANEY. Under our proposal the price would seek its level.

Mr. ABERNETHY. The cotton moves cheaper in the market?

Mr. DeVANEY. It could for a short time.

Mr. ABERNETHY. How high?

Mr. DeVANEY. The history as we find it over the discontinuance of farm programs, a study that we made in Texas on this indicated that following the end of every farm program that we have had since the early thirties that the price of commodities have gone up whenever controls were taken off or the program was ended.

Mr. ABERNETHY. It is the opinion of American Farm Bureau Federation that under the programs the farmer would receive a higher price for his cotton?

Mr. DeVANEY. I think over a period of years he would probably receive more.

Mr. ABERNETHY. Then how would that encourage more consumption of cotton?

Mr. DeVANEY. We had hoped research would indicate that they would find uses for it that would increase the consumption, sir.

Mr. ABERNETHY. You didn't mention research.

Mr. DeVANEY. Not in this statement, but our overall position on this is, and we ask that it be incorporated, that a real crash research program both in production and use of cotton, be initiated.

Mr. ABERNETHY. But this program arrived at in what the American Farm Bureau says is the customary method of arriving at farm programs, that it began at the county level, and then moved up to the State, and from the State taken to the national convention?

Mr. DeVANEY. Yes, sir.

Mr. ABERNETHY. What county did it originate in?

Mr. DeVANEY. I don't know.

Mr. ABERNETHY. What State farm bureau has endorsed it?

Mr. DeVANEY. What State farm bureau has endorsed it?

Mr. ABERNETHY. Yes.

Mr. DeVANEY. I don't believe we had a dissent, maybe one or two dissents, so the others endorsed it.

Mr. ABERNETHY. Did you have any other State farm bureaus at the State convention that adopted this type of program or approved of this program?

Mr. DEVANEY. Some have similar to it last year. I wasn't on the resolution last year. I was not there. They were very similar, and there they worked out this program in the resolution committee and then on the floor of the delegate body.

Mr. ABERNETHY. You don't recall what States approved this or similar programs?

Mr. DEVANEY. I am trying to think what Texas did on this.

Mr. ABERNETHY. To make it easier, would you provide us with a list of those States?

Mr. DEVANEY. OK.

Mr. ABERNETHY. I will give you the opportunity.

All right, Mr. Sisk.

Mr. SISK. Thank you, Mr. Chairman.

I understand, Mr. DeVaney, that you say the Farm Bureau is very interested in the crash program of research in order to increase consumption?

Mr. DEVANEY. Yes; and lower production costs.

Mr. SISK. What was their position on the checkoff system in which we were attempting to do this very thing?

Mr. DEVANEY. We opposed that.

Mr. SISK. I am a little curious about the consistency of your programs. It is a little odd; wouldn't you say so?

Mr. DEVANEY. No, sir; our position——

Mr. SISK. I always understood that the Farm Bureau was concerned with doing things on their own—operating their own business. However, this was a proposition to provide for millions of dollars for research to improve the quality and make it possible for us to produce more because we would consume more. Is that basically what was intended?

Mr. DEVANEY. That is what the intentions were. And for the record we have supported a research program for cotton, and for other commodities. We supported the CPI, we supported the National Cotton Council in its efforts to do this. The only change was when—under the dollar bale checkoff you are speaking of, they wanted to use the power of the Government to collect this checkoff.

Mr. SISK. The facts were that they weren't getting the job done under the so-called voluntary program, that is why they went to the new program?

Mr. DEVANEY. Yes; that is what they said.

Mr. SISK. Were not the figures a million or 2 million as opposed to today's 10 million?

Mr. DEVANEY. Yes.

Mr. SISK. I am just calling your attention to what is a most inconsistent effort. Especially when we are concerned about research, the need to do a better job of research, and the need to do a better job of merchandising. Also, the need to get the consumer to want to use cotton, make cotton do the best possible job—make the customer want cotton.

Let me just quickly ask you this: How many cotton farmers are there in the United States today; do you have that figure?

Mr. DEVANEY. I don't have them with me.

Mr. SISK. I know the Farm Bureau does a lot of research. What do you project will be the number of cotton farmers in the United States on the conclusion of a 5- or 6-year period under your program of phaseout? Do you think this will increase the number of farmers or decrease the number of cotton farmers?

Mr. DEVANEY. I think, and now this is personal and we haven't made a study of this particular issue, I think there would be a decrease. I think there would be a decrease but we are having a decrease anyway. We are having a decrease whether or not our program is enacted or whether we stay the present one. I think it is something like 500,000 a year that have been going out of agriculture every year now.

Mr. SISK. Do you think it will in all probability decrease the number of farmers? That is, the number of cotton farmers?

Mr. DEVANEY. I think the number of cotton farmers will decrease whether we accept our program or any other program.

Mr. SISK. I assume since you propose a specific type of program, there have been studies made. It would seem to me that you would have had some idea along this line.

Secondly, have you and your research—and I am sure you have done research before you made this proposal—what would you anticipate would be the effect on total production, do you expect it to go up, or what do you anticipate?

Mr. DEVANEY. Well, the best answer that I could give you that would be that under our program we believe that those farmers who want to farm, who have the managerial ability and who have the financial backing will be the ones that will be doing the farming. Those that don't want to farm, for one various reason or another, would have under our proposal an opportunity to get out or to change and do something else.

Mr. SISK. Well, I am still concerned. I would assume though that the Farm Bureau with the capabilities that you have, have made some investigation and have some projected idea as to what is going to happen under this proposal. Do you not?

Mr. DEVANEY. Well, I don't think we have as far as members are concerned.

Mr. SISK. I am not talking about members, we are talking about bales of production. We are talking about total production.

Is this going to increase cotton production in this country or decrease it?

Mr. DEVANEY. I think it would depend on the market.

Mr. SISK. The important thing, does cotton in the opinion of the Farm Bureau have a future in this country, is there any economic justification for the cotton industry in America?

Mr. DEVANEY. As long as there is a market for it, there is.

Mr. SISK. You are still, of course, going on the yield side. The peculiar thing, Mr. DeVaney, and I do appreciate your statement, is that I'm not sure where your position arises from. I have not been able to pin it down. I am unable to find a farmer in Fresno County, which has the largest or the second largest farm bureau membership in the United States, that agrees with your program, not one.

It is just rather amusing to me, and I wonder if you would make any comment on it.

Mr. DeVANEY. Well, Mr. Sisk, I believe the California Farm Bureau this year adopted a program very similar to this, and Fresno County was there.

Mr. SISK. Can you provide a record where Fresno County supports the Farm Bureau?

Mr. DeVANEY. No, their recommendations did not. That was my point.

Mr. SISK. Mr. Chairman, that will be all.

Mr. ABERNETHY. Mr. Mizell?

Mr. MIZELL. No questions.

Mr. ABERNETHY. Mr. Burlison?

Mr. BURLISON. Thank you, Mr. Chairman.

Mr. DeVANEY, the chairman of the subcommittee and Mr. Sisk to a great degree pursued the question of how strong a support your program has from a State farm bureau organization. I would like to pursue a little more on the note that Mr. Sisk concluded on. Can you give us the name of any local farm bureau organization, any county, farm bureau organization that supports the farm bureau program?

Mr. DeVANEY. I can't give you the names offhand, but I was talking to the boys from Texas, they were in the midst of their State convention down there last evening, and about 50—this is what they told me—about 50 percent of the resolutions that came in from the 204 counties on the farm programs, about 50 percent of them were supporting the farm bureau proposal, and about 50 percent were supporting the extension of the act of 1965.

I am sure I can get some on those, and in other States, too.

Mr. BURLISON. On page 6 of your statement, the first paragraph of that page, you make the statement that land retirement programs will insure the retirement of the land the farmers themselves most want to retire.

Don't you believe also that your land retirement program will actually succeed in retiring only the land that produces the least? Would you expect any heavy producing land or good producing land to come out of production under your program, sir?

Mr. DeVANEY. I would expect more under the cropland adjustment program which we have had some experience on. More good land to come out under that than it would on an annual retirement basis for this reason, our emphasis would be on whole farms, and if you take out a whole farm, nearly any farm is going to have some good land on it. So, you would take that out. I agree with you, it would to a certain extent get the poor land. The good land then would be left, the land that could grow the product most economically would be the one that would stay in agriculture, and the other would be retired under that cropland adjustment program.

Mr. BURLISON. The good land would be competing with the poor land insofar as retirement is concerned? You wouldn't, then, have any classifications, any breakdown of land quality or land production as classification for your retirement program? It is just a matter of bids, whoever bids the least to take the land out of production would get the—

Mr. DeVANEY. No, sir; under the old soil bank program as I remember it, all land was classified. All cropland, I believe, is classified by the Department of Agriculture at this time. On a bid basis the depart-

ment in administering it would determine whether this was a high bid or a low bid based on the quality of the land.

In other words, good land—a real high bid on good land might be a better deal on taking it out of production than a lower bid on sorrier land.

Mr. BURLISON. One final question: Do you have any familiarity with the administration's so-called "set-aside" program which has been discussed with the committee?

Mr. DEVANEY. I have heard the Secretary present his statement, and then I have heard and read in the scoop sheets and different places some plans supposedly that have been presented to this committee.

Mr. BURLISON. Are you familiar enough with that proposal to have a choice as between it and the present program? In other words, if you were left with a choice of the administration's "set-aside" program and our present program, what would you have a preference for?

Mr. DEVANEY. Not having studied it, it would be hard to say just which on that. For one or two reasons, as I understand the set-aside proposal, or what the administration has suggested, there is one thing to me that is really bad, and that is the payment would be made as a direct income support payment. How you justify this in the minds of other than agricultural people, I don't know.

Under the present program at least you are paying them for diverting something. The farmer has to do something to earn that, and under this other proposal they wouldn't.

As I understand his proposal, there would be some experimenting in the cropland adjustment, the soil bank, and some of the others, and it might be good. It also does away with marketing quotas, I understand.

Mr. BURLISON. Thank you, Mr. Chairman.

Mr. ABERNETHY. Mr. O'Neal?

Mr. O'NEAL. No questions.

Mr. ABERNETHY. Mr. Alexander?

Mr. ALEXANDER. No questions.

Mr. ABERNETHY. Thank you, very much.

The next witness will be Hilton Bracey, manager, Mid-Continent Farmers Association.

I think Mr. Burlison would like to make a statement.

Mr. BURLISON. I think that most members of the Agriculture Committee are very well acquainted with Mr. Bracey. However, I know there are two new members of the committee here sitting with me on the subcommittee this morning, so I would like to just give you a very skeleton outline of Mr. Bracey's background.

He, for many years, was the chief executive for the Missouri Cotton Producers Association in Missouri. I think he became president of that organization at about the age of 29 or thereabout. And so you can—of course, he is not much older than that now.

Mr. ABERNETHY. I didn't know he is that old.

Mr. BURLISON. But he enjoys a very wide, broad reputation in Missouri and throughout the cotton States, and is a very knowledgeable cotton expert. He is now a top official of the Mid-Continent Farmer's Association.

It is a great deal of pleasure that I have to present him to the subcommittee.

Mr. ABERNETHY. Thank you.

Mr. Bracey, we are very happy to have you with us here again. You have been here many times, and you have always been very helpful.

STATEMENT OF HILTON BRACEY, MANAGER, COTTON DIVISION, MID-CONTINENT FARMERS ASSOCIATION

Mr. BRACEY. We recommend and urge continuation of the cotton provisions of the Agricultural Act of 1965 with improvements to (1) protect and increase cotton farm income on an individual basis, (2) maximize sale and use of cotton both at home and abroad, and (3) keep program costs within reasonable limits. We are convinced that with one major change, a few updating modifications, and two badly needed additions, current trends toward destruction of the U.S. cotton industry could be halted and reversed. We are equally convinced that the overriding consideration involved in any future program should be and must be the need for maintaining and improving cotton farm income. Otherwise no program could succeed and cotton will in a short period of time cease to be a major farm crop in the United States.

The root of most of the problems confronting cotton farmers and the entire cotton industry is the so-called one-price provision in the current program. We say so-called because it is one price in name only. It completely ignores freight, insurance, brokerage, and other fixed costs between domestic and foreign points. And, instead of one price on a delivered basis to both domestic and foreign customers it ends up being a significant and unwarranted price advantage to domestic textile mills.

The record shows that the so-called one-price provision has not accomplished a single objective that its proponents claimed and insisted would be accomplished; namely, (a) increased use of cotton in the domestic market; (b) lower cost of textile products to consumers; (c) decreased imports of foreign textile products.

To the contrary, domestic use of cotton has dropped to the lowest level in over a decade, cost of textile products to consumers have climbed to new heights, and imports of cotton textile products are now at an alltime high.

In addition, the so-called one-price provision is almost entirely responsible for the some 50-percent loss in export sales of U.S. cotton, and the growing clamor for limitations on price support payments to individual farmers. It has failed on every count. To ignore its failures would be inconsistent with the best interests of cotton farmers, the cotton industry, and the taxpaying public. For any cotton program to stand any chance of success, the so-called one-price provisions must be recognized for what the record shows it to be—a complete failure by any and every responsible management.

As the major change and improvement required in the current program, we recommend that the so-called one-price provision be eliminated. In its place we recommend a loan level for cotton equal to production costs and reactivation and aggressive implementation of sec-

tion 203 of the Agricultural Act of 1956 which declares "quantities of cotton shall be sold as will reestablish and maintain the fair historical share of the world market for U.S. cotton." There is no reason, absolutely no reason at all, to assume or believe that domestic use of cotton would be any different with a price support loan at production cost levels than it would be or has been under the "give-away" domestic price established by the so-called one-price provision. On the other hand, a price support loan at production cost levels and reactivation of a competitive bid export sales program would (a) increase cotton farm income and protect individual farmers from the very real threat of limitations on direct income support payments, (b) decrease Government program costs, and (c) increase total sales and usage of U.S. cotton.

We recommend updating modifications in the current program as follows:

1. Eliminate the requirement for mandatory diversion before permitting voluntary diversion. This requirement, in effect, takes cotton from those wanting to grow it and forces others who want to divert to plant.

2. Permit sales, lease, or transfer of allotments between producers without regard to counties—and without previous referendums. Cotton acreage should be allowed and encouraged to move to farmers and areas best suited to cotton production.

3. Permit farmers to overplant up to x percent of their farm allotments without price support benefits (excepting loan eligibility) or penalties. Such a provision would reduce program costs, enhance opportunities for economies in production and help farmers stay in the program in the event of payment limitations.

4. Permit acreage allotment easements on a long-range basis. The cost could be approximately one-half of price support payments on production and could be even less if grazing or other land use were permitted. Also, this would help accomplish desirable shifts in production.

5. Permit diversion of domestic allotment (if more than the 35 percent now permitted is needed to bring supply into line with demand) on short-term basis (annually). It would reduce program costs and give the farmer more latitude in arranging his operation to fit his individual needs and conditions.

6. Require that adjustments be made for abnormal conditions affecting plantings and production and that they reflect full credit for losses in acreage and production due to natural disasters. No Secretary of Agriculture should be permitted to make such adjustments in an arbitrary manner.

7. Establish positive guidelines for various factors involved in determinations of premiums and discounts in the cotton loan program. It is obvious that discounts for some factors such as color and micronaire have been used to lower the market price of cotton rather than to determine its true value.

8. Encourage voluntary restraints on imports of cotton textile products. As imports of cotton textiles have been greater under the so-called one-price system, it is now clear that the domestic price of raw cotton has no significant bearing on the continuing influx. Even with the price of raw cotton heavily in their favor, domestic textile mills

are apparently unable or unwilling to meet the competition of foreign manufacturers. With this fact clearly established and coupled with the almost complete loss of export markets for U.S. cotton, there appears to be no alternative except to move toward meaningful voluntary restraints on cotton textile imports.

As additions to the current program, we recommend:

1. A national cotton reserve along with a food and feed reserve to meet natural disasters, maintain supply and price stability to both consumers and farmers and prevent the undesirable consequences of "feast and famine" production cycles. A reserve is needed to assure customers, both domestic and foreign, that adequate supplies would be available under all foreseeable conditions and prevent switching to manmade fibers because of questionable supplies.

2. Permit and require that raw cotton and cotton textile products be included in all appropriate welfare programs, both domestic and foreign. Inclusion of cotton in the various welfare programs, such as the stamp plan, food for freedom, commodity assistance programs to schools, etc., would, in addition to supplying a basic necessity of life, do more to increase the offtake of cotton than any single possibility available at this time.

Especially important and essential farm income protection provisions in the current program which we recommend and urge be continued without change are:

1. Continue requirement that price support payments when added to the loan must reflect at least 65 percent or parity on the projected yield of the permitted acreage. Without a continuation of this protection, cotton farm income would be at the mercy of pressures to reduce program costs. This requirement is, in fact, the only protection in the current program that the cotton farmer has against further drastic cuts in income level.

2. Continue requirement that price support and diversion payments be based on projected yields. This requirement not only provides the same treatment for cotton as for other farm commodities, it prevents violent fluctuations in income levels to farmers. It is necessary to cotton farm income stability in years of adverse weather conditions and to crop financing.

3. Continue authority for substitution of nonsurplus crops on allotted cotton acreage in event of flood, drought, or other natural disaster. This authority is essential to the economic well-being of cotton farmers and cotton communities in times of natural disasters such as those experienced during the past few years.

4. Continue the 16-million-acre minimum national allotment. Any reduction would be another indirect but serious blow to cotton farm income as payments to farmers are based on each farm's pro rata share of the national allotment. Also, it would encourage both domestic and foreign producers of manmade fibers and foreign producers of cotton to increase their production at the expense of the entire cotton industry in the United States.

5. Continue domestic allotment provision as in current program. A continuation is needed to provide program stability and to build confidence in the future of domestic cotton production.

6. Continue full price support eligibility (without limitations) on all cotton produced in compliance with program requirements. Un-

limited eligibility insures equitable treatment of all producers regardless of the size of their operations, and enhances possibilities for a successful supply management program.

Gentlemen, we have read and heard that certain groups (trade-oriented) including some with the word "producer" in their titles are advocating elimination of all of the farm income protection provisions in the current program—the same provisions that we are recommending (outlined above) be continued. As an added verification of the fact that such groups are not speaking for or representing cotton farmers, we ask permission to include in the record of this hearing the results of a ballot taken at a meeting of cotton farmers held at Caruthersville, Mo., on the evening of November 8.

Mr. ABERNETHY. Permission will be granted.

(The ballot follows:)

BOOTHEEL OF MISSOURI AGRICULTURE MEETING QUESTIONNAIRE., NOV. 8, 1969

BALLOT

	Check one	
	Yes	No
1. Do you want price-support payments based on actual yields?	2	.....
Do you want price-support payments based on projected yields?	65	.....
Do you want price-support payments based on actual yields with a provision that if due to natural disaster you lose your cotton crop you will be paid on 80 percent of your projected yield?	6	.....
2. Should we maintain a national allotment of at least 16,000,000 acres?	80	3
3. Do we want price-support payments based on:		
Domestic allotments	70	.....
Regular allotments	12	.....
4. Are we in favor of payment limitations?		80
5. Are we in favor of transfer of allotments by lease or sale as it is being done at the present time?	27	29
6. Do we feel that transfer of allotments should be made within the State without a referendum vote?	75	8
7. Would you like to have wheat and feed grain also included in a transfer provision?	76	5
8. Do you favor continuation of substitution of nonsurplus crops on allotted cotton acres in the event of flood, drought, or other national disaster?	82	1
9. Would you favor the establishment of a Federal commission for the purpose of separating the market development of agriculture from external politics, i.e., State Department and domestic politics?	78	2

Mr. BRACEY. This meeting sponsored by the Production Credit Association and concerned bankers was attended by U.S. Representative Bill Burlison, a member of your committee, and former U.S. Representative Paul C. Jones, a former member of your committee. The balloting endorsed the recommendations we are making to you here today and repudiated the published position of the trade-oriented groups. Gentlemen, we do not hold that our recommendations would solve all of the problems of cotton and cotton farmers. But, we do believe they are compatible with the current program and that they would move toward objectives that must be reached if cotton is to continue as a major farm crop in the United States.

Mr. ABERNETHY. Thank you, very much, Mr. Bracey. I want to see if I understand the mechanics of what you have in mind. You suggest that there be a price support loan equal to the level of the cost of production?

Mr. BRACEY. Right.

Mr. ABERNETHY. Which, of course, can be determined by the Department of Agriculture?

Mr. BRACEY. Yes, sir.

Mr. ABERNETHY. Now, what do you suggest, if anything, above that? I don't know whether I exactly understand you or not. Are you suggesting that the only guaranteed income that—I don't mean that critically when I use that word "only."

Mr. BRACEY. We understand.

Mr. ABERNETHY. The only guarantee to the farmer would be to insure him he could get back through a price support or loan program his cost of production?

Mr. BRACEY. No, sir; we are advocating this plus the income payment.

Mr. ABERNETHY. At what level?

Mr. BRACEY. We think we have to face the facts of life, Mr. Abernethy.

Mr. ABERNETHY. Right, and so do we.

Mr. BRACEY. And one of the facts that we have been convinced of by your committee and other people is that we have to do something about two things. One, is program cost, and the other is the threat of limitations on individual farmers. We think for this reason plus all the other reasons we outlined, if we could have a program with a loan level guaranteeing us a return of the cost of production, then the income payment itself could be reduced to the farmer, accordingly. And then the cost of the program would be reduced accordingly. And the threat of limitations to individuals, while not eliminated, certainly the danger would be reduced substantially. And then they could go ahead and at least stay in the business of producing cotton.

Mr. ABERNETHY. All right.

Mr. BRACEY. Now, along with this—

Mr. ABERNETHY. Let me interrupt you. Now, this is across-the-board on every bale he produces on his land?

Mr. BRACEY. Yes, sir.

Mr. ABERNETHY. Do I understand that—I interrupted you.

Mr. BRACEY. I just wanted to add, Mr. Abernethy, we have got to get back in the world market, and you were one of the leaders in 1956, who got us back into the world market through the passage of section 203 of the Agricultural Act of 1956. And you know that every year since that time when section 203 was administered properly we sold cotton into the world market, we sold it on a comparative bid basis.

And you also know, I think the record will show, that every year when this was ignored, we didn't sell cotton. We are not selling any cotton now, and we are not in competition in the world market. There is no way of being in competition under the so-called one-price system. We have got to get back on a basis of competitive bids if we are to be in the export market, and we can't keep a domestic cotton industry without some export sales at least the way we think we have to keep it.

Mr. ABERNETHY. Do I understand it is the view of your association that we continue to break the cotton down to the State and county and farms?

Mr. BRACEY. Yes, sir.

Mr. ABERNETHY. As you have heretofore on the same historical basis, with no changes?

Mr. BRACEY. No changes.

Mr. ABERNETHY. And you would assume that would produce a crop of about 12 or 13 million bales?

Mr. BRACEY. If we can give the farmer a return equal to his production cost, yes, sir.

Mr. ABERNETHY. All right.

Mr. BRACEY. Let me make one added statement, Mr. Abernethy. You know better than I do that farmers cannot and do not grow cotton for a hobby, it is just impossible.

Mr. ABERNETHY. For what?

Mr. BRACEY. As a hobby.

Mr. ABERNETHY. Yes, sir.

Mr. BRACEY. They have to get a return or they can't grow it. A lot of people will ask why don't farmers grow cotton now? And the answer is very simply they aren't getting anything for it—and I think you made it clear in your opening statement—they can't grow it. It is very simple, that is just all the answer there is. They can't afford to grow it.

You give them a return or a price and they will grow all the cotton you want, or that we could possibly need.

Mr. ABERNETHY. On page 3, under your third item, you said that up to x percent of their farm allotments, what do you have in mind there?

Mr. BRACEY. We have some farmers who for reasons of land or equipment or what have you, maybe their location in Cotton Belt, who could grow more cotton and who would like to grow more cotton. And we would like to see them grow it if they want to. This is a part of our objective here, of letting the cotton go to the areas best suited for production. We have tried to do this over the years. You and I have been talking about this some 20 years. But we have really frozen cotton production in certain areas to a certain extent where it is no longer or perhaps has never been feasible to have cotton production.

Mr. ABERNETHY. There is nothing like we had 5 years ago?

Mr. BRACEY. No, sir; it is changing slowly, I agree.

Mr. ABERNETHY. It is changing?

Mr. BRACEY. We would like to see this hurried up as much as possible because we think this will give us the cotton we need, and to the people that want it. It will also give people who don't want it, a way out. We are right now forcing people to grow cotton that don't want to grow it.

Mr. ABERNETHY. We have a rather unusual situation that I don't refer to in a critical manner, that we don't have the fourth bill from the administration. This is the first time that I can recall that where we didn't consider any farm program where we actually didn't have a bill.

Mr. BRACEY. Right.

Mr. ABERNETHY. I am not too certain that I fully understand exactly the direction, the full intent of what the administration proposes to do or what it would like to have.

We have had some discussions and the discussions are always open back to the statement that nobody is permitted to do anything. That leaves us very much in the dark to what we are doing, and where we are going. And I hope when we get to the department on it, that we can find out what the plans are and what the positive plans are. They do propose that a program of—although they say they are not committed to it, and nobody else is committed—that we have about 12 million bales production with 8 million bales of it to be produced, as I understand it, under the domestic allotment plan with some kind of a sup-

port, with a continuation of payments, and with a guess as to what the payment is going to be.

There have been three or four, I think four plans of payments which nobody is committed to, and nobody has actually, definitely, and positively recommended. And with that domestic allotment producing the bales to be used domestically after certain set-asides, then the farmer can produce anything he wants to, as much as he wants to.

Do you think that could get that 4 million additional bales?

MR. BRACEY. Frankly, Mr. Abernethy, I don't understand how you could get it or how you would get it.

No. 1, I don't know how farmers—

MR. ABERNETHY. Let me ask you this. You think we certainly need it don't you, at least 12 million bales if we are going to stay in the domestic and foreign market?

MR. BRACEY. Yes, sir; I think so. But I think this is the crux of the whole thing. If we are going back in the foreign market, which all of us feel we have to get back into, we need the 12 million bales.

If you are going to continue under the system we are operating under and are going to continue to ignore the market, then I don't think we need the 12 million bales. I don't know what we would do with it, but I am assuming we are going to move in the direction of getting back in the export market. We certainly hope so.

MR. ABERNETHY. What would you farmers do? The department says it has put this information through a computer, and it came up with 4 million bales above the 8 million domestic.

I want to know what went into the computer.

You have an 8 million bale domestic allotment, and then the other information went into the computer, and they came up with 4 million bales, which is exactly the amount that they thought we should need.

Do you think we will get the 4 million?

MR. BRACEY. We will get the 4 million providing the end results would give the farmer what he has to have in the way of return on his labor and investment. If not, it can't, Mr. Abernethy.

MR. ABERNETHY. You are not anticipating that he will be assured anything?

MR. BRACEY. He can't do it without some positive assurances. Let me say this, sir, and I believe this is not limited to my area. But our farmers are facing some decisions, not of their own making, and I would say in most cases not to their liking. But they are having to quit farming.

They are having to quit for one reason, and that is because they are not getting anything for what they produce.

Now, in this country we have a rather odd situation at this time. I am talking about agriculture. Livestock people are doing fairly well. Dairy people are doing fairly well. Specialty crop people are doing fairly well. But you get out in row crop areas such as mine, in southeast Missouri, and Mr. Alexander's area in northeast Arkansas, and Mr. Jones in west Tennessee, and West Kentucky and southwest Illinois. This is row crop area. We don't have the factories, we don't have the cattle, we don't have the specialty crop, and our farmers—and you can verify this with PCA, or anybody or the farmers themselves, they have reached the end of the rope.

If there is not more income or not more price forthcoming on cotton, on soybeans, on wheat, then the decision has already been made. They are not going to produce it because they can't. I wish I could bring you a different story, but I can't.

Mr. ABERNETHY. I think we are all aware of it, and I am glad you made reference to it.

I am also glad you made reference to our export program. This gets worse every year. I have served under five Presidents, Democrats and Republicans. Everyone comes in office with a commitment that the import problem, especially the one that affects our textiles, our textile mills, is going to get some this situation, the import situation affecting textile mills, has been consistently and constantly aggravated every year since I came here. And I don't want to leave the impression it is my fault.

Mr. BRACEY. Absolutely not.

Mr. ABERNETHY. But it probably was worse before then, and it was getting worse before then. I am sure it was.

I had the pleasure of attending a meeting early this year in this building with members interested in textile import problems. The Secretary of Commerce was present. He impressed me with the program that he laid out to give us some protection in this field.

I don't say this critically, he has a difficult job. I know this and I commend him for his efforts. But I made the statement then that I had served under five Presidents, and I had heard and read that all of them have committed themselves toward getting something done about it. Up to now very little has been done about it. I hope that the fifth one, that we have now, of whom I am very fond—I served in the House with him—and I have hope that his administration will give us that relief. Now, the issue is bogged down again. I don't know whose fault it is. But the imports continue to roll in.

There are people in this country and in the Congress who object to the Congress forcing trade policy. I think, however, that we have come to the point that that is the only way we are going to get any relief. Unless that relief is given, the textile mills which are now evidently regarded as expendable, are going to continue to phase out which means we are phasing out more of our cotton farmers, and farmers that are producing other types of fibers.

I am glad you made reference to imports. I don't think a voluntary program is going to get the job done.

But it is going to have to be called to the attention of the people who are importing their merchandise in this country in a very fury, and in a very demanding manner.

Mr. BRACEY. Yes, sir.

Mr. ABERNETHY. Which will make it anything but voluntary. We are losing markets right here at home that are hurting not only the textile mills of my friend here from North Carolina, and other textile producing States, but also hurting his farmers and my farmers.

Mr. SISK. Thank you, Mr. Chairman.

I compliment you, Mr. Bracey, for a very well-thought-out statement. I make reference to the things you said in reference to the American farmer, and certainly they are true.

I represent an area where we have some specialty crops, so we are maybe a little better balanced. But in cotton, we are in trouble; there is no question about it.

I have no questions.

Mr. ABERNETHY. Mr. Mizell?

Mr. MIZELL. Thank you, Mr. Chairman.

I would like to compliment Mr. Bracey for his mentioning the import program that we are facing with our textile industry. But I would also like to point out, Mr. Bracey, that I think the textile industry itself has done a tremendous job through mechanization to keep the cost of the garments that are sold to the American people at the level that it is now, even with the increase in salaries. In order to compete for the job markets in our area, they have done a tremendous job.

But one of the most serious things that is facing them right now is the imports. They are competing with imports of cotton fibers from Taiwan, where they produce with the labor cost of 16 cents per hour against the cost of our labor in North Carolina.

So, I think they have done a tremendous job, and I think that your statement on page 4 was a little unfair to the textile industry itself. And we are all concerned about this problem.

I am a cosponsor of a bill with a number of the men from the textile manufacturers in your area, to put a limitation on our imports. I, for one, have come to the point where I agree with the chairman, that I think it is going to take some lengthy legislation.

I think that if we solve the problem with our textiles, that we will be able to solve problems with other imports.

As you said in your statement, the price of raw cotton is heavily in favor of our domestic textile mills, that they are apparently not able or unwilling to meet the competition of foreign manufacturers.

Could you tell me how the price of cotton to our textile mills is heavily in favor of our own mills?

Mr. BRACEY. As opposed to the cost of foreign mills?

Mr. MIZELL. Right.

Mr. BRACEY. Yes, sir; the difference is, we are talking about a delivered price, and on a delivered price basis, the price to domestic textile mills is some 3 to 7 cents a pound in their favor.

You know in the domestic market, for example, even the CCC loan schedule recognizes freight differentials between one point in the country and another. For example, in Mr. Sisk's territory, or in California, the CCC loan value is about \$5 a bale under what it is in the Carolinas, and for one reason, and that is freight. That is the primary reason.

Yet, in our so-called one-price system we don't recognize freight or brokerage or insurance or any fixed cost between domestic and foreign points. If you would put the price on a delivered basis to the mill door, then you would have a true one-price system, and you would not be giving any preference to domestic mills or anyone else. It would be, in fact, one price.

Mr. MIZELL. Is it not true that the legislation that we are operating under at one time was brought about because our own mills were paying one price for cotton; it was being bought by other countries at a reduced price, and they were turning it into a cotton fiber, and

importing it into our country and competing with our own mills and therefore eliminating a lot of jobs?

And I might say on that in my district we had just one mill to close a few months ago. It had been operating at a loss for a couple of years, and it finally closed. When they closed the mill some 800 people were out of work. That is a serious situation.

I hope that we never go back to the standard where our mills are having to pay one price for cotton, where it can be bought by countries at another price, and manufactured into cotton and sold back to other markets, competing with our own industry.

Mr. BRACEY. I would like to make one statement, Mr. Abernethy; we recognize domestic mills as our best market. Certainly, we want to do everything we can to protect them. The point we are making here, sir, is that the price of raw cotton is not the important factor in the importation of cotton textile products. I think the record shows this to be true.

Also, I think we ought to add, in the record, that while the domestic textile mills were paying at one time a higher price than they are now paying, or maybe a higher price than the foreigners were paying, all export of cotton textile products were subject to a subsidy to equalize price, so in that sense there never was a case where there was this competition between exports and imports of cotton textile products to any great extent, a least.

Mr. MIZELL. Mr. Chairman, one more question:

Don't you think, in all honesty, that our own industry should be able to purchase our cotton at the same price as a foreign country could, especially when the taxpayers' dollars are going to subsidize the cotton program, and the cotton producers in this country?

Mr. BRACEY. Yes, sir; I agree entirely with that statement. And when it is put on that basis we will support it to the *n*th degree.

But it is not on that basis now. This is not one price now. One price would be delivered to your mills as opposed to delivery to a mill in Asia or some other point, and this is not the fact or the case at this point. That is the only point that we are raising here.

Mr. MIZELL. That is all, Mr. Chairman.

Mr. ABERNETHY. Mr. Burlison?

Mr. BURLISON. Thank you, Mr. Chairman.

I would like to commend Mr. Bracey on the fine statement. I have only one point that I would like to pursue with Mr. Bracey.

Do you happen to be acquainted with the proposal of the administration, or at least one of the proposals dealing with the set-aside concept? As I understand this, the farmer will be required to take out of production a certain percentage of his allotment for each crop as a condition of his participation in the Government's program.

As I understand it at this time the farmer would not be paid anything for removing this cropland from production. This is the price he pays for participation in the program.

Now, what is your opinion as to whether the farmers of our district, the district that you live in, the Boot Hill Delta farmland of southeast Missouri, as to whether the farmers can live with a program of that nature?

Mr. BRACEY. Well, if we have the correct understanding of it. Mr. Burlison, they could not for the simple reason they are just taking another income reduction because they would not get any payment on the set-aside.

Now, of course, if the administration would follow through with an increase in payments, or loan levels or some other means to offset this loss, then I suppose we could end up about the same place. But as we understand it as of now, no such proposal has ever been made, and the end result is you are setting aside x number of acres, which would be further subtracted from your income.

Mr. BURLISON. The farmer would still be required to pay taxes?

Mr. BRACEY. Yes.

Mr. BURLISON. Would not another alternative—you mentioned the alternative of a higher loan level with higher direct payments. Would not another alternative be direct payment to the farmer for the acreage that he removes from production?

Mr. BRACEY. We think so. In fact, we think that would be compatible with what we recommended here. If you pay a man on an allotment easement basis or annually or on a long-term basis, then you are giving him some income.

But, otherwise, you have not done anything except hurt him.

Mr. ABERNETHY. Mr. O'Neal?

Mr. O'NEAL. Mr. Chairman, I will not take very long.

Mr. Bracey, when I came to Congress, in January 1965, one of the biggest problems facing us at that time was the tremendous carryover of cotton. I think we had about 14 or 15 million bales in warehouses.

Of course, before the year was up, it went over 16 million bales, I believe.

Mr. BRACEY. Yes, sir.

Mr. O'NEAL. The critics of agriculture and cotton were screaming about the cost of Government. What is that carryover today?

Mr. BRACEY. The latest estimate I have seen is about $6\frac{1}{2}$ million bales.

Mr. O'NEAL. Would you think this is good or bad?

Mr. BRACEY. We think it is about where it ought to be; yes, sir. We ought to maintain it.

Mr. O'NEAL. So we do think reducing this extremely high and maybe unreasonable level from 16 million bales down to $6\frac{1}{2}$ million bales, getting rid of 10 million bales, and saving the cost to the Government is good?

Mr. BRACEY. Holding the carryover down is good, yes, sir.

Mr. O'NEAL. Why didn't you list it? As a new Member of Congress I heard more about the carryover and cost of the Government than anything else, when people were advocating the one-price system. But when you list the objectives on page 1, you list three and say that they haven't accomplished a single objective. I was wondering why you didn't list it, this is one of the main ones talked about.

Mr. BRACEY. Mr. O'Neal, I didn't believe in all fairness and frankness that you can say that the one-price system was responsible for the reduction.

We had 2 years in a row of crop disasters, almost 3 in a row. In my area we had 3 in a row, and I think weather has had much, much more to do with cotton production in the last 3 or 4 years than anything that the program has provided regardless of the program.

Mr. O'NEAL. All I know is that they were saying that it would.

Mr. BRACEY. The reason you can't say it did, Mr. O'Neal, at least in our thinking, is by virtue of the fact that instead of increasing off-take, offtake of cotton has actually decreased under the one-price system, so you couldn't say it is responsible for the reduction because if so then cotton offtake would have to increase rather than decrease.

So you have to put it where it was. It was the weather.

Mr. O'NEAL. I readily can see that your background is more than mine. I will not argue that point, but this is what they told me would hapepn, and it did hapepn.

Mr. ABERNETHY. Mr. Alexander?

Mr. ALEXANDER. No questions.

Mr. ABERNETHY. Thank you very much.

Mr. BRACEY. Thank you, Mr. Abernethy, and members of the committee.

Mr. ABERNETHY. The next witness scheduled for this morning is Mr. Graham. He called and he asked that he be permitted to testify another day, so the next witness would be Mr. Rhodes of the New York Cotton Exchange.

Missouri seems to be in charge here this morning.

Mr. Burlison wishes to introduce Mr. Rhodes.

Mr. BURLISON. Thank you, Mr. Chairman.

Maybe Mr. Rhodes represents the poor country boy that went to the city and made good. Anyway, I am pleased to make the committee cognizant that Mr. Rhodes was born and reared in my district, and now has a substantial farming interest in my district.

Many members of his family are very successful and respected farmers in southeast Missouri's Boot Heel.

So I am extremely pleased to have Mr. Rhodes here with us.

Mr. ABERNETHY. Thank you.

You may proceed with your statement, sir.

STATEMENT OF F. MARION RHODES, PRESIDENT, NEW YORK COTTON EXCHANGE

Mr. RHODES. Mr. Chairman, my name is F. Marion Rhodes. I am president of the New York Cotton Exchange, the only active cotton futures market in the United States. I am appearing here today on behalf of that organization. Let me say at the outset that I welcome the opportunity to present to this subcommittee the views of our organization on a cotton program for 1971 and future years.

The enactment of the Food and Agriculture Act of 1965 in November of 1965 was a major turning point in the history of the U.S. cotton industry. During the past 4 crop years, the cotton industry has succeeded in slowing down the deterioration that had been taking place at an increasing rapid rate for more than two decades. The Food and Agriculture Act authorized the first economically sound cotton program since 1935. Admittedly, the current program lacks a lot of being a perfect program; nevertheless in most respects the U.S. cotton industry has been moving in the right direction. For example, it has resulted in the following improvements in our cotton situation:

1. U.S.-grown cotton has been moving into domestic textile mills and into export channels at the same price.

2. It has reestablished the basic principle of cotton moving from the producer to the consumer through normal trade channels.

3. In 2 years, it reduced the extremely high August 1, 1966, carry-over of 16.9 million bales of cotton to normal levels.

4. Eliminated the 1966 record high Commodity Credit Corp. stock of upland cotton.

Mr. ABERNETHY. We will also have to give thanks to the weatherman.

Mr. RHODES. Yes, sir; the weatherman was a big aid. In fact, in my opinion, the severe weather resulted in the adjustment being made more rapidly than was desirable.

5. Reduced the spot market price of cotton to a level that has been more nearly competitive with foreign-produced cotton and manmade fibers.

6. Minimized the role of Government in buying, transporting, storing and, selling the annual U.S. production of cotton.

7. Finally I would say it enabled the New York Cotton Exchange to again operate in a limited manner and again perform the important function of providing a hedging medium for producers, merchants, and textile mills.

It is noteworthy, Mr. Chairman, that the initial producer opposition to the current program has long since disappeared. There are few, if any, actual cotton producers who are not well satisfied with the basic provisions of the current program.

In my opinion, nearly all the leaders of the various segments of the cotton industry agree that a cotton program will be needed for the foreseeable future. It is clear that cotton producers want and must have help if their incomes are to be brought up to the level of the national average.

Unless this committee and this Congress pass new legislation in the next few months, the 1971 cotton program will automatically revert back to the old program of above market-price CCC loans, huge CCC stocks of cotton, export subsidies, two-priced cotton and with the Federal Government running the entire cotton industry. You will remember that it was under this type of program that both domestic and foreign textile mills began switching from cotton to manmade fibers and imports of cotton textiles started skyrocketing. At the same time, we were holding a price umbrella over all other cotton producers throughout the world, who, incidentally, now supply most of our former customers.

Secretary Hardin recently pointed out, in testimony before the House Agriculture Committee, that USDA estimated net farm income would decrease \$1 billion below the 1969 level in the event current farm programs expired and we reverted to the type program in effect in 1965 and prior years.

In our opinion, the current cotton program could be strengthened and improved by the following changes: U.S. cotton would be more competitive with manmade fibers and foreign-grown cotton and the total cost of the program would be reduced. It is immaterial whether the changes are accomplished by amending and extending title IV of the Food and Agriculture Act of 1965 or by a new piece of legislation along the line of USDA's set-aside proposal.

1. We recommend that we make the cotton program permanent. No purpose is served by passing farm legislation for a specific

time period since Congress always has the power to amend or cancel a program.

2. Make cotton program voluntary. Eliminate cotton marketing quotas and penalties. For many years a substantial number of the larger, more efficient cotton producers have desired to produce cotton for the world market without Government subsidies.

I would like to interject here that I firmly agree with what I understood the chairman to say, we are now confronted with a special new problem, the problem is not too much production, it is a question of not getting sufficient cotton produced.

3. Establish annually either (a) a national acreage allotment adequate to provide the production needed, together with; (1) the estimated carryover at the beginning of the marketing year which begins in the next calendar year, and (2) the estimated imports during such marketing year to make available a normal supply of cotton; or (b) a domestic allotment designed to produce a quantity of cotton equal to estimated domestic consumption of cotton for the marketing year beginning in the year in which the crop is to be produced, except that such allotment shall not be less than 85 per centum of the domestic allotment for the preceding crop.

Of course, what I am suggesting is that a program could be approached in either of two ways. We can continue the type allotment program we have had for the last 25 or 30 years, setting up a national allotment, or in my opinion, you can use the approach recommended by the current administration in its set-aside proposal. And either one could be made to work.

The national average planted yield per acre of cotton for the 4 years immediately preceding the year in which the allotment is being determined should be used in computing either the national or domestic acreage allotment, whichever approach was used.

Either of the above procedures would nullify the 16 million minimum national acreage allotment provided for by current legislation.

Allotment established under either 3(a) and 3(b) above would be distributed to the States, counties, and farms in accordance with present law.

In my opinion cotton production trends during the past 4 years indicate a very substantial percentage of cotton producers will plant only the acreage required in order to qualify for their payments. It seems to me, therefore, highly doubtful that the domestic allotment proposal (3(b) above—USDA proposal) would result in sufficient cotton being produced to fulfill our domestic and export requirements and maintain a reasonable carryover. This dangerous situation could be eliminated by authorizing the Secretary of Agriculture to require cotton producers to plant a fixed percentage in excess of their domestic allotment in order to qualify for price support payments—for example, 110 or 120 percent—of the domestic allotments. Everyone familiar with the cotton industry should be aware of the importance of assuring both our domestic mills and foreign customers that adequate supplies of the various qualities of cotton will be available.

4. We would strongly recommend eliminating Government loans on cotton. I am aware, however, that this may not be within the realm of possibility and, therefore, we would recommend that price support loans be made available to all participating producers on all cotton

produced from the 1971 and succeeding crops, at a rate not in excess of 80 percent of the average price for Middling 1-inch cotton in the designated spot markets in the 3 marketing years preceding the marketing year in which such level is announced. In order to qualify for a loan, if the Secretary so determines, a producer would be required to set aside an acreage of cropland equal to the farm set-aside acreage determined for his farm, which would be in addition to any conserving base, which may have been determined for his farm. Based on 1966-68 price data—latest price data available—this provision would provide for a loan level not in excess of 18.6 cents per pound.

We feel that the U.S. loan should not be tied to world prices for two basic reasons.

First, it is impossible to estimate what world prices are going to be.

Second, U.S. prices are the basic consideration in the determination of world price. We, for all practical purposes, determine world prices when we fix our loan rates and when the CCC sets its sale policy. Foreign countries move their price a few points above us, and then that presumably becomes the world price.

5. Make price support payments directly to the producer on his actual production, (a) total cotton acreage allotment, or (b) domestic cotton acreage allotment.

The rate of the payment would depend on whether it was based on a total or domestic cotton allotment. The rate of payment should be related to the average farm price of cotton for the month the cotton was sold and be fixed at a level which would provide cotton producers a reasonable return on their capital investment, labor, and managerial ability. These variable payments based on the average farm price of cotton would serve as an incentive to producers to be more efficient in the production and marketing of cotton and would substitute for the provisions of current legislation which require that the price support payment and loan level equal a fixed percentage of parity.

6. Eliminate all special small farm payment provisions and provide transitional programs to assist small cotton farmers in making the necessary adjustment to nonagricultural pursuits and to provide opportunities for gainful employment.

7. Eliminate many of the restrictions which currently apply to the sale and lease of allotments.

8. There is no economic justification for limiting the size of payment a producer may earn under the farm program. If, however, payment limitations become inevitable, they should be based on a sliding scale, and the Secretary should be authorized to adjust the set-aside requirements to make it easier for producers affected by such limitations.

9. Improve the cotton crop insurance program to protect the producers against crop disasters and then make it available in all counties in the United States which produce cotton.

In closing, let me repeat that we are headed in the right direction under our current program. It is imperative that we maintain and expand the progress made during the past 4 years. All segments of the industry should unite behind corrective amendments and insist

on better administration. Unfortunately, we are running out of time. The year of grace the 90th Congress provided by extending the existing farm program until December 31, 1970, has about expired. In a few short months the cotton industry will be in dire need of information on future cotton programs. We urge, therefore, that this committee move with dispatch in reporting out a bill strengthening and extending our current cotton program.

Thank you, Mr. Chairman, for the opportunity to present the views of our exchange on cotton legislation.

Mr. ABERNETHY. Thank you very much, Mr. Rhodes.

Is it your opinion that the occupation of producing cotton has reached a point now that we cannot be assured under the current situation that an adequate crop of cotton will be produced to maintain a healthy cotton economy in this country?

Mr. RHODES. In my opinion—

Mr. ABERNETHY. In other words, is the problem confronting us one of surplus or is it one of deficit, and should the emphasis be put on encouraging production and retaining production?

Mr. RHODES. In my opinion, Chairman Abernethy, the great majority of cotton farmers cannot produce cotton for the price it will sell for in the marketplace. I think, we, for the foreseeable future, are going to have to continue a payment program.

In my opinion, if the payments are based entirely on an allotment which is designed to produce only domestic requirements, it is highly doubtful that enough cotton farmers would exceed their domestic allotment even though they would be given permission to do so, to produce an adequate supply for export and maintain a reasonable carryover in this country.

Mr. ABERNETHY. What do you anticipate? Your judgment is that if we just set up the program and leave the rest up to the farmers, we won't get an adequate crop?

Mr. RHODES. Yes, and that is why I said, and recommended in my statement, if you follow the domestic allotment approach that the Secretary should be given authority to require the producer to plant 110 or 120 percent of his domestic allotment, if necessary.

In other words, to qualify for his payment.

If I may go one step further, I would recommend that we continue the present system of setting up a total allotment. But I am aware of the fact that there is a great conflict in this country, and some want to do it one way and some want to do it another.

I am merely pointing out that it could be done either way.

Mr. ABERNETHY. But you do agree that this is a risk that we can't afford to take?

Mr. RHODES. Definitely so.

Mr. ABERNETHY. You are not testifying simply as an officer of the cotton exchange, you have had a lot of experience with cotton?

Mr. RHODES. About 40 years.

Mr. ABERNETHY. Would you put something in the record, some of the background you have in the field of cotton? I am sure it should be in the record.

How long were you with the department?

Mr. RHODES. The department, 27 years.

Mr. ABERNETHY. In what branch of the department?

Mr. RHODES. Well, at one stage I was director of the division of price, and later I was an assistant to the administrator of what was then called the production and marketing administration.

From that position I became director, office of requirements and allocations charged with allocating food and fibers to foreign countries after World War II.

In 1952 I took over what was called the cotton branch, which at that time handled all cotton programs, research, and marketing classifying of cotton, and the acreage allotment and marketing quota program.

Mr. ABERNETHY. And in addition you are still producing cotton?

Mr. RHODES. Our family has been growing cotton since 1922 in New Madrid County, Mo.

Mr. ABERNETHY. I was interested in your statement about projected yields, is it not your view that the use of this provision has encouraged a good many people to plant a crop, collect their payment, and then just let it go?

Mr. RHODES. It is an absolute known fact, Congressman Abernethy, it has happened throughout the belt.

In addition to that, it is most difficult to set accurate projected yields for the 600,000 farms throughout the belt. We know there is a lot of juggling that takes place in setting these yields, and it seems to me there is only one advantage in basing payments on projected yield, it does provide an element of insurance.

That is the reason I made it a specific point here that we should strengthen the insurance program. I think the Government should provide a program under which it would be possible for a cotton farmer to insure himself if he wants to. But I don't think the two should be tied together.

Mr. ABERNETHY. To what extent would it be helpful to those during disaster? I think that has been part of the objective of it, but at the same time it has produced some burdens in the cotton industry.

Now, you recognize we are faced with the practical situation of support payments.

Mr. RHODES. Yes.

Mr. ABERNETHY. Back to the production. Unless we get a crop at a certain level, and I would assume you would agree with the general objectives, the level about 12 million bales, as everyone, most everyone suggested including the department, that if we don't have a program that insures us of getting 12 million bales, we are definitely phasing this country out of the cotton business, and we cannot afford not to make the mistake of not getting 12 million?

Mr. RHODES. I agree entirely.

Mr. ABERNETHY. Once the mistake is made it is too late to correct; is that right?

Mr. RHODES. That is correct. The market is gone.

One of the things I think I can see is that a number of people in this country are prepared for the United States to give up its export market entirely, and be satisfied with producing cotton only for domestic consumption. This would be harmful to the whole industry, in my opinion.

Mr. ABERNETHY. Mr. Sisk.

Mr. SISK. Mr. Chairman, I want to join you in commenting on Mr. Rhodes' statement, I think he did a very excellent job.

I think the chairman has discussed some of the points that I had in mind with you. I know you have made considerable studies of the problems under the administration's set-aside program. I think you have already illustrated that in your statement.

I would like you to comment a little further, do you feel under the proposed projections that the Department has, that we will get anything closer to the 12 million or 13 million bales that we agree we must have in the cotton business? I recognize we are still working with unanswered details.

Mr. RHODES. I am very happy to comment on it, and I have talked with a number of men in the Department on this very point. Of course, the rates that are set for the loan program and the rates that are set under the payment program will have a great deal of effect on the amount of production we get. But in general, I have great fear that if you took the Department's proposal as I understand it, that you would not produce an adequate supply of cotton for domestic and export requirements and maintain a reasonable carryover.

I say this because this country should have a much bigger carryover than we used to think necessary. The old law provided for about a 4-million bale carryover, and that is no longer adequate in my opinion. I would say the department needs to take a further look at that phase of it, and I also have some doubts about their set-aside provision—If it is true that they are thinking about requiring cotton producers to set aside 75 to 100 percent of their domestic allotment. I have not been able to find out for sure what percentage they are thinking of. A reasonable level would probably be acceptable to most farmers—But if it is set too high, I think, it would become a very controversial issue.

Mr. SISK. My concern is, of course, not to do something that is actually going to discourage production and make it impossible for us to get an amount of cotton produced. I am afraid, and here again I am not being critical because I recognize there are still a lot of if's, and's, and but's, they are overoptimistic under their provision as to what can be produced. This is why I think it is necessary that we examine and try to be sure that we leave ample flexibility to move in quickly and make changes that would permit moving up or getting ready for production.

You discussed briefly the matter of price. As I understand it, you would rather have a lot price. In view of the practicalities which I think you will have to agree we are going to have some kind of loan rates. You propose to set the loan on a moving rate rather than a fixed rate, is that correct?

Mr. RHODES. Yes, sir. I have come to the conclusions we should set our own loan rates on domestic prices partly because we have an excellent system in the United States of determining prices, and daily announcing them to the public. I think it would be much better if our loan rates were based on the average of the 12 spot markets, that are published daily in this country.

Mr. SISK. You would provide 80 percent?

Mr. RHODES. Eighty percent as the maximum.

Mr. SISK. In other words, you set that as a maximum and it could go down to 70 or 75?

Mr. RHODES. That is right, that is my opinion. We have got to get our loan down lower for a period of time if we are really going to get back in the foreign market.

Mr. SISK. I agree, and I think it is certainly essential. We have to build up or regain more foreign markets in your opinion, this then would afford operating as an umbrella to the rest of the world to duck under us and undersell us?

Mr. RHODES. The reason I would like to get rid of the loan is that it tends to be a ceiling rather than a floor. It is designed as a floor but it has operated as a ceiling.

I made a trip to Memphis, and through the Southeast area in the past week. When you talk to cotton buyers about cotton prices, they always quote a price based on the loan rate for a given quality of cotton. Every price they quote you is tied to the loan. If we didn't have a loan, in my opinion, you might have an active market and it might very well be at a substantially higher level.

Mr. SISK. Mr. Chairman, one more question.

Mr. ABERNETHY. Go ahead.

Mr. SISK. Because of the many, many years of experience you had in the Department dealing with the problems of cotton production and domestic sales and foreign sales, you know what our problems are in connection with this question of how we determine these payments, whether we pay them on the domestic allotment or total. I have some strong feelings in this area. Yet based on the problems as they are presented to us by the Department, if we put them on a total allotment we are going to run into the GATT agreement, et cetera. Because of your experience through the years, going back to the beginning of GATT and some of these price agreements, would you comment on their effect. I am not seeking criticism. I think the department would like this also. They seem to feel they will run head-on into the State Department.

Mr. RHODES. I think you are almost certain to run into difficulty with the State Department if you make the payments on the total allotment. In the days I spent in the Department of Agriculture I didn't worry too much about running into the State Department if I could still win my battle.

I think, however, if you can work out a system under which you are theoretically making payments on the domestic portion, but still get the production we need, then it might be less controversial. It might work to our advantage, but I certainly would say, Congressman Sisk, that if such a system cannot be designed, rather than run any risk of not producing adequate cotton, I would recommend payments be based on the total production and carry on the battles where we have to carry them on, whether it is with the State Department or in the realm of the international agreements such as GATT.

Mr. ABERNETHY. Would the gentleman yield?

In some of our conferences it was suggested, it wasn't my idea, maybe I would raise the question in the conference, oppose the point. However, that a payment be made on the cost of production to insure the cost of production, such as Mr. Bracey testified to this morning. Would the Department raise the question that this might be in conflict with

our GATT? We know a brief was prepared on the point and submitted to the Department. One of the assistant secretaries advised me after they studied the brief that it would not conflict with GATT. Such a payment would not be contrary to the GATT agreement.

Mr. SISK. I agree with the comments of the distinguished Chairman. I had some reservations myself. I remember early in my career, Mr. Chairman, I think back in 1956 or 1955, we went down to the White House and we were requesting the then President Eisenhower to get in the foreign market. I remember certain people standing next to the President, and I am sure the distinguished gentleman from Mississippi was in that group.

Mr. ABERNETHY. We have a provision in the law which the gentleman from North Carolina referred to, and made it the law of the land. They had to export cotton at the world price. I don't see that it caused us any problem in the foreign countries.

Mr. SISK. I thank you, Mr. Chairman, and I thank you very, very much.

Mr. ABERNETHY. Mr. Mizell?

Mr. MIZELL. You made a statement, Mr. Rhodes, that I would like you to comment on further.

You said that if we could eliminate the loans there is a good probability that the price might even be higher than it is with the loan program.

Mr. RHODES. Yes, sir. In my opinion if you have a real low loan it does not do any good, and it may do some damage. I think that in the first year or two, at least the first year, cotton prices would probably go to the loan level. I think once you get the market working and the supply and demand controlling the market, that you will have a price movement up and down with supply and demand, and you very well could have a higher price in the marketplace without a loan than you do have under our current program.

Mr. MIZELL. Do you think it would increase competitive bidding for cotton, and therefore bring a better price?

Mr. RHODES. Certainly, if the loan is not the controlling price, if you let supply and demand operate like it operates in normal business, then eventually in a matter of 2 or 3 years you would have a better market, a wider market.

Mr. MIZELL. Thank you, Mr. Chairman.

Mr. ABERNETHY. Mr. Burlison?

Mr. BURLISON. I would like to commend you for your fine statement. I want to briefly cover only two points in your statement.

On page 5 where you advocate a little more incentive, encouragement for higher cotton production by the Secretary requiring participants in the program to plant 110 or 120 percent of their allotment in order to participate in the program.

Well, under this would the farmer be paid a direct payment on this additional that he is being required to produce, or would this just be a part of the price of participating in the program?

Mr. RHODES. It would be a requirement to qualify for payment under the program.

In other words, if you operated on a domestic allotment only, then the Secretary may have one or two or three things that the producer is required to do in order to qualify for his payment. One

might be he has to plant 110 percent of his allotment and another might be that he has to meet his set-aside requirement. And in some areas producers have "conservation reserves" they are required to satisfy.

Mr. BURLISON. The other point is the question of basing direct payments on the actual versus the projected yield. I think that probably you are very familiar with the weather conditions that we had in south-east Missouri in 1965, 1966, and 1967. Three consecutive years of virtual disaster as far as the farmer who was trying to produce cotton was concerned.

Don't you feel that on the actual payment basis that all of our farmers, our large farmers and small farmers, would have been bankrupt by these 3 years?

Mr. RHODES. Well, without some other type of insurance, I think it would have been a very drastic situation.

Therefore, I suggest you do away with projected yields, but provide insurance protection so that a cotton farmer can take insurance on his crop in a normal manner through an insurance policy rather than trying to obtain insurance through a system of protected yields.

Mr. BURLISON. Won't it be at a cost to the producer?

Mr. RHODES. Yes, sir; it certainly would.

Mr. BURLISON. Would it be likely the proceeds of insurance on a lost crop would be equal to 100 percent of his normal year's return?

Mr. RHODES. Well, I think that would depend on the way the insurance was developed. In my opinion, the present insurance, under the Federal Crop Insurance Corporation, is not adequate. My recommendation is that it be strengthened, increased, and made available in every county where cotton is produced.

Mr. BURLISON. Thank you very much.

Mr. ABERNETHY. Mr. O'Neal?

Mr. O'NEAL. No questions.

Mr. ABERNETHY. Thank you, Mr. Rhodes. You have been very helpful.

The committee will stand recessed until tomorrow morning at 10 o'clock.

(Whereupon, at 11:55 a.m., the subcommittee recessed, to reconvene tomorrow, Wednesday, November 19, 1969, at 10 a.m.)

COTTON

WEDNESDAY, NOVEMBER 19, 1969

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COTTON OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:10 a.m., in room 1302, Longworth House Office Building, Hon. Thomas G. Abernethy (chairman of the subcommittee) presiding.

Present: Representatives Abernethy, Sisk, Burlison, Price of Texas, and Mizell.

Also present: Representative Alexander.

Lacey C. Sharp, general counsel; Mrs. Martha S. Hannah, subcommittee clerk; and Fred Ward, assistant staff consultant.

Mr. ABERNETHY. The subcommittee has reconvened this morning for the purpose of taking further testimony on legislation relating to cotton.

The first witness will be Mr. J. E. Mayes, president of the National Cotton Council.

Mr. Mayes is accompanied by Dr. C. R. Sayre, of Greenwood, Miss., Mr. Joe Pate, of Lubbock, Tex., Mr. Bruce Lynn, of Gilliam, La., and Mr. Joe Sheely, Tolleson, Ariz.

STATEMENT OF J. E. MAYES, PRESIDENT, NATIONAL COTTON COUNCIL

Mr. MAYES. Thank you, Mr. Chairman.

My name is J. E. Mayes. I am a cotton farmer of Mayesville, S.C., and this year I serve as president of the National Cotton Council.

My appearance here today is in behalf of that organization, which has its headquarters in Memphis, Tenn.

The council is the central organization of the American cotton industry, representing cotton producers, ginner, merchants, warehousemen, cooperatives, cotton textile manufacturers, and cottonseed crushers.

Others in our delegation are Dr. C. R. Sayre, of Greenwood, Miss., who is chairman of our industry practices and policies committee; Mr. Bruce N. Lynn, of Gilliam, Tex., who is chairman of our producer steering committee; Mr. Joe Pate, of Lubbock, Tex., who represents that State on our producer steering committee, and Mr. Joe A. Sheely, of Tolleson, Ariz., who is the western regional producer member of our board.

Dr. Sayre will present the details of our position which bear in new cotton legislation.

Of course, all members of our delegation are available to the subcommittee for comment.

Before calling on Dr. Sayre, I would like to comment on one of the key questions involved in shaping a Government cotton program for the future. This is the question of whether the whole Nation has a vital stake in maintaining a strong, vigorous cotton economy.

In searching for the answer, we cannot limit our concern to the 1,300,000 Americans who live on cotton farms or the 5 million Americans who depend to an important extent upon employment involved in producing, marketing, and processing cotton and cottonseed. We cannot think only of the fact that cotton is a great source of base income, with a very substantial effect upon the entire economies of these 14 States.

We must consider what is important to all citizens in every town, farm, and city throughout this country. Of course, it is in their interest for our cotton economy to be prosperous, but there is far more than this to concern them.

The entire textile industry of the United States—omitting tire fabric—still consumes almost as many pounds of cotton as all the manmade fibers combined. The entire spinning industry—which uses rayon, polyester, wool, and all the rest—still relies upon cotton for more than 60 percent of all the fiber it consumes. Our whole great textile industry depends vitally upon cotton as its leading raw material.

Our textile industry employs a million workers. Beyond that nearly 1½ million more are employed in the manufacture of clothing. The retail sales of clothing alone now total \$50 billion a year, not to mention the textile-home furnishings and industrial uses. Cotton, the leading raw material of all this enterprise, is a basic and vital ingredient of the Nation's employment and stability. If the supply is short, crisis can come quickly. The mere threat of a shortage in 1967 sent prices soaring.

For all consumers, cotton has a special importance. They want the comfort and reliability of cotton products in many uses, but this is not all. They need to keep cotton alive as a strong competitor for the privilege of serving them. If we believe in competition and in the value of the small businessman in a healthy society, we must recognize what it means for this country to have 300,000 separate cotton farmers competing with an industry which is dominated by three or four synthetic fiber companies. If our cotton is destroyed and our textile economy becomes dependent on these few companies, the whole competitive drive to serve the consumer with abundant, low-cost constantly improving fiber products will surely suffer. It is important to all citizens to keep cotton in the contest with manmade fibers.

In the drive to hold down inflation, we cannot afford to give up the competitive influence of cotton. We have the official figures on the average prices received by farmers for all qualities of upland cotton during the months of August, September, and October. They average just about 20½ cents a pound. That is lower than the average price received in any season during the past quarter of a century. If we average the prices received by farmers in the same 3 months of every season throughout the decade of the 1950's, we find that it came to 34¼ cents a pound. This season's price is nearly 14 cents lower

than the average price of the last decade. We hear a lot about the cost of Government payments to the taxpayer, but let me point out that the market price plus the payment per pound of projected yield on the domestic allotment adds to little more than the price which the farmer got from the market alone in the last decade. When the American citizen looks at himself in the combined role of taxpayer and consumer, he has to acknowledge that cotton is not draining the pocketbook but is serving his interests far better than most other commodities and most other sectors of the economy.

And what about the impact of the rest of agriculture if cotton is destroyed?

Our resources would make a great deal of trouble for all of agriculture if we were forced to convert our rich land to other crops and enterprises. Instead of competing with other farmers for their markets, we think our soundest course is to solve the cotton problem and build cotton's markets.

Cotton is a great international commodity. Just as it is vital to a great deal of employment in this country, so it is in most other countries of the world. We have long been the world's leading cotton producer and exporter, and this is one source of national strength. Cotton is a very important earner of foreign exchange. Our country has the capacity to make cotton competitive and dynamic through technology, capital, modern management, and the sophisticated marketing techniques which are now required. This opportunity is unique for us, since most other countries with the soil and climate to grow cotton are in the underdeveloped category.

If all these are understood, it seems clear enough that our country needs its cotton economy. It seems clear that our Government can afford to act in partnership with cotton producers to insure adequate supplies at stable and competitive prices and to have forward-looking programs of costcutting and product improvement. The recommendations Dr. Sayre will discuss with you are based on that assumption.

I do want to say just a word about how these recommendations of the Council were developed. By agreement of all the interests in the Council, the producer group takes the initiative in coming up with cotton program proposals for the entire organization. This is partly because the producers have the most at stake, and partly because their large numbers make it difficult for them to establish a broad base of agreement among themselves.

We worked at this job through the Council's producer steering committee, which is elected by our producer delegates and which represents all 14 of the major cotton States. The delegates who elected the committee were selected by 32 cotton-producer organizations in the 14 major States.

The committee started its policy development job in the fall of 1968. In addition to meeting itself, the committee held regional-producer meetings across the Cotton Belt to discuss objectives and proposals. At the Council's annual meeting in February of this year, the producer committee presented its recommendations to our industry practices and policies committee, and they were approved. Our entire delegate body approved these recommendations as cotton program guidelines, with the understanding that they could be further modified by the Board during the year.

Subsequently, the producer steering committee held another belt-wide meeting of producer leaders. The guidelines were reconsidered and modified in some respects by the committee. Then they were submitted to our full Board, where all interests were represented, in early September. With a few modifications, the Board approved the producer guidelines and they became official Council policy.

We are not here to tell this subcommittee that all cotton people are in complete agreement on each and every aspect of a future cotton program. Obviously, that is impossible in an industry as big and diverse as ours. But the Council's positions do reflect a very strong consensus in the industry on the essentials of a cotton program under which we can survive and go forward.

This is the background on the Council policy positions which Dr. Sayre will discuss with you now.

Mr. ABERNETHY. Thank you very much, Mr. Mayes.

Dr. Sayre.

STATEMENT OF DR. C. R. SAYRE, CHAIRMAN, INDUSTRY PRACTICES AND POLICIES COMMITTEE, NATIONAL COTTON COUNCIL

Dr. SAYRE. The recommendations of the National Cotton Council, to which our president has referred, are embodied in a brief policy statement, with only 13 provisions. They offer a sound and balanced approach to the future. These provisions are the primary framework for this statement which we would like, Mr. Chairman, to request be made a part of this record.

Mr. ABERNETHY. Permission granted.

(The recommendations referred to follow:)

RECOMMENDATIONS ADOPTED BY NATIONAL COTTON COUNCIL BOARD SEPTEMBER 5, AS BASIS FOR NEW COTTON LEGISLATION

1. Maintain competitive one-price cotton on a permanent basis;
2. Develop experimental programs that will lead to new products at home and abroad for the purpose of achieving full utilization of U.S. cotton, to be marketed under the one-price system;
3. Provide for a loan level of 90 percent of the world price with the determination of such price being made in a manner which will accurately reflect market conditions for the immediately preceding year or years;
4. Provide for dependable supplies of American cotton which are fully adequate to meet the requirements of modern competition at home and abroad;
5. Provide that the release of Government stocks may occur only at price levels, clearly defined by legislation, which will allow the marketing system to function effectively in adjusting supply-demand relationships between the different qualities of cotton, and which will permit farmers to make maximum use of normal trade channels in selling their current crop;
6. Establish an acreage allotment system aimed at providing the production actually needed each season for domestic consumption, exports, and a carry-over adequate for an expanding offtake;
7. Facilitate the sale and lease of allotments by urging: (a) that no limit be placed on the acreage allotment which may be transferred from farm to farm; (b) that transfers be permitted between any farms in a State; and (c) that the period during which transfers are permitted be as long as practicable;
8. Recognize that the industry's most urgent problem is to reduce production and marketing costs; and place maximum possible emphasis on a crash program of research and education to overcome that problem and permit the industry, within a reasonable time, to achieve self-sufficiency in meeting price competition;

9. Recognize that in the immediately foreseeable future, some form of cost adjustment must be provided in order for producers to sell at a competitive price and receive a reasonable return for labor, management, and investment;

10. Provide that such cost adjustment be made to the commodity rather than to the producer;

11. Strengthen the crop insurance program to provide adequate protection for high-cost, high-risk crops such as cotton;

12. Strengthen to the greatest extent possible industry advice and participation in the administrative decisions made with respect to the cotton program;

13. Reaffirm previous Council resolutions which: (a) oppose limitations on any farmer's benefits from a price support or payment program; (b) recognize the necessity of quantitative restraints on the expansion of textile imports; and (c) recognize that an adequate export market is vitally dependent on product development and promotion together with dependable supplies and competitive pricing.

Dr. SAYRE. We have to be competitive in price on a one-price basis. The requirements of price competition are just as severe today with synthetic fibers in the domestic market as with synthetics and foreign cotton in the export field.

Being competitive in price does not mean simply that the price should be low. A reasonably stable and dependable price is fully as important in modern fiber competition as the level of the price. Our customers at home and abroad must be made to feel that they can count upon getting all the required qualities of our cotton at prices that will fluctuate only within a reasonable range—let's say a few cents a pound. Otherwise, we put ourselves at a terrific disadvantage against the man-made fibers, which tend to be pretty stable in price. Our experience in the fall of 1967 affords a vivid illustration of how not to be competitive. We never ran out of cotton or came close to it. We had nothing like the shortage which might actually be faced sometime in the future unless we are very careful. What we really had was just the fear of a shortage, but that fear took hold of the market and ran up prices very sharply and very briefly. Any good that the farmer got out of it was offset many times over any long-lasting damage to his markets both at home and abroad.

Now, this experience underlines the critical need for government policies aimed at making the adequacy of our cotton supply dependable in the future. This means that a whole range of problems should be dealt with most carefully. The production goals of any year, as set by the Federal Government, should be large enough to ensure an adequate supply even in those years when the weather proves unfavorable for the belt as a whole. The carryover at the end of the season on August 1, should start with a minimum base of 50 percent of the average offtake for the previous three seasons in order to continue serving the market for many months until the new or next crop is fully available. And it should contain an additional amount to cover quality imbalances in our cotton stocks and uncertainties of demand caused by poor cotton-growing weather abroad, the textile cycle, and changes in foreign cotton stocks. The law now directs the Secretary of Agriculture:

To provide a continuous and stable supply of the different qualities of cotton needed in the United States and in foreign cotton-consuming countries, and for purposes of national security.

This provision of law must be fully implemented at all times. We simply cannot compete with synthetics, which are produced every day throughout the year under precise factory controls and in the quali-

ties and quantities that customers require, unless we have a supply of cotton sufficient to meet any eventuality.

If the needed cotton is to be produced, the grower must have a reasonable incentive to produce it. We will come back to this subject later. But there are other considerations as well.

The cottongrower needs more adequate crop insurance. It takes a very big cash investment just to get a crop produced today, if the lending institutions are to go on financing cotton production, and if farmers are to take the risk involved, better and fuller safeguards against disaster in case of a crop failure must be provided. There are a number of ways that this might be approached. We feel that real possibilities lie in moving toward a farmer-owned crop insurance operation similar to the Farm Credit System.

We need firm guidelines spelled out in the law itself as to the influence which the Federal Government will have upon the price of cotton. This should not be left to the full discretion of administrators.

We recommend that the loan be set by law at 90 percent of a world price determined by actual market experience over the preceding 2 years and that the method of computing such price be a matter of public record so everyone that is concerned will know in advance exactly how it is to be determined. The only deviation that should be permitted would be a directive to the Secretary to adjust for any abnormalities that might occur in world prices which would force our price out of competitive range on the high side. The loan itself would, of course, take care of such a contingency on the low side.

Likewise, the method of releasing cotton out of Government stocks should be firmly governed by the law itself. We must always remember that if a truly adequate supply policy is to be adopted, there will be some seasons when good weather or a downturn in the demand cycle will cause excessive stocks to accumulate. The presence of such stocks should not be allowed to depress the market because of the fear of what the administrators might decide to do. Rather the excess stocks should be liquidated under rules defined clearly by the Congress itself, certainly at not less than 110 percent of the loan price plus carrying charges. The Department of Agriculture is presently studying loan procedures to determine whether some change in the loan maturity date would be desirable. The findings of this study should be considered in connection with the Government's cotton stock policy.

Enormous progress has been made over recent years in reducing cotton production costs. Since the end of World War II the labor required to produce a bale of cotton has been reduced from 175 man-hours to 25, and yields have been increased more than 100 percent. Had it not been for this great progress cotton production costs would be more than double the present average cost of about 30 cents a pound and competition would have run us out of business long ago. But despite these gains, manmade fiber producers and foreign growers have brought down their costs even more, until today our cotton has to sell far below average production cost to compete with them in price.

Obviously, our greatest need is to reduce our cotton production costs still further. And our greatest hope for the future lies in the fact that we do have a real potential for doing so. We have the assurances of the top research people in USDA, the State experiment stations and private industry that cotton production costs can be reduced by the

full amount of our present cost-price differential, if the research attack that has already been blueprinted is promptly carried out. The inclusion of this cost-cutting research operation and the extension activity to get results quickly into practice is an absolute essential in a successful cotton program—and thankfully this is one of the least expensive items in the program.

Another important factor in reducing costs is to permit the movement of cotton production into more efficient hands and areas. The present law provides for sale and lease of allotments but imposes restrictions that experience has shown to be undesirable. We recommend: (a) that no limit be placed on the acreage allotment which may be transferred from farm to farm; (b) that transfers be permitted between any farm in a State; and (c) that the period during which transfers are permitted be as long as practicable.

The problem of getting cotton produced is counterbalanced by the problem of building up the demand. Production and consumption must move upward through the years in a sound equilibrium. On the demand side the overpowering problem is that of meeting synthetic fiber competition at home and abroad. The synthetic producers are perfectly organized to use all the strategic tools of market penetration. We must be realistic in converting those tools or those same tools to the service of cotton. Research to develop new and better products is one of those tools and promotion to sell more cotton products is another. Cotton producers themselves, through the CPI, are now financing a big part of this kind of work which is done for cotton, but much more is needed to meet synthetic competition.

But what if a new product or process is developed which seems to hold promise for increasing the consumption of cotton?

Is it still necessary to interest a textile mill or some other industrial concern to taking the new process and putting it to commercial use? This usually involves a great deal of experimentation and market development by the industrial user, and that is a highly expensive and speculative kind of activity. The synthetic fiber companies have a ready-made answer to the problem. If they have something new and promising, they can go to the textile company and deal with it on a very practical basis. They can offer whatever incentive is needed to overcome the risk and the expense which the customer firm must encounter. The incentive can take any number of forms, or more likely, a combination of them: price concessions, the loan of expert personnel, promotional subsidies, and so on. One of our major handicaps in cotton is that we are not set up to do that kind of thing. This is a handicap to the consumer as well as to the producer. Therefore, we recommend that some practical means be found to finance experimental programs of this nature for cotton. Such programs are needed both in this country and in leading cotton-consuming countries abroad. They might take the form of price concessions on cotton in very limited and specific situations where this is necessary in order to get a new research development into practical trial and use. We feel very strongly that such activity is essential if cotton is to survive against modern competition. Of course, it would be entirely consistent with our general position in favor of a permanent one-price system.

We are not in favor of price differentiation between our domestic and foreign markets. We merely desire to let cotton compete effectively

on modern terms in both markets by use of methods which have long been employed by its synthetic competitors.

It is very true, of course, that we do need to give very special attention to our export problem. Cotton cannot fully serve the national interest without a strong export market. It should be pointed out with all emphasis that our exports last year were down to no more than half of what we could possibly consider normal and that the outlook for the new season shows no great improvement as of now. We must maintain a competitive price in the export field, and we must stress research and promotion to meet the synthetic threat in foreign markets as well as domestic.

Except for the very recent foreign cotton production increases caused by the price gyrations of 1967-68, our main losses in the export market in the last 5 years has gone to synthetic fibers rather than foreign cotton. This points toward a special need in foreign consuming countries for more emphasis on market development work of the kind our manmade fiber competitors have used against us so effectively. We need the continued cooperation of our Government in a whole range of activities aimed at making foreign users appreciate American cotton. In particular, we must maintain and strengthen the use of special credit arrangements to expedite the sale of our cotton abroad.

Ironically, we have encountered serious losses through imports as well as exports. International trade can hardly be called a two-way street where cotton is concerned. Our exports are seriously down and our imports are seriously up. The imports which concern us are in the form of manufactured products. Virtually all the upland cotton used by our domestic mills is grown by American producers, but the preponderance of the imported cotton textiles are made from cotton which is grown in other countries. Foreign grown cottons are undermining the domestic market for our own cotton.

From January through September of this year our imports of cotton in manufactured form have been at an annual rate of more than a million bales. Never before have our imports for the first 9 months been so high. This is occurring right in the face of a decline in domestic mill consumption. Mill consumption is down by 6 percent from these same months a year ago, while the imports are up by 3.2 percent. These imports, which were only 4 percent of our domestic mill market 10 years ago and 7 percent of it 5 years ago, are now 12½ percent of it, and continuing upward.

The long-term arrangement for trade in cotton textiles has kept this upsurge of imports from being even stronger. The long-term arrangement has to be renewed from time to time, and on each occasion the United States has had to make unreasonable concessions just to get the other countries to go along. The next renewal date is October 1 of next year, and already the negotiations are underway. What we need, if our domestic market is to be saved from cheap-labor textile imports, is essentially two things:

First: The long-term arrangement must be renewed on terms that are stronger, not weaker. It must be effective in holding cotton textile imports under reasonable restraint.

Second: Some similar forms of restraint must be established for the imports of textiles made from manmade fiber and wool. The man-made imports have been rising even faster than those from cotton,

and obviously they compete with cotton products and take away parts of our own market.

If either of these needs is to be met, the negotiators who represent us must tackle their job with a firm belief that the Congress of the United States is going to insist on action. It must be emphasized that the Congress makes the basic policies of this country, and that it has no intention to abandon our cotton people and our textile workers to the mercies of the trade negotiators of other nations.

We are not asking anything unreasonable, but only that our American economy be protected from unreasonable abuse. A recent U.N. study of the textile trade of 19 less-developed countries shows that they export four times as much textiles to the United States as to all the countries of the European Common Market and Japan combined. This is simply unreasonable.

All the problems which I have reviewed here are important, but underneath all of them is the fundamental question whether cotton producers are going to have the return which permits them to stay in production. For the immediate future, until costs can be lowered by means of technology and the economies which come with an expanded market, a very substantial cost adjustment will be necessary to make up the difference between what cotton has to sell for to compete in the market and what farmers have to have to pay the direct costs of production, to keep their operation efficient and productive and to give them sufficient return so that there will be enough cotton production over the years to supply the demand. The very first requirement of a cotton program is that it provide such a cost adjustment, sufficient in amount and paid on a sufficient number of bales to supply our domestic and export needs and build a carryover adequate for future market expansion.

On September 24 and again on October 30, the Secretary submitted to your committee a proposed cotton program which provided for a base farm-acreage allotment designed to produce in the aggregate only the cotton needed for domestic use. Payments, which the Secretary described as "income support" payments, would be made on the cotton produced on this "domestic" allotment. All production controls would be removed. Farmers could grow without penalty all the cotton they wanted to grow. A loan would be available presumably around or slightly below present market levels. To be eligible for this program a farmer would have to "set-aside" or idle a certain amount of his cropland. If he did not want to make the set-aside, he could stay outside the program, farm his land as he pleased without penalty, and forgo all program benefits—payments, loans, et cetera. Also payment limitations "in some form" would be imposed on this program.

The cotton council's committees and board have not had an opportunity to consider this specific proposal of the Department since it was offered. However, our recommendations do cover practically all major aspects of this proposal, except the set-aside. Therefore, I shall not comment here on the set-aside feature except to venture a personal opinion that our industry's attitude toward this provision will depend largely upon the degree to which the rest of the cotton program provides the assistance which we must have from Government to maintain a successful cotton industry in this country.

Our very serious concern over the Secretary's proposal is that it will not produce enough cotton to meet the demand, thereby shorting the supply, with all the disastrous consequences that I have previously described.

The Department's proposal is based on estimates and assumptions that there are sufficient farmers who, if given unlimited production, will have costs low enough to grow beyond their domestic allotment, without payments and for world prices, all the cotton needed for our export and carryover requirements.

We feel that both experience under the present program and prospects under the proposed program indicate the contrary. This year, the cotton payment is almost \$75 a bale on a domestic allotment of 65 percent of the farm allotment with a loan rate of 20½ cents per pound. Farmers holding only about half of the total cotton acreage allotment planted their domestic (paying) allotment. The others did not even plant their full domestic allotment, leaving about 3¼ million acres of cotton allotment unplanted. The Department estimated a 12-million-bale crop under this year's program but discouragements to production built into the program plus adverse weather has reduced the crop prospects to 10 million bales. The record clearly indicates the difficulties we are facing in getting adequate cotton production under even the present program.

Unfortunately, the Department's proposal not only fails to counter these difficulties, but would actually intensify them. The domestic allotment on which payments would be made would be reduced from 65 percent to about 50 percent of the farm allotment. No specific figures have yet been given as to the rates of payments or loans, but it is generally recognized that the budget problems will force a substantial reduction in payments and lower foreign cotton prices may require some reduction in the loan. How can all three of these reductions in the farmer's net returns from cotton result in anything but a substantial reduction in the cotton produced on the domestic, or paying, allotment?

But what about the increased production on the unlimited acreage beyond the paying allotment that the proposed program would provide? Will it make up for the reduction in the allotment production and go on to provide all the cotton needed to supply our markets? There is virtually no prospect that it will. Costs are substantially above selling prices for the great majority of even the larger, more efficient farms. For the near future inflation promises to force these costs higher before technology can bring them lower and competition from other fibers at home and abroad certainly will not permit selling prices to go any higher, and may drive them lower. Also, the reduced returns from the cotton produced on the allotment will mean reduced ability to carry the overhead on the nonallotment cotton.

In the light of the foregoing we do not believe the proposed program will provide adequate production, even without payment limitations. But if limitations should be applied to the payments as proposed under this program, the production prospects would become hopeless. The only hope for production beyond the allotment would be for the larger, more efficient farms and they would be the very ones put out of the cotton-producing business by limitations.

We have had a number of meetings with the Department in recent months pointing out the critical nature of this production-cost situation. Following a meeting on September 2, in which the Department asked for more specific information of the probable effect of limitations on production and especially on farmers' ability to obtain crop financing, cotton-producer organizations across the belt launched an intensive survey and 8 days later delivered their findings to the Department. The survey revealed probable reductions in production even more serious than we have feared. We would like to make a part of this record the statement summarizing the survey results which was presented to the Department in the transmittal letter from our producer chairman, Mr. Bruce Lynn of Louisiana, to Secretary Hardin.

Mr. ABERNETHY. Permission granted. Will anyone comment on that, Dr. Sayre?

Dr. SAYRE. No, sir; unless they are questioned about that.

Mr. ABERNETHY. All right.

(The statement summarizing survey results referred to follows:)

THE PAYMENTS LIMITATION ISSUE

(As presented to officials of USDA September 11, 1969)

We appreciate the opportunity to come here and discuss the payments limitation issue. This is a vital issue for cotton and agriculture. We emphasized this in our meeting with the Department on April 9, when we presented guidelines for a future cotton program developed by producers and endorsed by the cotton industry.

Obviously, the essential reason for payments to cotton farmers is to provide the incentive for growers to produce needed supplies, and to maintain a viable industry while our costs are being reduced so that payments will no longer be necessary.

Our case for an interim payment program rests on the assurance we have, from the highest authorities, that cotton costs can be drastically reduced through a crash research program coupled with intensified educational efforts.

One of the arguments advanced by limitation advocates is that the big producers don't need payments even now because their costs already are so low. We have examined this argument and we do not find it valid. True, there are some economies that go with scale. But figures, beyond a scale of perhaps a 200 acre allotment does not in itself promise lower costs per pound or per unit. It is obvious to us that a limitation would simply put many of our larger farmers out of business, and they are really the backbone of commercial cotton production. They are the innovators, the pace setters, the ones who have been taking the risks involved in production experiments aimed at increasing efficiency. Without them, the industry would lose its top leadership.

If our top producers were put out of business by a payments limitations, we could hardly hope to provide adequate cotton supplies for our domestic and export markets. This must be a prime consideration in any cotton program. We can cite any number of cases this year where large producers did not find it economically feasible to plant beyond their domestic allotments. If a limitation should be imposed on these producers, they would have no alternative except to cut their production back toward the level covered by payments. We think it is highly significant that farmers declined to plant over three million allotted acres this year. We are convinced that we would face a grave supply problem if a payments limitation should be imposed.

Inherent in the whole issue of payments limitation is the question of how cotton farmers could possibly operate efficiently with the limitation.

Growers affected by a limitation will try to reorganize their operations in ways that will minimize the effect of the limitation. This can only operate to reduce efficiency. Mr. C. F. Dierking, Vice President of the Arizona Bank, sums this up as follows: "Without the subsidy payment available to pledge as collateral the amount our bank will be able to loan farmers will be restricted to the normal production budget and under this only the most affluent can farm.

Consequently, if the subsidy payment is limited, we are going to see a reshuffling in who grows cotton. This would be primarily in the tenant farmer who relies on his subsidy to make rental payments, etc."

Think, too, about the restriction on production credit brought about by the payments limitation where the grower couldn't escape its effects. On this I quote Mr. R. H. Ross, President of the Phillips National Bank of Helena, Arkansas: "Now as to the effect on the business relationship between the cotton producer and his bank, we are quite frank in saying that we would recommend to each such producer that he curtail his production where the price support payments would not apply. If he insisted on producing the cotton without the benefit of a price support payment, we would be able to finance him only if his net worth could survive a disaster, and we feel that we would be unhappy spectators on the sidelines watching such a producer tear down in a short time what it has taken him many years to build up."

The Planters Production Credit Association at Osceola, Arkansas, views the matter as follows: "Our loan papers reflect now for the crop year of 1969 the fact that most farmers are having a very difficult time making income equal the expense of production. We in the lending business can only afford to make crop loans when the repayment capacity indicates that there is ample margin under normal conditions for the producer to meet his obligations. Of course the government payments are a large part of this repayment capacity . . . You can readily see that if limitations are imposed, this would drastically affect the larger producers and would force them to cut back their operations to the point of maximum efficiency from the income standpoint."

The Farm Credit Banks of New Orleans has made a study of the effect of a payments limitation on the Fifth Farm Credit District. Among the findings:

(1) "A limitation of government payments would greatly reduce the repayment ability of the cotton farmer, thus limiting the amount of credit that could be extended.

(2) "A limitation of government payments would probably bring about a reduction in cotton acreage, thus having a critical effect on the entire economy of the Fifth Farm Credit District."

Further on this point of a payments limitation curtailing cotton production, let me quote briefly from a study conducted this year by the University of Arizona in Pinal County of that state. "Apparently, a large number of cotton growers in Pinal County found it unprofitable to grow cotton without direct government price support payments because only forty per cent of the land that could have been planted in cotton in 1969 without the payments was actually planted. Of this land not planted to cotton, about half was planted to other crops, and half remained idle. It appears that payment limitations would result in substantial reductions in land planted to cotton and substantial effects on firms supplying inputs used in cotton."

It has been suggested that cotton growers might be able to accommodate themselves to a payments limitation by sale of land, by leasing, etc.

Mr. Lee F. York, Executive Vice President of the First National Bank of Lubbock, Texas, an institution which has historically handled production loans for cotton producers amounting to 6 to 7 million dollars annually, comments on this assumption as follows:

"Area farmers are not likely to be able to reduce their farming operations by selling land or selling part of their machinery and tools or leasing out part of their farm land. First, the prospective buyer is likely to be a fairly successful moderate sized farmer and if he buys more land, he might bump his head against the \$20,000 payment limitation; so he is no prospect.

"Another prospect to buy the land or the surplus machinery might have the desire but our banks probably couldn't lend him money under the conditions of his low crop income and low and sharply curtailed government payments.

"Land will go begging for buyers and prices will be forced down and down."

From California, the Producers Cotton Oil Company; the Bakersfield Production Credit Association; Anderson, Clayton & Company; the Bank of America and the Security Pacific National Bank—all of which are engaged in crop financing, have documents here which show:

(1) That around 50 per cent of the total cotton acreage in California would be affected by a \$20,000 limitation of payment. Further they estimate that with a limitation of that amount, approximately 20 per cent of the cotton acreage in California would be forced out of cotton due to inability to obtain crop financing. Since cotton farmers receive credit on their total farm operations,

this would mean almost one million acres of farm land in California could not be financed.

(2) They tell us that growers would simply face bankruptcy and would be forced to sell out provided buyers could be found. Land values of course would be greatly depressed, and attempts to shift to other crops would be disastrous to the market price of those commodities.

If we have a substantial drying up of cotton production because of a payments limitation, what is the grower going to do with the highly productive acres that are forced out of this crop? Soybeans are an obvious choice for many growers. But soybeans already are in slight oversupply, and this could lead to severe problems in an already troubled situation. We could see the same kind of problems come about with vegetables, citrus, nuts, feed grains, livestock, and so on. Any major reduction in cotton production would almost certainly lead to disruptions in the balance between major agricultural crops.

Drying up production—particularly when it applies to the most progressive cotton farmers—also would have an impact on the well-being of businesses which supply farmers with materials, machinery, services, and the like.

Mr. George K. Wade, who operates John Deere outlets in the Delta of Mississippi, sees the limitations matter in this light:

"Most of our customers here in the Mississippi Delta fall in the category of the larger farmers and they will be seriously hurt by drastic limitations. Our sales to these farmers are in the larger size tractors that sell from \$10,000 to \$15,000, combines that run as high as \$15,000 and cotton pickers at \$26,000 . . . if Congress passes a \$20,000 limitation it will mean that this equipment will not be sold—directly hurting the farm equipment dealer and will be of great concern to the manufacturers, labor unions, transportation companies, as well as the many suppliers who serve these manufacturers.

Mr. A. L. Crossland, Vice President of Arkla Chemical Corporation in Little Rock, sizes up the impact like this: "While we have no accurate measurement yardstick to rely upon, our own business, representing a sixty million dollar investment, would be curtailed by approximately 35%."

Mr. R. C. Harnden, President of Harnden-Thornton & Company in Memphis, an agricultural chemical formulator and distributor, says: "It is my firm conviction that a limitation of payments on cotton farmers will greatly reduce the number of efficient farmers who can survive because they must purchase supplies which are protected by tariffs that are not limited and which when produced in the United States are manufactured by workers protected by minimum wage and other laws that give the workers high incomes."

The impact of a payments limitation would, of course, reach right into the economic and social structure of cotton communities. It strikes at the very people who provide the leadership for progress, not only in cotton, but also in doing those things that promise a better life for all of the residents in many cotton oriented communities. By impairing the incomes of this group of producers and depreciating their capital assets, all manner of progress can be slowed or stopped. I would like to quote what John M. Baxter, President of the State Bank of Dermott, Arkansas, has to say on this point: "We also feel that limitation of payments would have a very strong effect on the economy in general of his area. Tax revenues would be reduced and civic improvements and school operations would lose necessary operating funds."

Mr. Owen Cooper, President of the Mississippi Chemical Corporation has this to say:

"I cannot believe that advocates of such limitations realize the adverse, multiplier effect such an arbitrary ceiling would have on a Southern economy already struggling with severe under-employment and poverty.

"It is a sad paradox that those who would suffer first and most harshly are the predominantly Negro laboring class, so heavily employed throughout the cotton industry and the innumerable small supply businesses dependent on a healthy cotton program. Ironically, only these larger cotton farmers are required by law to pay minimum wages, and in many cases they pay even higher wages. It is these same progressive farmers who are rapidly adopting such progressive fringe benefits as improved housing, or health and accident insurance. There is no question that a payments limitation would reverse these trends and add untold thousands to the unemployment rolls.

"It would be a tragedy to see our Congress on the one hand authorize millions for food and vocational training aid to the South, and with the other hand undermine the cotton industry—the largest employer and bread-earner in that same region.

"Only the most immediate effects will be regional. The direct and disastrous connection between the South's economic plight and big-city ghetto problems will again be felt when these unemployed migrate to those areas."

Such are the potential effects of a payments limitation—as we see them and as some of our key suppliers see them.

Now, there are those who say that a plan of payments limitation can be devised which will not have nearly this much adverse impact. It is our contention, first, that there is no way to devise a limitation plan that would be fair and sound. It is simply not in keeping with the traditions of our country to penalize bigness as such.

Beyond that, however, it is our deep conviction that any limitation plan—no matter how carefully conceived—would be subject to all kinds of disastrous changes as it made its way through the Congress in 1970. It also would be subject to drastic change every time a new agricultural appropriations bill comes up in future years. It would be a regular focal point for attack by the enemies of the farm program. In all likelihood, a limitation which started out at a relatively high level would be progressively reduced to the point where commercial cotton farmers might well be forced out of cotton production or even into bankruptcy.

The payments limitation problem is the toughest one we have ever faced. We are completely convinced that if the Secretary of Agriculture advances any payments limitation proposal—regardless of how fair it might seem—it would be unrecognizable when the bill comes out of Congress.

The worst thing that could happen to us would be for the top government spokesman in agriculture to advance any level of payments limitation. We say this with sincerity and a great deal of experience in working with the Congress on cotton matters.

It is our hope that when the Secretary goes before the agricultural committees of Congress, he will point out the disastrous consequences of a payments limitation and that he will study the documents we are leaving with you which reflect the opinions of those who supply and service our industry.

We would emphasize again our confidence that cotton costs can be sharply reduced through research and education in the years ahead, with resultant reductions in program costs to the taxpayer.

This completes our over-all statement. We have asked four of our leaders to make brief additional comments on the potential effects of a payments limitation in their respective areas.

(A letter dated September 11, 1969, from National Cotton Council of America (by Bruce N. Lynn, chairman, cotton producer steering committee) addressed to the Honorable Clifford Hardin, Secretary of Agriculture, follows:)

NATIONAL COTTON COUNCIL OF AMERICA,
Washington, D.C., September 11, 1969.

The Honorable CLIFFORD HARDIN,
Secretary of Agriculture,
Washington, D.C.

DEAR MR. SECRETARY: On September 2 representatives of organizations serving the several branches of the raw cotton industry met with your representatives to discuss the various features of a cotton program that might be embodied in a new farm bill.

The industry representatives at this meeting were very seriously concerned over the rather complacent attitude evidenced by some of the Department people toward the payments limitation issue, as contrasted with the major concern which exists regarding this matter throughout the cotton industry. Following the meeting, the producer representatives present agreed immediately to make a quick survey of some of the principal effects of a payments limitation throughout the Cotton Belt and make these findings available to you and your associates by September 11. This has been done using the National Cotton Council as a clearinghouse, and the information compiled is being turned over today to Mr. Kenneth Frick of your staff.

Frankly, the results of this very hurried and fragmentary survey are much worse than we had feared. So much so that we feel that it is imperative that you yourself look more deeply into this matter before reaching any final conclusion regarding payments limitation. We would urge that you have made promptly a comprehensive, in-depth study of a representative sample of major

cotton producing counties to ascertain the effect of a payments limitation on cotton production, the production of alternative crops, the agribusiness firms serving the industry, employment (especially of unskilled labor working on farms and in agricultural related enterprises), and on the general economy of the areas affected.

We pledge you the full cooperation and assistance of all branches of the cotton industry in taking such a study. Also we are sure from the contacts we have already made that you will have the help of the banks, production credit associations and other agencies financing and serving agricultural production.

Respectfully,

BRUCE N. LYNN,

Chairman, Cotton Producer Steering Committee, National Cotton Council.

Dr. SAYRE. Also we will be glad to make available to your committee copies of the voluminous stack of replies received from banks, finance companies, production-credit associations, agribusiness firms, et cetera.

Mr. ABERNETHY. I think they would be helpful.

(The replies referred to will be found in the files of the subcommittee.)

Dr. SAYRE. Mr. Chairman, you have requested that we comment specifically on the two alternatives to the Department proposal which were developed by producer leaders at your suggestion within recent weeks. Both alternatives, which we shall call plans A and B, provide that each year the Secretary would determine the number of bales needed to supply the domestic and foreign markets for U.S. cotton and assure an adequate carryover. This number of bales would then be proclaimed by Secretary as the national cotton production goal for that year and the acres required to produce that number of bales to be allotted to each cotton farm. The Secretary would also determine the average cost of producing cotton in the United States and the average price it will sell for in competition with man-made fibers and foreign cotton in world markets. If the cost of producing cotton is appreciably more than it will sell for, as is now the case, the Secretary would proclaim that difference in cents per pound as the average production cost adjustment that farmers would receive on the cotton produced on their cotton acreage allotment. Up to this point, our plan A and plan B are the same, but they differ in the determination of the farm cotton acreage allotment on which the cost adjustment would be made.

Under plan A, the farm cotton acreage allotment would be that farm's share of the acreage required to assure production of the full amount of the national cotton production goal and all cotton produced on that allotment would receive the cost adjustment. The objections raised by the Department to this plan were that it was not necessary to pay farmers the cost adjustment on their entire cotton allotment; that many farmers would produce cotton above their paying allotment for the world price, as they are doing this year; and that our cotton production goal could be met and the cost of the program greatly reduced by paying on only the domestic part of the allotment and giving farmers unlimited freedom to produce beyond this allotment.

This, of course, brings us right back to the basic difficulty with the Secretary's proposal, namely, the great uncertainty that exists as to what farmers would produce beyond that portion of their allotment on which they receive the payment. I have already stated the factors mili-

tating against production and the Department has its estimates to the contrary. But the irrefutable fact is that no one can be certain what will happen for any given year or span of years; and, of course, this is not a matter we can leave to chance. The U.S. cotton industry cannot afford again even a small risk of even a threatened shortage like 1967.

This led to the development of plan B which attempts to both answer the objection to plan A and also protect against a cotton shortage. Plan B would provide a farm cotton allotment that would be a percentage of the full allotment but not less than the present farm domestic allotment. Cotton produced on this smaller allotment would receive the standard average cost adjustment and in addition farmers would be given the choice of producing beyond their base allotment by submitting a firm offer on the number of additional acres they would plant and at what cost adjustment. The Secretary would then contract with each producer for the cost adjustment on his base and supplemental production, averaging the rate for the two. He would then contract for the additional production needed to assure his production goal at the lowest adjustment rates offered.

The advantages of plan B are that adequate production would be assured, guesswork would be minimized, those who could and would grow the cotton at the least cost would be given the opportunity to do so, and cost to the Government of getting the needed cotton produced would be held to the lowest practicable level. If farmers bidding zero cents contracted to produce all the cotton required beyond the allotment to meet the production goal, the possibility of a cotton shortage would be removed and there would be no additional expense to the Government. But if they did not do so, the Secretary would know so in advance and would have a way to get the required cotton produced at a very minimum cost.

There is one other further provision in both plan A and plan B that is an absolute must: There must be no limitation imposed on the cost-adjustment payments made on the production from either the base or supplemental acreage. This cost adjustment must be recognized for what it is and in no sense confused with payments that may be made additionally to supplement the producer's net income. These cost-adjustment payments would be made solely for the purpose and only in an amount necessary to make up a deficit in production costs which is required to get produced the national cotton production goal. If it is the national interest (1) that this country have a cotton industry, (2) that it produces the cotton needed to supply its markets, (3) that it make a cost-adjustment payment to get that cotton produced, then certainly there can be no justification for the Government imposing a limitation on that payment that would nullify its own policy and its own efforts to get produced the cotton required.

Net income from cotton production is low even with the present program. Certainly, the government's cotton program should go as far as possible in improving producer's net income with supplemental payments, after it has met the first requirements of achieving its production goals. The cotton industry is opposed to limitations because of size on any type of Government program, but it does recognize that some form of limitation might be imposed on payments to supplement producer's net income without destroying the cotton program on the U.S. cotton industry, whereas any limitation on production cost adjustments would be fatal to both.

Plan A and plan B each have advantages and disadvantages depending upon one's point of view. Either, however, would meet the cotton industry's basic requirements of a program that will assure cotton production to supply our market requirements. And there, of course, may be other approaches that will accomplish this same objective.

Before concluding, let me comment briefly on the cotton situation generally. Today, U.S. cotton faces the gravest crisis of its entire history. Two short crops in 1966 and 1967, in combination with a Government program that did not allow for that contingency, have just given us the sharpest market losses that we have ever had sustained in a comparable period. Our imports are up and our exports are down. Our costs are up and our selling prices are down. And for the future, cotton, an agricultural industry made up of 300,000 producers spread over 19 States, faces ever-increasing competition here and abroad from two of the world's most formidable industries, chemicals and petroleum, the producers of manmade fibers. Against such odds the obvious question is: Can cotton make it? I can assure you that this is a question most of us in the cotton industry are looking at long and hard. At the moment, it is our considered judgment that we have a fighting chance to make it, provided—

(1) We can mount a research attack adequate to achieve the reduction in production costs that we know are obtainable.

(2) We can build market development programs for cotton products here and abroad adequate to meet synthetic competition.

(3) We can get the help needed from our Government in accomplishing these first two essentials and in sustaining our production during the time period required to modernize and strengthen both our production and marketing systems to meet the new industrial competition cotton now faces.

Now, this is a job that can be done by the cotton industry and the Government working together. And it can be done at substantially less cost to the Government than the present cotton program is costing. Furthermore, as the research program brings reductions in cotton production costs the Government's expense will be reduced proportionately until cotton is able to meet its price competition without Government assistance.

The cotton industry is ready to pledge its best efforts to this job. We believe the preservation of the U.S. cotton industry is sufficiently in the national interest for the Government to do the same.

Mr. ABERNETHY. Thank you.

Dr. Sayre, I want to congratulate you—both you and Mr. Mayes—for the very fine statement rendered by each of you today. That is not just a formal thing; I am very sincere.

Dr. Sayre, your statement presented on behalf of the council is one of the most thorough presented to the Committee on Agriculture. It touched on every phase of the cotton situation. We are very grateful to you, and it is very helpful.

I am going to start this morning above the level of the committee, and I will ask Mr. Burlison to lead off.

Mr. BURLISON. I do not have any questions.

Mr. ABERNETHY. Mr. Mizell.

Mr. MIZELL. Thank you, Mr. Chairman.

I, too, would like to compliment Dr. Sayre for his testimony here, and it certainly has been helpful to me, being a freshman member of this committee.

This is the first time I have really been dealing with legislation like this. So, it has been helpful, and I appreciate it.

I do have a couple of questions, and one is:

You question the Department of Agriculture's figures on the 12 million bales and how they are going to reach this production figure under the proposal that the Department has made?

Dr. SAYRE. Yes, sir.

Mr. MIZELL. And, then, at the same time, you rely on the Department of Agriculture to determine the number of bales that we need for our home consumption and for the foreign markets?

Dr. SAYRE. Yes, sir.

Mr. MIZELL. Would it not be possible, also, for them to determine how many bales would be produced to bring this figure up to the 12-million level?

Dr. SAYRE. Well, yes, this is simply a matter, Mr. Congressman, as you would anticipate, of the cost of returns on cotton versus the cost of returns on other ways of using these resources whether devoted to cotton or something else. Our difference with the Department is that they expect people to continue to grow cotton at world prices of 2 cents a pound when the production costs are around 80 cents a pound. And granted, there is a wide range on this 80 cents a pound, and we do not think there are enough of them lower than that and certainly not down at world prices to grow cotton unless there is a cost adjustment that offsets the difference between the cost and the competitive selling price.

Mr. MIZELL. I know that one of the suggestions for solving this problem and making sure that you do have the production that is needed, which is on page 12—and I quote:

"If farmers bidding zero cents contracted to produce all the cotton required beyond the allotment to meet the production goal," then this would eliminate the possibility of a cotton shortage?

Dr. SAYRE. Yes, sir.

Mr. MIZELL. Would it be possible at this time for the Department of Agriculture to make the survey and determine if there are enough cotton producers to fill this goal?

Dr. SAYRE. Yes, sir; this is a determinable thing in my judgment by an appropriate survey, and I think it should be made.

You see, our great concern, sir, is that we do not take the chance of running out of cotton. The subsequent price escalation—and we are for higher prices. I am a cottongrower. I am for higher prices, but not for 10 or 15 cents per pound where I lose my markets and I can't retrieve them in the future. So, we do not believe it is in the national interest, in the public interest, and certainly not in the interest of the cotton industry and, in turn, the cotton farmer, to take the chance that they could not get the production. If the predetermination shows, "Yes, it can be gotten without an adjustment payment of the allotment," then this would be a preferable approach to solve the problem.

Mr. MIZELL. Do you think you have any cotton producers in the area who would be willing to grow some additional acreage?

Dr. SAYRE. We have a few, and they would try, sir, until sometime when they wore out their major types of equipment such as the cotton-pickers and other things that are oriented to cotton only and not readily adaptable to other uses.

Mr. MIZELL. Then, you won't object to the department's proposal, if they are able to show that they have enough men, that would produce the bales in addition to those that are under the allotment?

Dr. SAYRE. That is right.

Now, I would like to make this comment, if I may, sir: The best way to determine this is to offer the growers a choice to sign up for it at no cents a pound over the production of the allotment, or at 1 cent a pound or 2 cents a pound, or 3 cents, and then you get enough at zero or 1, or maybe you will have to go to only 3 cents, the 3-cent level, and you can cut it off right there. And those who bid 4 cents or 5 cents, you do not pay any attention to them. You offered them the choice, all of them down the line; and this is the way to get it really tied down, and then contract with the man to grow it.

Mr. ABERNETHY. Would the gentleman yield?

Mr. MIZELL. Yes.

Mr. ABERNETHY. Before that, we must be certain that he is tied to a contract that must be binding and does not back out.

Dr. SAYRE. Yes, sir.

Mr. ABERNETHY. So, a survey made as of now simply saying: "Would you do so and so?" will not be worth much.

Dr. SAYRE. It would be helpful in my view.

Mr. ABERNETHY. But it would not guarantee that he would produce the cotton?

Dr. SAYRE. It would not be binding.

Mr. ABERNETHY. Pardon me, Mr. Mizell.

Mr. MIZELL. You answered my question very well, and I appreciate it.

Thank you.

Mr. ABERNETHY. Mr. Alexander?

Mr. ALEXANDER. No questions.

Mr. ABERNETHY. Mr. Alexander represents a very fine cotton-producing district which was formerly represented by Congressman Gathings.

We appreciate your presence here.

Mr. SISK?

Mr. SISK. Thank you, Mr. Chairman.

Dr. Sayre, I was sorry I was a little bit late this morning. And I did not hear the testimony given by Mr. Mayes. However, one of the most significant statements you made, in my opinion, looking at the future—if cotton has any future, and I am beginning to wonder myself. You state on page 14:

And I think we waited 10 years or maybe 20 years too late to start in this area of research, that is, on production costs as well as merchandising.

It seems to me you are saying there in the center of the page that basically, for the long pull, that is what is going to make us or break us?

Dr. SAYRE. That is correct.

Mr. SISK. I do not care what the Government does. I think there is a need, the Government must now give every possible opportunity for the

maintaining of that industry and to create the type of climate in which the cotton industry can regain its health, if it is possible for us to do it.

Of course, you recognize the pressures that are on us, dollarwise, and maybe limitations and all the other things, we have to be realistic about. But the final analogy is: if we can't merchandise cotton, if we are not prepared to sell cotton in competition to other fibers, there is no economic justification for the continuation of the cotton industry; is there?

Dr. SAYRE. Well, as you have just pointed out so correctly, the production—through research—of getting our production is very sizable. Our counseling with the best cotton scientists or the best scientists devoted to cotton and cotton production at various costs is that we can reduce the cost of producing cotton to the neighborhood of 10 cents a pound in this country.

Mr. SISK. But you have done a tremendous job in that area since World War II, and if you had not we would have been out of business.

Dr. SAYRE. If not, we would have been out of business.

Mr. SISK. Of course, we still have a ways to go.

I would like to hear your comments on the promotion and selling of cotton, to convince the American housewife of the value of cotton as against nylon, rayon, and the whole lot of things. This is an area where we seem to be waylaid in trying to get started.

Dr. SAYRE. Here, the potentials are great also. I happened to chair a committee, Cotton Producers Institute, in which we have hired the services of Booth, Allen & Hamilton, management consultants, one of the top firms of this type in the country. We have gone through this process in the last 8 months, of this intense look at just this question: "How do we get the kind of market-oriented product, development of cotton?" And then we have the kind of massive promotion having the kind of experts to service our customers as do the synthetic manufacturers.

I came from a meeting in Dallas yesterday, and it is obvious that in the neighborhood of \$30 million this can be done over a 5-year period.

We are currently, as you know, getting about \$10 million a year from a dollar-a-bale contribution from growers. Some way or another, if we can resolve in our partnership efforts with the Government, here we can save the Commodity Credit Corporation a lot of costs to it; here we can broaden the base of the rest of our markets, and take the pressure off of other commodities. But if we could mount a program and we have the blueprints for it and they are well designed and well accepted not only by USDA but by the private industry—if we can mount that size of program, we can recapture a sizable share of what is an expanding textile market.

As you know, the overall textile market is expanding greatly, not only population increase but—what we are having happen to us is we are losing our relative share at an accelerating rate. All we need to do is to have a fine, efficient cotton industry in this country. To get our absolute level of consumption up from about 8.2 million bales to 10 or 11 million bales, get our exports up to 5 or 6 million bales, and then this industry has a real chance of competing on its own.

This is in the face of inflation. The reason I say that is that the prospects of cost of production of cotton in this country is sim-

plication of our production methods, and we have some real indicators. For example, by growing cotton in cross-faced rows or broadcast, harvesting it with something like a combine head that you harvest corn or grain with, the same kind of machine with a cleaner on it, you would have the possibility of taking a terrific amount of cost out, and everytime you reduce an import of whatever you use, a physical makeup to produce anything, you offset your inflation very handily. And here is our gross possibility.

But if we kill ourselves now with not enough cotton, and if the Government were to decide it is not in the public interest to have this 15 million acres of the most fertile soils that we have in this country devoted to cotton, that not only will we jam up the cotton industry and reduce its possibilities for the future to almost nil, but almost, in my honest opinion, we will create the kind of "disequilibrium" in the rest of our agricultural economy and other commodities that will create a whole proliferation of farm problems more costly than the partnership efforts to maintain a strong industry.

Mr. SISK. I agree with everything you say in that statement. I think that is an excellent statement. No use to cry over spilled milk; we can't go back. I recognize that our future lies in the future. We do know, as I said before, we recognize some of these needs. The old saying goes: "If you want people to pass your door, you build a better mousetrap."

Yesterday, we had some testimony rather critical of textile industries, and I am not here today condemning or defending the textile industries. They are a part of this great industry, and if the time comes that the public is beating down their doors for cotton, they are going to weave cotton. But I do feel very strongly that we must continue to try to produce an ample supply. I think the concern we have is actually whether or not it is going to be a slow death industry, and this is not to be critical of anyone, the Department or otherwise. The Department is concerned about maintaining the cotton industry. It comes down to a calculated judgment in how we do this.

I appreciate very much your statement, and I do want to emphasize that in this area of research, both in production and cost as well as getting in and merchandising it, merchandising it as we have seen commodities merchandised, whether it be Madison Avenue or who does it, to make the housewife demand the textile industry use cotton and demand cotton—that kind of thing. That is the kind of thing that concerns us.

Thank you, Mr. Chairman.

Mr. ABERNETHY. Mr. Price?

Mr. PRICE. Mr. Chairman, I regret I was not here yesterday. We had two separate meetings at the same time yesterday.

I just want to make one statement.

I do thank Dr. Sayre for his very fine statement. It raised points that are vital and gave the subcommittee information it needed to know. I also believe we must have a viable cotton industry in this country. Congress shares the responsibility for making it so.

I fully agree with one of your points, Dr. Sayre, we do need a stronger insurance program. In our part of the country, the Pan-

handle of Texas, we have a lot of thunderstorms and a well-defined frostline. I think it is going to affect the overall amount of bales that they are predicting for this year. On another subject, I understand the payments limitations issue is probably coming up on the House floor this afternoon—on the limitations, and I have been on the record that I do not want to see any limitations. If the Congress decides otherwise, of course, we are going to have to come back and readjust our statement on the programs.

One point you brought out that I want to comment on is the set-aside. If we turned this program over to a man to plant cotton from fence to fence, naturally, he is going to say: "How much is my neighbor going to plant and how much is everybody going to plant?" And that will lead to the question in his mind of how much is it going to be worth next fall and how much supply are we going to have. As you say, something has to be worked out.

I want to ask you one question: Do you believe we should maintain the loan program?

Dr. SAYRE. Yes, sir; at about the levels that they are now; yes, sir.

I think this is real important in order that the crop or that the farmer be able to obtain financing. Without a loan, you are not going to find, in my view, very many finance analysts looking at just the same things that you were posing a while ago: What is his neighbor going to do? What is the market going to do? And go with a capital-intensive crop like cotton in financing without the loan.

Mr. ABERNETHY. On that point, Dr. Sayre, there is some thinking among members of the committee that the loans ought to be at a level of percentage of the market prices of just a few days prior to the time that cotton goes into the loan, the reason for this being that by this method the loan price is not announced to the other cotton-producing nations of the world, and, therefore, they do not have the opportunity to predetermine what they can put their cotton on the market at, that is, an export market, so as to under price us.

What are your views on that?

Let me put it this way: Do you think it has merit?

Personally, I think it has merit, and I think Chairman Poage feels it does have merit.

Dr. SAYRE. Well, this kind of a shifting-base loan, I have to disagree, in my view has very limited contribution. It would be a very limited contribution toward stability for the producer.

You see, cotton is in a highly "interlastic" demand situation. We have seen the price of cotton go right down like this. We have seen the consumption and offtake go right down with it. It has not reacted with the price going down. Our consumption, offtake should have gone off; shouldn't it?

Here is what will happen:

You get a shifting-base loan concept, and your price starts going down, and this downswing in the cotton price tends to feed out itself, and it will not give the grower much of a chance of saying to his banker: "Well, we have got some flooring underprice."

You have got some, but it is a little bit like putting your foot on some of this moon dust, that moon dust that we were looking at this morning. It is going to squish on down, in my judgment.

If I may continue for a minute.

Let me look at the loan with you and this point that it signals to the world about what we are going to do.

Well, in the first place, we put our loan at 90 percent of the world price for the past 2 years and announced in advance the way that was going to be determined and showed them that we were going to fix at 90 percent of world price. This would set a kind of low level for our loan that would not stimulate further increases in production elsewhere in the world.

This is the key point that people have, that what we do with our loan is make other people produce, and I grant you, once they produce it they are going to sell it. They are going to sell it just under our prices.

Mr. ABERNETHY. What has world production been in recent years, the period when we have been fixing our support level, the percentage of the world price?

Dr. SAYRE. With the exception, Mr. Chairman, of the effect of the 1967 very high price estimation, world cotton has tended to stabilize.

In the same time, world population increases, the textiles increase, and, as I mentioned earlier, we have about this level, around this level, logical level of price support that I would tie to 90 percent of world prices, and they are more likely to go down than go up because of the competition from the synthetics.

Mr. ABERNETHY. On a minor point but yet one that is important, the question of transfers.

Do you suggest that one should be allowed to transfer across county lines?

I think the movement of the cotton from farms where people actually are just holding on to the allotment for the sake of the allotment or just producing for the purpose of preserving the allotment, that something ought to be done to move it out, to move it on to other farms where they want to produce cotton.

I feel very strongly about it.

On the other hand, I feel that these transfers should be done more or less in a percentage-wise manner.

It is possible that all cotton allotments in some of these counties could be shifted out of that county within 1 year.

That would leave merchants, machinery people, and the cotton gin on what would be equivalent to a high and dry island.

Does it make any sense, that such be limited to a certain percentage of the allotment to that county in any 1 year?

Dr. SAYRE. Mr. Chairman, I think you have got the practical local economy problems as well as the matter of shifting of the cotton, itself, to what would probably be more efficient production. I think this is just a matter of just practical judgment of what rate this kind of local obsolescence can be done and done without serious impact.

I think one good guide on this would be the extent to which there be underplanting in the previous year.

Now, if they have been underplanting 50 percent, then moving 60 percent out would not hurt very much.

Mr. ABERNETHY. Well, with this idea that they can plant a tenth of an acre, and still maintain the historical base is quite absurd. Such a person would definitely transfer his cotton?

Dr. SAYER. But actually the lease and sale of allotments, as you have been observing, has meant pretty good returns up to \$22, \$23 or \$24 an acre to some of the people who otherwise wouldn't have gotten anything out of it.

Mr. ABERNETHY. That is true to the farmer.

Mr. SAYRE. Right.

Mr. ABERNETHY. How important, Dr. Sayre, are cotton exports to this Nation, and how important are the imports of cotton?

Mr. SAYRE. Mr. Chairman, this is one that seems to me there are—some of us have tended to lose sight of.

Mr. ABERNETHY. Let me interrupt you. That is one thing that right now I think we are losing sight of it, and I don't say this is criticism of anyone. We are all trying to reach an agreement. But the idea of basing our program primarily on just a domestic allotment, let the other hang out here, and go where it will, it disturbs me tremendously, and I think it does you.

And I don't think we have enough to meet export markets under such, and certainly the exports are important to our economy.

Mr. SAYRE. Well, you know there is on the statute books of this country the act of 1966 which has not been superseded that says that we will maintain a fair historical share of world markets for U.S. cotton. And the legislative history of this act determines that at least 5 million bales. Where we are headed this year is about 2.2, and some people 2 million.

Let's look at what 5 million bales of exports would mean in the country. In the first place, it means about 5 million acres of production. Our yield is about an acre, a bale to an acre nationally, as you know.

But look also, it means a half billion dollars, and that is after you take out Public Law 480 costs, and that is about \$70 million, that means about a half billion dollars of foreign exchange. And in the last 15 months our dollar has been under the greatest pressure internationally that it has been under in my lifetime.

Now, when we begin to think about taking a half of a half billion dollars, leaving—passing up that potential from cotton exports, to me it is very poor public policy.

Then, certainly looking at the other prong of your question of what it means to cotton, it means the difference between efficient, effective liable production, particularly in your Texas and Oklahoma areas with a very high proportion of their cotton that they produce have to go export.

If I may, I would like to come back exactly to where Representative Sisk a moment ago put the emphasis on research and in turn promotion. This has to be done for U.S. cotton abroad and just the same way as we are talking about it in this country.

And instead of having this idea of instead of how fast we liquidate, we ought to program in terms of the best interest of the public and this Government and industry for broadening. And the export part, gentlemen, just cannot be ignored. We can make our way in export markets with proper programing.

Mr. ABERNETHY. Well, when you say it cannot be ignored, you mean in the best interests of the country as well as the industry itself?

Mr. SAYRE. Yes, sir.

Mr. ABERNETHY. So, the exports are highly important, though, of exchange, and highly important to the farmers' income and to continuing the land that ought to be in cotton instead of some other crop?

Mr. SAYRE. That is correct.

Mr. ABERNETHY. The thrust of the statements made by you and Mr. Mapes on behalf of the National Cotton Council, conveys to us the concern that the cotton industry, including all segments of it not just the farmers is concern with the possibility we cannot risk or put to chance the growing of a quantity of cotton needed for domestic production?

Mr. SAYRE. Yes, sir.

Mr. ABERNETHY. You gentleman, all of you, are learned. You have long been associated with this industry from the producing level, all the way up to the use of the cotton in our mills.

I know that all of you want to see this matter adjusted satisfactorily, and you want to do it in a manner that would meet with the approval of the department as well as the industry. Right now—I don't say this critically, I am just sizing up the picture—it puts a tremendous burden on this committee and one which this committee is itself not going to be able to solve.

The picture is that the department's position is all on one side, and all of the industry, that is up to now, and certainly the cotton council represents a tremendous vast majority of the industry, is over here. There has got to be a meeting somewhere between this industry and the Department.

You agree with that, do you not?

Mr. SAYRE. Yes, sir.

Mr. ABERNETHY. Those of us who serve on this committee, who want to help, we are interested in this crop and we are interested in the economy of our people. We know that you are, and we know that the department is.

I think hearings are fine. I think it is well that we have hearings. By such we can lay these things out on the table in public. That is the object of the hearings. The hearings alone don't necessarily resolve the differences.

And as I say, I am willing to face up and I know that the members of the committee are willing to arbitrate between what the industry feels should be done, and what the department feels should be done. But I would like to submit, in all sincerity, that this industry through its leadership and the department have some more conferences.

I think it is absolutely essential that we have such, we don't have a chance in the world to win when we go to the floor of the House of Representatives, unless the department and industry are in the same corner when this battle opens. We have enough to carry as it is.

I am speaking of the industry and the department, and this committee. We have enough to carry as it is without going to the floor with views so broadly separated as they now are.

I want to emphasize, and this is not said in any criticism, I think it is fine that we are here reviewing these differences, and we want to hear the department, too.

But in the meantime, and as these meetings progress, I just hope there will be some further studies, and burning of the midnight oil between you gentlemen.

I thank you.

Mr. MAYES. Mr. Chairman, we certainly will work on that and work with the department just as much as they would desire us to.

Mr. ABERNETHY. I am sure you will.

Mr. MAYES. And we thank you and your committee for allowing us to have the privilege of appearing before you, sir.

Mr. ABERNETHY. Thank you, sir.

The next witness will be Mr. Jack Hamilton of the Louisiana Cotton Producers.

STATEMENT OF JACK HAMILTON, PRESIDENT, LOUISIANA COTTON PRODUCERS ASSOCIATION, LAKE PROVIDENCE, LA., ACCOMPANIED BY HERMAN D. HARVEY, LAKE PROVIDENCE, LA.

Mr. HAMILTON. Mr. Chairman, my name is Jack Hamilton. I am a cotton producer from Lake Providence, La., and currently serve as president of the Louisiana Cotton Producers Association on whose behalf I am testifying today. With me today is Herman D. Harvey, another cotton grower from Lake Providence, La., and a member of our organization.

Cotton producers in Louisiana overwhelmingly approve the current cotton program, the Agricultural Act of 1965, and would, if they had their choice, continue this program without change. We feel that this current farm act has the flexibility to meet supply needs as well as to provide protection for farmers income. Realizing the problems involved, particularly in regard to cost of the present program, and recognizing the necessity of cutting costs, we endorse the guidelines presented today by the National Cotton Council, with only two exceptions we would make.

First, we feel that regulations governing the sale and lease of allotments should continue as they now are and not be changed to allow sale and lease across county lines without referendum. Secondly, we heartily endorse No. 9 of the council guidelines which recognizes the difference between competitive price and fair return, but we feel that the price should be tied to the parity concept. With these exceptions or additions just mentioned, we feel that these guidelines more nearly represent producer thinking across the belt than any other type of legislation thus far proposed. Therefore, we urge that legislation recommended by this committee reflect the views expressed in the council guidelines.

With regard to the proposals submitted to this committee on November 3 by the Department of Agriculture, we wish to register a strong objection to the so-called "set-aside" provision. Set aside is nothing but soil bank all over again. In passing, this program was known as the "spoil bank" in our area. We can assure you that the cotton growing areas of the South bitterly oppose such suggestions since the depressing effect on small rural communities is second only to the financial loss to the farmers. Any program with such a land idling requirement would bring widespread opposition from our section of the country.

It seems to us that the current financial dilemma of Louisiana cotton farmers would deteriorate into financial chaos with the program proposed by the department. In East Carroll Parish, my home, approximately 10,000 to 12,000 acres would have to be idled—based on 50

percent set aside—in order to earn payments under the Department proposals. The already badly depressed condition of the only town in our parish, Lake Providence, would worsen and the rapid migration of our citizens to the urban areas would be accelerated. Under this program, instead of the typical rural community decaying slowly, it would be doomed immediately.

A year-long study of rural poverty by the National Advisory Commission on Rural Poverty was completed in 1967 and submitted to the White House. The study reflects the current public concern over poor rural environmental conditions which have caused an exodus of thousands of rural Americans—both Negro and white—to urban areas throughout the United States. Usually lacking requisite job skills, a number of these people have remained unemployed, and countless others have gone on relief, thus compounding already existing complex urban problems. This unprecedented exodus is expected to continue in the future, with a resultant decline in the rural population and an aggravation of urban problems. Set aside can only hasten this process.

The Department suggestions contemplate that farmers would grow cotton for the support price and we feel that in this assumption they are badly wrong. One of the best ways to destroy the cotton industry is to fail to assure an adequate supply of cotton. As the National Cotton Council testimony points out, in the past 2 years cotton farmers have amply demonstrated their reluctance to grow cotton beyond their domestic allotment. Certainly, there is little reason to believe they would grow this extra cotton when the Department's proposals would reduce the support price below the current level.

Any successful program must have a mechanism to assure an adequate supply of cotton. We can assure you that limitations on individual payments would cause such a mechanism to fail. Although the income gains attributable to the farm programs have been of great benefit to the large commercial farms, they have also been of real help to the families on smaller sized farms. It is estimated that the net farm income of these families has been 25 percent above what it would otherwise have been.

Now that we have expressed our views on the current cotton program, we would like to make a few comments on what we consider a tragic misunderstanding of the cotton farmer in American society today. We do not ask the question: Is the cotton industry worth saving? Instead, we state categorically, the United States of America cannot afford to allow any further deterioration of the already sick cotton industry. The Secretary of Agriculture long ago lost the omnipotency and sole responsibility for establishing agricultural policy. In addition, the importance, or relative level, of farm policy decisions has declined in comparison to other more currently pressing issues. Because economic growth permits fewer people in agriculture while other employment areas grow, the political potency of farm problems has diminished in stature compared to those of the Vietnam war, inflation, space exploration, balance of payments, civil rights, unemployment and reduction of crime. Agriculture and farmers still represent a significantly large segment of economic endeavor; nevertheless, they directly make up an increasingly smaller part of the total economy. A paradox: Agriculture is still large, but has grown small in terms of the problem pri-

orities in today's political economy. The situation is not an easily acceptable reality.

It is an economic fact that the current runaway inflation and prosperity cannot continue while the farm economy generally recedes into depression like status. The big depression of the early thirties stands as a grim proof of this fact. Many of you personally recall those tragic days.

Cotton farmers in Louisiana are literally singing the blues financially. One farm credit lending agency reported to us that 16 percent of their crop loans will not be paid out with crop proceeds and 35 percent of their equipment loans due this fall will have to be refinanced. Prices for parts, chemicals, labor, interest, as well as new equipment purchases, have soared. Even with the current cotton program and the direct payments being made, the net profit picture in our State is dismal. In addition, it makes us angry and resentful to see our finest and very deserving labor leaving the farm for much higher paying jobs in the urban industrial area. We are forced to pay \$5.50 per hour average wages to have the tractor we buy built, but can hardly afford the \$1.30 per hour that we pay our farm labor to operate that same tractor, the American consumer is being subsidized at the expense of the farmer and farm labor.

As long as farmers are in the unique position of having to take what they are offered for their final product and have no power to set price as industry does, we must be subsidized by Government. We do not look upon this as a handout or as an income supplement and refuse to apologize to our misinformed urban friends who berate the American farmer with such slurring phrases as "fat cat." These same urban dwellers are being fed and clothed more cheaply and better than their counterparts in any nation in the world or at any point in history by any nation. We are proud of the record of the American cotton farmer. It is in great part because of his indomitable spirit and enterprising nature that this country has achieved the success it enjoys. It is for the good of this entire Nation that agriculture must be maintained in a healthy manner and in no case is this more true than in the case of the cotton industry.

Mr. ABERNETHY. Thank you very much, Mr. Hamilton.

And you are accompanied by?

Mr. HAMILTON. Mr. Harvey, he is introduced in the first paragraph of my statement.

Mr. ABERNETHY. Do you wish to make a statement?

Mr. HARVEY. No.

Mr. ABERNETHY. Mr. Mizell?

Mr. MIZELL. Just briefly, I am quite intrigued by your statement here on the first page of your statement when you say that, if you had your choice, you would wholeheartedly endorse the Agricultural Act of 1965.

And then in your statement here under this very act you point out that cotton farmers in Louisiana are literally singing the blues financially. You speak of 16 percent of the crop loans will not be repaid. Thirty-five percent of the equipment loans will have to be refinanced. I don't quite understand. When the cotton farmer finds himself in this position under the 1965 act, why we should not be looking for some improvements.

Mr. HAMILTON. I think the main reason is that the cotton farmer as I know him is the greatest optimist, and he always thinks that next year is going to be a little bit better than the last. And other than that I can't tell you because I don't know why anybody would want to go into the cotton industry under the conditions today.

However, I do know that our farmers approve of the present program. I think they anticipate with the amendment that ties the payment to the parity concept, they anticipate higher payments; \$16.80 as compared to \$14.70, or something. And I think it is just their natural optimism that they think they are going to do better.

In many instances our farmers are trying to rent more land and grow in order to overcome the financial deficit situation they are in. And, of course, limitations of payments is hindering them on this front. But I agree that this apparently is a contradiction. However, it is true.

If you took a poll of the cotton farmers in Louisiana you would find very few opposed to the current program.

Mr. MIZELL. I think we are going to have to have some major changes if we are going to have a program at all. And I say this not from my viewpoint because I think the American farmer has done a tremendous job under some adverse situations. And I want to try to help the farmer realize more for his labor.

I think I know and understand some of his problems, but at the same time I recognize the antifarm program feelings in the Congress today. And they have singled out the cotton program as No. 1, because it does receive a high subsidy in payments. I think we have got to recognize that we must come up with a program that we are going to be able to get through the Congress for our cotton farmers. And this is not my feeling, but this is the overall feeling in the Congress today, and it is going to be the responsibility of the members of this committee to develop such a program.

Believe me, I rely heavily on the experience of the men that have been dealing with this legislation over the years, to put something together that we are going to help the cotton industry as a whole.

Thank you.

Mr. ABERNETHY. Thank you, Mr. Mizell.

Mr. Burlison?

Mr. BURLISON. Thank you, Mr. Chairman.

I want to commend you on your statement.

I was quite impressed with your description of the dismal condition of the cotton farmers in the area of Louisiana that you are familiar with. I want to say to you that you could just as well have been speaking of the cotton farmers of southeast Missouri because the picture is just as bleak or more so there.

I would like to speak just a moment to the point that the distinguished gentleman, my friend from North Carolina has brought up. That is, at least on the surface, the inconsistency of things being so bleak, yet being pleased, in a sense, with the present program.

I think on careful analysis this may not be so inconsistent for this reason: I sense that the farmers feel that the program that they have, the act of 1965, will insure a higher income for them than the program that farmers feel will take the place of the Food and Agriculture Act of 1965.

And this, of course, concerns me very much.

I think that the seemingly inconsistent statement here, on careful analysis may not be so inconsistent after all.

Thank you, Mr. Chairman.

Mr. ABERNETHY. Thank you, Mr. Burlison.

Mr. Price?

Mr. PRICE. Mr. Hamilton, I appreciate your coming and presenting your statement to the subcommittee.

You mentioned three things in your statement that we are all very well aware of not only in the cotton, but the condition of the American farmer. You mentioned three things that this committee, Department of Agriculture and none of us seem to have any control over, and that is labor and wages to build that tractor you talked about.

That is something we seem to have to live with and you and I being practical, we know we are not going to reverse it.

Third, you mentioned misinformed urban people. This is another area, either you or I, neither of us seem to have any control over. The recent survey in my own district, an agricultural district, 45 percent of the people thought the farmer was getting too much and thought he could stop being subsidized. That is right in their own home, their own town where it is going on.

I frequently feel that the cotton industry, and I am not being critical, has done a poor job of merchandising their own cotton. When you take last year alone where synthetics took over 55 percent of the sheets that are being made in this country, synthetics came in and took the market away from the industry in 6 or 8 months time. It seems that we are not meeting the challenge of the cotton industry.

I think we should curtail the import of the synthetics from other countries, and I think this is an area that certainly needs to be looked at. This competition from the synthetics pour into this country and has a great effect on the cotton industry, would you not agree with this?

Mr. HAMILTON. Positively, yes.

Mr. PRICE. The act of 1965, I think spoke of support levels of 60 million. At the same time some said even the cotton crop is not worth that; and that the American taxpayer would not continue to tolerate this. I think in all fairness we need to be looking at new possibilities for cotton.

I know, and you know that almost everyone objects to any type of change. But we can't continue with something that is not working.

I agree with the chairman. You gentlemen have to meet with USDA and work out some kind of grounds whereby we can come up with a program that can do a better job and make some changes.

Mr. ABERNETHY. Thank you, Mr. Price.

Mr. Sisk?

Mr. SISK. No questions.

I will commend Mr. Hamilton for the statement.

Mr. ABERNETHY. Thank you, very much, Mr. Hamilton.

Also, you, Mr. Harvey, for making this long journey and giving us your views.

The Chair would like to announce that Mr. Harry L. Graham, who was scheduled to testify yesterday called and advised that he could not appear.

Mr. Graham, I see, is in the room and sent a statement up.

Mr. Graham, I had suggested that you would appear on December 3, but if you would like to submit this statement for the record, we would like to receive it now. But you can't personally deliver it this morning. Time will not permit; we have to be on the floor in a few minutes.

Mr. GRAHAM. We took the chance you might get the rest done a little earlier, and it was a chance.

Mr. ABERNETHY. Do you want this statement to go in the record?

Mr. GRAHAM. I think I would like to try to appear on the 3d, if it can still be scheduled. If not, we will put it in the record.

Mr. ABERNETHY. I don't know whether the other dates are all filled. I may have to set you down for some other date, other than the 3d. We may have to have another date.

Our situation is just so uncertain now, and the calendar is so full. I think it will be well if your statement go in now, and if you want to speak extemporaneously on it, we will try to accommodate you on the 3d day of December.

Mr. GRAHAM. I will accept what the chairman says.

Mr. ABERNETHY. Then, without objection, your statement will be included in the record this morning, and you will be back to speak with us on December 3.

(The statement of Harry L. Graham follows:)

STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE REPRESENTATIVE, NATIONAL
FARMERS ORGANIZATION

The National Farmers Organization is a nationwide association of farmers with members in 50 States which is engaged in collective bargaining in an effort to improve farm income.

It has followed the principles which other segments of the economy have also followed with success; namely, to block enough of it together and market it at a time and place when it is most in demand. To obtain the ultimate influence, it is necessary to have enough of the commodity in the control of the organization that the needs of the market cannot be met without that portion under its control. The N.F.O. has successfully accomplished this in several commodities.

The policy of the organization is to support the family-size owner-operator farms both because they represent the greatest economic efficiency and the maximum social and political stability which is essential for the welfare of our Nation.

We therefore support legislation which will accomplish our economic, social and political goals, and we oppose those acts which contribute to the weakening of our desirable and essential economic and social objectives. The strengthening of the family farm and the preservation and support of our rural communities.

The N.F.O. appreciates the opportunity to appear before this distinguished committee to present in some detail the organization's position on cotton legislation. We hope the committee will appreciate the difficulties facing this witness at this time.

The only official testimony we have heard was a rather generalized statement by the Secretary of Agriculture and published speeches by him and members of his staff.

We have seen a copy of the "working draft" of the administration's "preliminary proposals" for cotton. Since they were "leaked" to us without anyone assigned or accepting responsibility for them, they assume the nature of an anonymous letter or telephone call.

What we have seen is so vague at critical points that we do not know how to interpret them in concrete terms. We have been given no supporting data, no working examples, and no briefings by the department. We do not know who the witnesses were who appeared before you in a number of secret meetings, and we do not know to whom we are to turn for information or explanation.

At such a time as these fatherless, motherless, and sponsorless proposals are seriously and publically proposed, we will be pleased to comment on them.

In the meantime the N.F.O. would like to present our analysis of the perplexing problem facing cotton, and make some suggestions for solving these problems in such a way that the already extensive damage to the cotton growers, and the economy and society interwoven into the growing and processing this important crop, may be minimized.

Cotton is in deep trouble. The sickness which so adversely affects it can not be isolated. It adversely influences the whole economy of the cotton producing States in the South and West and lays its heavy hand on Northern farms and cities alike. Its decline as an export crop increased the persistent problem of balance of payments and the stability of the dollar.

Some of these problems are the creation of the Congress. This witness is not prepared to argue with the economic and social objectives of the minimum wage bill, but we cannot as a Nation ignore the fact that it was largely responsible for the technological revolution which came with dramatic suddenness to cotton production.

The result was the mass migration of millions of field hands into our urban industrial centers in the land. We are all familiar with the costs of that movement. However, we are ignorant or forgetful of the economic impact on the rural South of this development.

First of all, the cottonpicker put most of the small cotton farmers out of business. The prohibitive cost of hired field labor and the equally prohibitive huge capital investment required for the purchase of a cottonpicker costing \$25,000 or more plus maintenance simply made cotton production a business for only wealthy owners. The small landowner salvaged what he could by cashing in his cotton allotment—the sale of a capital asset.

The cost of production for 1966 was 26.4 cents per pound according to the USDA (no newer figures are available).

The high costs and low prices, reduced demand plus the high risks of growing the crop simply caused a decline in production. Using an index of 100 for the 1957–59 period cotton production and yield has changed rapidly and dramatically since 1960 as the following table shows.

TABLE I.—COTTON PRODUCTION, CARRYOVER, DOMESTIC USE, EXPORTS

	Acres (in thousands)	Bales (in thousands)	Carryover ¹	Use ¹	Exports ¹
Year:					
1960.....	15,309	14,272	7.2	8.3	6.6
1961.....	15,634	14,318	7.8	9.0	4.0
1962.....	15,569	14,867	11.2	8.4	3.8
1963.....	14,212	15,334	12.4	8.6	5.7
1964.....	14,057	15,182	14.3	9.2	4.1
1965.....	13,615	14,973	16.9	9.5	2.9
1966.....	9,552	9,575	12.5	9.5	4.7
1967.....	7,997	7,458	6.4	9.0	4.2
1968.....	10,160	10,948	6.5	8.2	2.6
1969.....	11,224	10,528			

¹ In millions of bales.

Source: U.S. Department of Agriculture.

Preliminary figures indicate that the 1969 cotton crop will total 10,528,000 bales, 420,000 bales under the 1968 crop. Total carryout will probably exceed this production leaving a deficit of about 200,000 bales, the third time in 4 years. Only last year was there a surplus and then only by 100,000 bales. The deficit for the last 4 years is 6,800,000 bales as compared with a 1967 total crop of 7,200,000 bales.

There has been an increase in 1969 to 11,224,000 harvested acres from 7,997,000 acres in 1967—a disaster year—but still a long way under the 1951 acreage of 26,949,000 acres or the 1961 acreage of 15,634,000 acres.

The decline in exports is highlighted by the dramatic drop in exports during this year. Cotton exports during July–August 1968–69 were \$68 million. During the same period this year exports totaled \$53 million, a decline of \$15 million or 22 percent. Total exports of cotton and linters declined from (1957–59=100) an index of 100 in 1964 to 55 in 1969 despite a steady cut in the price of U.S. cotton.

In 1969, as in 1967, adverse weather, excessive moisture, boll rot, and insect damage caused a drop in production. It seems that the insect threat is becoming increasingly threatening, with the whole California crop being threatened.

In high risk crops such as this one, the rate of return must be maintained at a level high enough to cover the risk, as well as investment, management and labor.

Of primary importance in our consideration of the problems facing cotton is the recognition of the importance of cotton as an export crop and as an earner of badly needed dollars.

TABLE II.—EXPORTS

[In thousands of dollars]

1962-----	662, 755
1963-----	491, 417
1964-----	670, 414
1965-----	583, 895
1966-----	385, 764
1967-----	542, 266
1968-----	481, 483
1969-----	334, 229
Total-----	4, 152, 223

(Source—USDA.)

Four billion, one hundred fifty-two million, two hundred twenty-three thousand dollars! That's a pretty great figure. Our friends who would scuttle farm programs as too costly should remember these figures when they complain about a \$2,700 million cost of the cotton program during this same period (estimated). Net gain by the United States was \$1,450 million.

We are aware of the criticism against the program costs and the large payments. First, the value of any program is the relationship of costs to benefits. This is obvious from the previous figures. But this does not include the generally dispersed benefits to our economy such as the availability of basic raw materials with the multiplying benefits to our cotton processing industry all of the way to the finished cotton dress, knitwear, and my own special favorite—broadcloth shorts.

It's time farmers quit apologizing for the cost of farm programs when the value of the cash exports alone exceeds the program costs. Farmers have well earned everything an ungrateful public has grudgingly paid us and then called it charity, subsidies, and welfare.

Some recommendations seem to be obvious as we consider cotton legislation.

First: The producer income must be maintained or increased. This would include the retention of the Ellender amendment which would increase the payments again next year.

The NFO is committed to the idea that the market should return the maximum amount possible and that market prices should be held and improved, but we are not unaware of the factors which make a market.

The producers of indispensable crops such as cotton must have a return which covers the cost of production plus a reasonable profit which will cover the factors of production labor, risk, management, and investment. With this there must be no compromise. The general welfare requires it, the producers have earned it, and common decency and appreciation demand it.

With about 75 million acres of excess productive land available in the United States, there should be provision for the division of the same percentage of land in the cotton producing areas as is diverted in other crop areas. We must not answer the problems of one area at the expense of other areas.

This 75 million acres is our most important strategic reserve as we shall undoubtedly learn before this century is ended. The public had better soon learn to quit killing the goose that lays the golden eggs or there shall be a shortage of eggs.

Whether this is called a "set-aside," a "conservation-reserve" or some other name which enables a changing administration to rename the half-grown child is really of little importance. The important consideration is that farmers cannot be expected to be the only ones socially, morally, and financially responsible for the national security.

We were encouraged to hear Secretary Hardin say a week ago in his address before the National Grange that there must be no reduction in subsidies. I hope some of his staff hears him. When there is a steadily declining net farm income,

it is no time to decrease the subsidies which pay the difference between market prices and costs of production.

We are not in agreement with the emphasis on complete dependence on the market, or with any formula to reduce market prices by the use of a sliding scale, regularly decreasing support payment.

In commenting to wheat farmers a week ago, Senator Milton Young, one of the really great Americans, said about the 80-95 percent of the market price support formula, "It would mean that wheat prices would move steadily downward. Industry and labor would never submit to it, and neither should farmers."

Last of all, the NFO is opposed to the principle of payment limitations on the basis of any of the present recommendations. We are opposed to the development of the corporate-conglomerate integrated type of agriculture. We do not worship at the shrine of bigness. But if we are to attack this kind of agriculture, by the use of payment limitations, then we must also admit that Government payments are really only welfare, payable only because of the generosity of the economy. This makes the family farm as vulnerable as the large corporate structure.

The limitation of payments as applied to agriculture is pure discrimination. When we see great corporations with contracts for billions of dollars with cost plus provisions and escape clauses, with waste and inefficiency resulting in cost over-runs of \$2 billion on a \$3 billion contract, then the attempt to deny \$300 million at the expense of 50,000 independent entrepreneurs who have earned their money becomes irritating to say the least.

The same results could be achieved with an impartial tax policy or the enforcement of the 160A limitation on irrigation water from Federal projects.

If there is to be an attempt to attain a reasonable land reform, and there is ample room for this in our agricultural structure, then it should be done openly with a definite land policy properly enacted by the Congress, with a fair and adequate compensation for the land taken through the proper observance of our constitutional processes and guarantees, and not through a back door attack on the integrity of anyone's invested capital.

Mr. Chairman and members of the committee. You may be assured of the support of the NFO for any program which will improve and insure the economic welfare of cotton producers. We will, as I am certain you will, oppose efforts to destroy that which we have developed with such difficulty. There may be some minor adjustments necessary in the present legislation, but we believe that the interests of farmers and the public would be best served by extending the present program, designed and passed by an overwhelming bipartisan coalition of rural and urban Democrats and Republicans. We hope that you may see fit to proceed in this way.

Much more than the preservation of payments without limitations is at stake. The integrity of the billions of dollars invested in the agricultural plant is also at stake, and with it the general welfare of our Nation and the physical survival of millions of the citizens of this teeming planet. As the sign outside Independence, Mo., used to say to the ox-drawn prairie schooners, "Choose your ruts with care. You will be in them for 1,500 miles."

Mr. ABERNETHY. The committee will stand in recess.

(Whereupon, at 11:50 a.m., the committee recessed, to reconvene Tuesday, November 25, 1969, at 10 a.m.)

COTTON

TUESDAY, NOVEMBER 25, 1969

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COTTON OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:05 a.m., in room 1301, Longworth House Office Building, Hon. Thomas G. Abernethy (chairman of the subcommittee) presiding.

Present: Representatives Abernethy, de la Garza, Sisk, Burlison, Mathias, and Mizell.

Also present: Representatives Jones of Tennessee, and Zwach.

Mrs. Christine S. Gallagher, chief clerk; Lacey C. Sharp, general counsel, and Hyde H. Murray, associate counsel.

Mr. ABERNETHY. This subcommittee has convened again this morning to take testimony on the cotton situation and the cotton program.

Off the record, please, ma'am.

(Discussion was had outside the record.)

Mr. ABERNETHY. We will go back on the record.

The first witness will be Mr. P. R. Smith, president of the Southern Cotton Growers, Inc.

Mr. Smith, did you not have someone accompanying you?

Mr. SMITH. Yes, sir; I do: Mr. Hope Leggett, Mr. Graham Whitehead, and Mr. Frank LeMay.

Mr. ABERNETHY. Would you like to have them sit with you?

You may proceed, Mr. Smith.

STATEMENT OF P. R. SMITH, PRESIDENT, SOUTHERN COTTON GROWERS, INC., AND VICE PRESIDENT, GEORGIA FARM BUREAU FEDERATION, ACCOMPANIED BY HOPE LEGGETT, GRAHAM WHITEHEAD, AND FRANK LEMAY

Mr. SMITH. Mr. Chairman, gentlemen of the committee. My name is P. R. Smith. I am a cotton farmer of Winder, Ga., and I am serving this year as president of Southern Cotton Growers, Inc., and vice president of the Georgia Farm Bureau Federation. My appearance today is in behalf of both of these organizations.

Southern Cotton Growers, Inc., is the major cotton organization in the Southeast, representing cotton farmers in Alabama, Georgia, South Carolina, North Carolina, and parts of Tennessee and Florida.

Mr. Chairman, southern cotton farmers salute you as one of their own, one with a broad view of the problems that beset all cotton farmers, from Virginia to California, and one with the will and the

heart to lead us in our efforts to develop the legislative means of dealing with our woes, for our own good and for the good of our Nation. We hold deep respect and admiration for each member of this committee.

But we must admit we feel sorry for all of you, as well as ourselves. The well-being of millions of Americans, and the strength of our Nation are involved in what you do about cotton policy. The problem is staggering.

Mr. Chairman, when you announced these cotton hearings on November 6, you said: "The cotton problem is deadly serious."

The problem, in fact, is so serious that no clear course for the Congress to follow in developing a solution has emerged. At this point it seems to us whatever you might do, in the way of creating a new cotton program, cannot be else but hit or miss.

Our farmers are scared half to death.

Therefore, it is our judgment the best course would be to extend the Food and Agriculture Act of 1965 including present cotton program for 2 or 4 years more, with simple amendments to remove glaring inequities.

The Nixon administration needs more time: Its recommendations are hesitant and uncertain. How can we expect this administration to come up with a solution to the farm problem in just 10 months, when the problem has baffled other administrations for 36 years?

The farmer needs more time, whether we keep essentially the same program for a year or more or fly off now on some untried tangent.

The present program can be a good program. It has maintained income for the producing farmer but, as it has been administered, it is killing the cotton economy of the South. It is taking the South out of cotton.

By administrative actions, various land-retirement schemes have been set up to entice small cotton farmers out of production, and the present program discourages larger farmers from planting more than 65 percent of their allotted acres. This year the 10-acre-or-less farmer got paid whether he produced a stalk of cotton or not. Great acreages of cotton in the South's traditionally cotton-producing regions were not planted to cotton. Georgia planted only 410,000 of its 833,000 allotted acres; Alabama only 570,000 acres of its 971,000 allotment; North Carolina, 190,000 of 458,000; South Carolina, 345,000 of 683,000; Tennessee, 415,000 of 547,000; Mississippi, 1,225,000 of 1,550,000; Louisiana, 445,000 of 566,000; Arkansas, 1,075,000 of 1,331,000. For the whole Cotton Belt, 16,200,000 were allotted; only 11,883,000 were planted.

The same has been true for several years. So many acres were idled by special enticements to small farmers and by the operation of the domestic-allotment payment, that the Government removed all mandatory allotment cuts for the 1969 crop, and in 1970 the acreage allotments actually have been raised about the 16 million minimum. The South's cotton economy has borne virtually the whole burden of bringing down the cotton surplus and of maintaining the balance between production and consumption.

The impact upon the South's total cotton economy has been devastating.

Mr. Chairman, great concern has been expressed in these hearings at the prospect that some day soon we may experience an actual shortage of cotton. These prospects are brought about by the price support running to only 65 percent of allotted acres, known as the domestic allotment, and to the administrative hearing of the program to take small farmers almost completely out of production.

It is obvious to all that 16 million acres, the present minimum, will produce more than an adequate supply of cotton if planted and harvested. To raise the total allotment above 16 million, as the Department has announced for 1970, certainly will get more cotton, but this will distort the production pattern all over the belt, further to depress the cotton economy of some States. We need to cure the situation by eliminating the incentives not to produce in the present program operating through the domestic allotment plan and through the enticements of small farmers out of production.

The plantings below allotment have been especially severe in the South. We are the region of many small farms. We are also the region that suffered in 1967 the worst cotton crop disaster in history. Therefore, many of our large farmers are inclined to plant only around 65 percent of their allotted acres, the "domestic allotment" part which has price-support payments.

We must find a way to handle the domestic payment so that these payments are not an incentive to plant only 65 percent of our allotment. Unless we do this and remove the enticement to get small farms out of production, many more thousands of our farm people will become refugees in the South and many will find their way to the cities to burden relief rolls.

Mr. Chairman, we are here to endorse the general cotton program proposal submitted by the National Cotton Council. We participated in the development of these proposals last summer. With greater emphasis, we have come here to plead for fairness in the law and its administration. We support every proposal of special consideration for the small cotton farmer, but we vigorously oppose any scheme or gadget that takes or entices farmers out of production and off the land.

We have brought to you recommendations that, we believe, will help our region—in the words of President Nixon, referring to the whole rural America—"once again, become an area of opportunity." These are our proposals to the Cotton Subcommittee of the House Committee on Agriculture:

1. Extend the one-price cotton law for 4 years, with revisions and refinements removing inequities and strengthening the program. The evolution and science of agriculture move too swiftly to be comprehended by any permanent farm law.

2. Keep the 16 million national acreage allotment.

3. Eliminate the voluntary acreage diversion feature of the present cotton law. When a reduction in acreage below the 16 million total allotment is needed, to prevent new surplus accumulation, let the percentage of the national allotment reduction apply to each individual farm allotment, with no acreage diversion payment beyond the mandatory cut. Payments on voluntary acreage retirement is ruining the cotton economy in regions with numerous small farms.

4. Repeal the cropland adjustment program outright, and forthwith, and avoid all soil bank approaches to agriculture's problems, by whatever name presented. Such programs decimate the farm population, create ghost towns, and dump rural people upon relief rolls of the cities. The cost of bloated welfare payments in the cities is far greater than any farm program which enables people to remain upon the land and in our rural towns.

5. Provide in the new law that each cotton allotment holder must plant, lease, release, or lose his allotment. Maintain adequate protections for small farmers who plant, cultivate, and harvest their allotment acres. Provide that unused allotments would return to the county committee for reassignment within the county or State.

6. Liberalize the law as it relates to transfer of cotton allotments by purchase or lease, within a State, to encourage movement of acreage from allotment holders who do not want to produce cotton to those who do want to produce.

7. Write into the new law provisions making certain the United States regains its rightful position in the world export markets. Let our exports sell cotton in direct competition with foreign growths and then receive an adjustment representing the difference between the importation of raw cotton. Parenthetically: this was done with price paid for American cotton by all exporters, with a margin representing a reasonable profit for careful and efficient operators in the export trade; hold weekly or monthly CCC cotton auctions, in convenient lots, for sale to the highest bidder for export.

8. Protect the American textile industry from the great influx of cheap cotton goods from abroad. As a first step, define yarn as a raw cotton so that yarn comes within the limitation now placed upon the importation of raw cotton. Parenthetically, this was done with pickerlap.

9. Write new protections against havoc caused by natural disasters, so that farmers who are victims of such disasters may receive easier credit and may use yield records of normal production years, when all requirements and benefits under the cotton program are assigned.

10. Implement fully the research program now provided for in the cotton law.

11. Revise CCC regulations to allow the producer to better use loan provisions as a marketing tool. A loan maturity date based on date of loan entry interest and encompassing two marketing seasons will do much to accomplish these objectives. Let us have our cotton in the loan long enough to try to sell it.

You will note, Mr. Chairman, our recommendations embrace no proposal with respect to limitations of payments to individual producers. In view of what recently has happened in the Congress, we must recognize that some limitation apparently is inevitable. Frankly, we are unable at this time to present any plan for limitations that will not cause wide distortions in the cotton producing enterprise and will not endanger the structure of any cotton program that may be under consideration here.

Mr. Chairman and members of this committee, we have faith that you will not rush us into something new and untried. We are confident you will keep the best of the program we have, but adjust it to treat every

cotton producer and every region fairly and then proceed in the direction of recapturing cotton markets and reestablishing the undisputed supremacy of cotton in the fiber markets of the world.

Thank you very much.

Mr. ABERNETHY. Thank you, Mr. Smith. I want to commend you for the rapidity with which you read this statement. I am sure you realize that time is a problem with us.

I also want to suggest—or say, rather, that we are going to do the best we can. Some of us—maybe all of us, I do not know—are very sympathetic with the views you have expressed, but we have a problem where a meeting of the minds has got to be made between the administration and the cotton industry and the Congress itself.

I suggested last week that if there was not such, that if the people downtown as well as the Congress and the farmers could not reach a meeting of the minds we would be stuck with this old act which we will revert to beginning in 1971. There has got to be some giving in somewhere. Up to now, we have not seen any evidence of it, but there is going to have to be if we get any kind of legislation. That is quite evident. We might as well face it.

Now, as I understand, and I am sure you understand, the administration has, at least, said that it has not taken a firm position on anything, but they have submitted a generalized proposal. Have you had an opportunity to examine this?

Mr. SMITH. No, sir.

Mr. ABERNETHY. You have not? You have formed no opinion on it, then.

Do you have any questions?

I will start with Mr. Jones.

Mr. Jones, do you have any questions?

Mr. JONES of Tennessee. No.

Mr. ABERNETHY. Mr. Burlison?

Mr. BURLISON. No.

Mr. ABERNETHY. Mr. Sisk?

Mr. SISK. No questions.

Mr. ABERNETHY. Mr. de la Garza?

Mr. DE LA GARZA. No.

Mr. ABERNETHY. Mr. Mathias?

Mr. MATHIAS. No.

Mr. ABERNETHY. Well, I want to ask you one question.

I think I understood you to make a point in your statement that your people, if there are to be payments, they want them to be paid for producing and for no other purpose?

Mr. SMITH. This is true, yes, sir. This is true.

Mr. ABERNETHY. All right.

Thank you very much, Mr. Smith.

The next witness will be Mr. B. F. Smith of the Delta Council.

I would like to say that Mr. Smith is my own constituent. We are happy to have you, B. F.

STATEMENT OF B. F. SMITH, EXECUTIVE VICE PRESIDENT, DELTA COUNCIL, STONEWALL, MISS., ACCOMPANIED BY WILLIAM A. CRAIBLE

Mr. SMITH. Thank you, Mr. Chairman, and members of the subcommittee.

I have with me one of our past presidents, Mr. William A. Craible, who is also a cotton farmer of Quitman County, Miss.

Mr. ABERNETHY. We are happy to have Mr. Craible. I know Mr. Craible and his family quite well. He is an excellent farmer.

Mr. SMITH. My name is B. F. Smith. I am executive vice president of Delta Council, an organization supported by the agricultural, business, and professional leadership of the Yazoo-Mississippi Delta area and by boards of supervisors representing the 18 delta and part-delta counties. Delta Council is authorized to represent the common interests of the more than 600,000 people who live and do business in this area. Cotton is the principal source of income of the delta and Delta Council represents the cotton farmer's viewpoint.

The cotton industry is an extremely important segment of our national economy. An estimated 1,300,000 people live on farms that grow cotton. An additional 5 million people depend to an important extent upon employment concerned with producing, marketing and processing cotton and cottonseed. The total investment in the production and processing of cotton in the United States is estimated at more than \$24 billion with about \$11,750 million represented by farm real estate.

In our State, cotton is even more important relatively. The number of people living on cotton farms amounts to 233,000 individuals. Returns from the cotton crop in 1968, even with reduced acreage, amounted to \$343 million.

This was more than the value of all other crops combined and anything that affects cotton also affects all other segments of our economy.

I am sure that each member of the subcommittee is fully aware of the fact that the cotton industry today faces a supply situation that is vastly different from that which prevailed when the Agricultural Act of 1965 was enacted. Cotton is not now a surplus crop. In fact, the carryover is at a level that is considered to be "minimum safe." There is now a great need for Government policies and a program that will permit cotton farmers to produce the supplies and qualities needed for domestic consumption and for export in an efficient manner and with the objective of market expansion.

While cotton must be relatively competitive in price and quality, one of the most important requirements of such a program is that it be aimed at producing an adequate supply. Time was when a short supply of cotton could result in higher prices to farmers with no long-range adverse effects on markets. This is no longer true. Shortages are quickly reflected in market losses. Simply stated, "You cannot do business out of an empty wagon."

Another important requirement is: to produce and maintain an adequate supply, farmers growing cotton must receive returns from cotton that will exceed their costs of production. Once it was a commonly accepted fact that farmers would grow more cotton to make up for lower prices and, given the opportunity, farmers would plant from fence row to fence row. This is just no longer true. Cotton produc-

tion input items now represent cash costs and these funds are controlled to a large extent by production credit agencies and not the farmer.

Mr. Chairman, we have been working to develop a program to meet the following criteria:

1. Provide an adequate supply of cotton.
2. Reduce the cost of the program to the Government.
3. Maintain farm income.
4. Minimize the threat of limitations on participation in the program by individual farmers.

We believe the basic components of a program that will fill these requirements are:

1. The establishment of an annual production goal to provide adequate supplies of cotton needed to maintain and expand domestic consumption and exports and provide reasonably safe carryover stocks.

2. Provide for a nonrecourse CCC loan at 90 percent of the average world price. This is needed for orderly marketing.

3. If the cost of producing cotton is appreciably more than it will sell for in the market, as is now the case, provide for a production-cost adjustment in the form of a negotiable certificate that will have a per-pound value equal to the difference between the average price received by farmers for their cotton and the average cost of production as determined by USDA studies. This cost-of-production adjustment certificate would be cashable by the first buyer and would be made to the commodity and not to the farmer. It is important that this production cost adjustment be recognized as necessary to bridge the gap between prices received by farmers and production costs and not be confused with "income supplement payments."

Let me say also that this cost of production would be paid on the entire amount that was considered necessary to fill domestic consumption and export. In other words, the entire crop.

Mr. ABERNETHY. You mean, across the board?

Mr. SMITH. That is right, yes, sir.

4. In addition, provide for an income supplement payment to permit some measure of stability in farm income, especially for small- and medium-size farmers. These income supplement payments could be limited or based on a graduated scale without destroying the cotton program and the cotton industry.

5. Provide for both the cost-of-production adjustment certificate and the income supplement payment to be based on actual yields rather than on projected yields.

6. Strengthen and modernize the crop insurance program to provide adequate protection for high-risk crops such as cotton.

7. Eliminate the 100-acre limit on cotton acreage that may be transferred within States from farm to farm by lease or sale.

8. Safeguard the sale of CCC stocks to prevent disruption of the marketing system.

We believe that a program of this kind would provide needed supplies of cotton at substantially lower costs to the Government. Production shifts could be made on a long-range basis without violent disruption and dislocation of individual farmers or to the income of farming communities.

Such a program would be market oriented in that the value of the certificates would reflect average prices received in the market. Also, the value of the certificates could be reduced as market prices strengthen or as production costs are reduced.

It is our idea that the preliminary cotton recommendations submitted to this subcommittee by the USDA fall short of providing the kind of program that cotton must have in order to maintain and expand domestic markets and exports. In the interest of time, I will not go into detail but would like to comment that the most obvious defect of the program is that in our opinion, simply, it will not produce the needed cotton. Without an adequate supply, we cannot hope to even hold markets, much less expand off-take.

Mr. Chairman, I will not comment, in detail, on payment limitations except to say that the imposition of limits on program participation as have been proposed would be disastrous to many farmers and to the cotton industry.

Action is needed as soon as possible to remove the cloud of uncertainty that exists today with regard to the kind of program that cotton will have over the next several years. We believe that a program along the lines we are recommending will help restore confidence in cotton and will permit farmers and other segments of the industry to move ahead in making the investments that are necessary for efficient production.

We are convinced of the fact that substantial gains can be made in reducing production costs. These gains will depend, however, upon traditional research and we respectfully request the all-out support of this subcommittee in implementing the already authorized cotton research program to the fullest extent possible.

While not directly related to cotton program legislation, we wish to again emphasize the need for quantitative controls to provide reasonable restraints on cotton textile imports. These imports, consisting largely of textiles made from foreign-grown cotton, represent the equivalent of more than 1 million bales annually and they are trending rapidly upward. This represents a serious problem to the U.S. cotton farmer whose biggest market is being undermined by foreign-grown cotton. We do not believe that voluntary restraints are either practical or possible unless they can be implemented more effectively. From past history, this does not appear likely to happen.

Mr. Chairman, we are grateful to this subcommittee and to the House Agriculture Committee for your sympathetic consideration of cotton's problems. We believe that a strong, healthy, expanding cotton industry is in the national interest. While cotton faces very tough problems, we believe that, with your help, it will be possible to solve these problems.

Thank you.

Mr. ABERNETHY. Thank you, Mr. Smith.

Mr. Smith, may I say that it really amazes me that the cotton industry of America is forced to continue to struggle with the problem of imports.

Now, this is not something I am trying to gig the present administration with, it is just a fact of life; it is something that has existed not only in this administration but existed in the Johnson administration and in the Kennedy administration and in the Eisen-

lower administration and in the Roosevelt administration. I served under all of these Presidents and most of them—all of them, actually—came into office, as I said the other day in the committee, to do something about it, and, actually, we have done nothing about it. We have had some meetings with the people who import this merchandise to America, and I understand that our State Department and Agriculture people, as well as others, have had these meetings, but we never get anywhere. The situation gets worse and worse.

Right at this time, negotiations have been going on about the return of Okinawa to Japan. I understand that some reference has been made to the tremendous imports of textiles in connection with that subject, but no particular progress was made on it.

Certainly, that offered us an opportunity for such, and maybe the opportunity is still there, I do not know.

Mr. SMITH. We are amazed also, Mr. Chairman, that this problem has gone on as it has, and we can see no end to it. Certainly, these same countries that export into our country have all types of restraints upon the shipment of goods into their countries.

Mr. ABERNETHY. The shipment of our goods, particularly.

Mr. SMITH. Yes, sir.

And while we subscribe to a reciprocal trade, as we understand the definition of the word "reciprocity," this means a two-way street, running both ways.

Mr. ABERNETHY. Now, as I gather, the high point of your statement is that if we have what amounts to a dual-allotment program with the domestic allotment being a fixed amount, fixed acreage and the remainder of it, which has been referred to as approximately 4 million bales by people from the Department, left open—if that is left open for the farmers to plant just as they will or want, your opinion is that they in all probability will not plant?

Mr. SMITH. This is correct. We do not think they will plant it. We do not think they will plant it for the simple reason that the price prospect and the cost of production, these items are factors that they will take into consideration. Farmers, in general, have not had good crops this last year, and they are going to plant pretty close to their 65 percent, and I would say that if this 65 percent is lowered to 50 percent, they would plant pretty close to the 50 percent. It would be disastrous not to produce the cotton that is needed.

Mr. ABERNETHY. But it does leave to chance the end result, does it not?

Mr. SMITH. Yes, sir.

Mr. ABERNETHY. We do not know whether we will get exactly the amount needed or too much or too little?

Mr. SMITH. Right.

Mr. ABERNETHY. Mr. Mizell?

Mr. MIZELL. No questions, Mr. Chairman.

Mr. ABERNETHY. Mr. Jones?

Mr. JONES of Tennessee. No questions, Mr. Chairman.

Mr. Burlison?

Mr. Mathias?

Mr. Sisk?

Mr. SISK. Mr. Chairman, I just want to welcome Mr. Smith here. I think you made a very excellent statement, and I appreciate your concern.

One question, Mr. Chairman, and I recognize the time problem.

Mr. ABERNETHY. Well, the time situation is going to be a little better than I thought, so do not be afraid to use a little more time.

Mr. SISK. In connection with the goals which you set forth starting on page 2, Mr. Smith, and going over to page 3. These are worthy goals in connection with the things we seek to accomplish, but let us take, for example, a brief comparison.

I am talking now of the immediate future.

Your No. 2: "Reduce the cost of the program to the Government," and No. 3: "Maintain farm income." I am not critical of these, because these are goals which I think all of us objectively share, because we recognize the pressure is on the Government to cut costs and at the same time we realize, I think, the necessity of maintaining farm income or else seeing the farmer really go bankrupt. He is certainly on that borderline now, in many areas. But for the foreseeable future—and I am using the approximate figure that I understand this year is the estimate of what we will spend on the cotton program which is about \$820 million—can you see any opportunity that we can have a program that would be worthy of consideration, that would have any chance of producing the amount of cotton that we need, to reduce any, certainly within the next 2, 3, or 4 years?

Mr. SMITH. Yes, sir; I very frankly do. I think we are paying for something that we are not getting right now under this program.

Now, there are parts of this program, Mr. Sisk, that farmers like in terms of the protection they give them, but they are expensive and may be provided, maybe a little better, some other way. If I might hazard some estimates—and this is a very difficult field to get in: What we are proposing here, say, the production goal that we set would be 12 million bales. You were going to make payments on the production adjustment on actual yield, and I am assuming—and now these are just assumptions: Say that the average cost received by farmers is 22 cents. Now, these things are determined, they are official records in the Department of Agriculture on average prices, and you could use the prior year, say, 22 cents. The average cost of production in 1966, the last official year that we have for study was 26.6 cents per pound. The costs have increased since this time.

Mr. SISK. That is right.

Mr. SMITH. I would say 30 cents. So, that is 8 cents. Now, that would be \$40 a bale and would be \$480 million. But this payment would be made on actual production. This would bring the average the farmers receive up to 30 cents a pound for the 12 million bales. Then this would be the basic portion, basic part of your income supplement payment, then your income supplement payments above this could be scaled anywhere you want them. I mean, if you wanted to make it more liberal that would be fine, but this would be entirely controlled. And, of course, I think they add into the cost of the cotton program some other costs that I do not think are justified. I believe they add Public Law 480 costs into the cost of the cotton program, do they not? But you would have your basic costs that would be \$480 million plus whatever you would do on an income supplement which, if you were to say \$100 million there, would be \$580 million. I think for around \$650 million or \$600 million, you could have a program that would actually produce the cotton and maintain reasonable farm income and some stability in this industry.

I am definitely afraid that what we are going to do is shorten this market and we will set off another round as we had in 1967 and we lost markets that we will never regain, from that situation.

Mr. SISK. Well, I agree with you completely, that the necessity is to stabilize the market and to stabilize the production so that there is assurance to the textile industry—to the purchaser that there will be an adequate supply of cotton at a reasonable price year-in and year-out. This, of course, is the ideal of what we all seek, but I simply want to inquire. There has been a very substantial feeling, I know, by a lot of people, that the opportunity, at least in the immediate future, to substantially cut costs is to simply cut the income of the American farmer today. I just wanted your comments on it. I realize that we are dealing in a lot of uncertainties and assumptions here. There is just no way of knowing, of course, exactly what is going to happen. I think that we have to assume demand; we have to assume what we do in the way of merchandising. Of course, I am hopeful that you folks will continue to push on this business of promotion and merchandising and research and doing a better job of selling your cotton, because, as we have indicated before, I think this is where the cotton industry, unfortunately, is falling down.

Thank you, Mr. Chairman.

Mr. ABERNETHY. Mr. de la Garza?

Mr. DE LA GARZA. Mr. Smith, on page 3 of your statement, item 2: "Provide for a nonrecourse CCC loan at 90 percent of the average world price."

Mr. SMITH. Yes.

Mr. DE LA GARZA. "This is needed for orderly marketing."

Would you expand on "This is needed for orderly marketing"?

Mr. SMITH. Yes, sir. The cotton crop is all produced, it is coming on the market, Mr. de la Garza, within a very short period of time. It does not have a home in the market itself. By providing a loan, the farmer can market part of his crop and put part of it in the loan and carry it and market it out through the year in an orderly manner; whereas, if he had to sell it all at that time, the sheer weight of that volume on the market would depress prices.

By providing the loan to carry this cotton, even though he only gets a part of the value advanced at this low-loan rate, he is able to meet his obligations and sell it out over a period of time.

Mr. DE LA GARZA. There is some difference of opinion among members of the committee. Have you ever adhered to the proposition that once you set the loan rate, you, in effect, set the world price?

Mr. SMITH. Yes, sir. Yes, sir, I have. And I think this has a large measure of truth under the situation that we are in today. But I understand that this loan rate should be as near accurately set to reflect the world price, 90 percent of the world price, as it is possible to set it. I personally think that the advantages of maintaining a loan outweigh the disadvantages.

I recognize the argument is that as long as we have a loan as an umbrella—they say remove it altogether and see what will happen. Well, I am not sure what will happen, and I do not know that we can take the chance on what will happen. I do know that this would make us more dependent than before on payments as part of our income, and you know the hazards that we have right now, and, so,

it is something that we think that is sound and that we had better stay with it.

Mr. DE LA GARZA. Thank you.

Mr. ABERNETHY. Your point in item 3 on page 3 was not so much on the level of the loan as the necessity for having a loan thus providing for orderly marketing, an orderly marketing system?

Mr. SMITH. Right; this is right.

Mr. ABERNETHY. Thank you very much, Mr. Smith. We appreciate your presence.

Mr. SMITH. Thank you.

Mr. ABERNETHY. The next witness will be Mr. J. S. Francis, Jr., of the Arizona Cotton Growers Association.

Mr. FRANCIS. Thank you, Mr. Chairman.

Mr. ABERNETHY. Mr. Francis, may I say to you and your colleagues that we are most happy to have you. You have come a long way. I am not going to push you as hard as I did the others on time.

Mr. FRANCIS. Thank you, Mr. Chairman.

Mr. ABERNETHY. Anyone who comes that far, as far as you have, is entitled to a little extra time.

Mr. FRANCIS. We get out here a lot faster than we used to, by jet.

STATEMENT OF J. S. FRANCIS, JR., CHAIRMAN, LEGISLATIVE COMMITTEE, ARIZONA COTTON GROWERS ASSOCIATION, ACCOMPANIED BY ARDEN PALMER, PRESIDENT, ARIZONA COTTON GROWERS ASSOCIATION, AND JOE SHEELY, CHAIRMAN, ARIZONA STATE ASC COMMITTEE

Mr. FRANCIS. Mr. Chairman, I am a cotton farmer and producer from Peoria, Ariz., and I serve as the chairman of the Arizona Cotton Growers Association's legislative committee. I am accompanied today by our association's president, Mr. Arden Palmer of Thatcher, Ariz., and Mr. Joe Sheely of Tolleson, Ariz., who is the chairman of the Arizona State ASC committee. The Arizona Cotton Growers Association is an association that represents more than 70 percent of Arizona's upland cotton production.

Arizona is a major cotton-producing State, reigning fifth in the Nation. Of Arizona's 1.2 million cultivated acres, almost 30 percent of them are devoted to the production of Upland cotton. Upland cotton produces more than 20 percent of the total agricultural wealth generated each year in our State and is the foundation of our row-crop economy.

Arizona's cotton problem parallels our country's cotton problem—the problem is simple, it seems—it costs about 30 cents to produce a pound of cotton. The market price, its value, because of competition with synthetics and foreign cotton, is about 20 cents. That's the problem. I am sure it is not difficult to see why we believe some type of program which will include the direct concept is necessary. The alternative is to write off the raw-cotton industry. In addition to the disaster that would be caused in the cotton industry, I cannot fathom what we would do with 16 million extra acres. We believe that what is needed is a live, viable cotton industry. One that can pay good wages, one that can compete for good workers. Specifically, we feel we must

first of all have a long-range cotton program that is geared to a fully implemented and funded cost-cutting research program. With respect to some particulars, let me say this:

Payment limitations: The producers of cotton in Arizona are against payment limitations for sound, economic reasons. A payment limitation of \$20,000 on Upland cotton only would cause more than 45 percent of Arizona's domestic cotton allotment to be ineligible for payments. This means that of Arizona's 324,000 acres of effective cotton allotment, more than 200,000 acres would not qualify for any payment. Even if we should double our limitation figure and make it \$40,000, we would find more than 25 percent of Arizona's domestic allotment would be ineligible for payments. This would reduce Arizona's one-half million acres of effective allotment nearly 50 percent.

Attached to my statement, Mr. Chairman, is an economic study performed by the University of Arizona, in Arizona's largest cotton county. In summary, it said:

There is no net return to land and management on a typical Pinal County farm without Government payments when cotton sells at 22 cents a pound.

Limitations in this county would honestly create a disaster area of hundreds of thousands of acres.

USDA program: Today, however, we should like to confine our remarks within the broad outline as laid out to you by the USDA known as the "set-aside" approach.

Repeal marketing quotas and the domestic allotment concept: The repealing of marketing quotas on Upland cotton must occur if you accept the domestic allotment and "set-aside" concept. These concepts are totally incompatible as a part of marketing quotas. We are fearful that the repealing of the marketing quotas on Upland cotton will, in itself, be inadequate as far as providing enough cotton to satisfy our raw cotton requirements. The domestic allotment concept, in our judgment, has but one major fault. It could cause a cotton shortage. In fact, we think that the domestic allotment concept as presently presented will result in a cotton shortage. We think that if one lowers the domestic allotment, lowers the payment rate, lowers the loan, and lowers the projected yield, then, these factors, without the additional impact of a payment limitation, would result in cotton crops considerably smaller than the one we are presently harvesting.

I shall not recite to the members of the committee what happened during the last cotton shortage that really wasn't a cotton shortage. Surely, we must be on guard to prevent a reoccurrence of this sort of calamity. It seems to us that a system could be devised in which the Secretary, after polling the producers of cotton as to their planting intentions, would have the latitude to pay for additional production, if needed, so that we could assure our users that we would produce an adequate amount of cotton each and every year.

The bid plan: The National Cotton Council's plan B—the bid plan—seems to us to contain several advantages, for example, (1) adequate production is assured, (2) those who can and will grow cotton, at the least cost, will be given the opportunity to do so, and lastly, (3) the cost to the Government of getting the needed cotton produced will be held to the lowest practical level.

Sale and lease: The provisions on sale and lease of allotments, for example, the elimination of the 100-acre minimum and referendum

requirement for transfer of allotments across county lines, coupled with the elimination of the December 31 deadline, as suggested by the Secretary are excellent. The elimination of the marketing quotas does not eliminate the need for the domestic allotment to move to low-cost areas. This major cost-saving factor should be authorized and most certainly no restrictions should be made to prohibit a farmer from selling his allotment if limitations are imposed.

Allotment retirement: The suggested total retirement of a cotton allotment in 4 years by, I assume, paying the producer the full payment each year on that portion of his remaining allotment could be disastrous and terribly expensive. We are not opposed to this type of retirement—provided the allotment is redistributed on a national basis—if needed. But we might suggest a rate of certainly no more than half of the payment. We think this rate would be adequate and would retire many marginal acres all across the belt.

Projected yields: The suggested freezing of projected yields if we are allowed to adjust for abnormal factors would, in our judgment, have the effect of lowering the cost of production. It would cause producers to return to practices based on dollars returned rather than pounds of production. It would, in my State, reduce some skip-row planting. It would aid in pink bollworm control and, interestingly enough, as it lowered production cost it would reduce our borrowing requirements thereby reducing our interest cost.

Loan level: As to the Secretary having the discretion to set the loan at a level between 80 percent and 95 percent of the preceding 3-year average price of cotton in designated spot cotton markets, may we suggest this grant of authority be restricted to about 90 percent.

Price-support payment: With respect to the payment rate, we feel that this cost adjustment must be related to cost of production. By that I mean this: The price-support payment should be the difference between the average cost of production and the average selling price or loan level. This payment must not be limited. It will in no way be an income supplement. It must be recognized for what it is—a cost of production allowance.

Set-aside: Requiring farmers to idle as many acres as his domestic allotment would not make a great deal of difference to a small portion of Arizona. But, in the vast majority of my State, it would do great economic harm for it would raise our costs. Taxes, assessments, overhead—all fixed costs—would have to be transferred from our set-aside acres to our cultivated acres. Why add to the cost of production? “Set-aside” will result in a higher cost of production. “Set-aside” does not seem to us to be a necessary item in a cotton program.

Scaled payments: In our considered judgment, absolutely no limit should be placed on the amount of payment that a cotton farmer receives for his cost of production adjustment. A limitation on this will destroy agriculture—all agriculture—in my State.

Closing statement: Finally, Mr. Chairman, let me say this: Cotton’s ultimate answer, whether it is grown in Arizona or Arkansas, is not greater dependence on Government programs; it is, instead, our being able to produce a wanted and needed raw product at a competitive price on a continuing basis. This can be accomplished by first our supporting a fully implemented and funded cost-cutting research program and by some of the other things I have mentioned here today.

I hope that such an answer will be forthcoming in the near future and pledge Arizona's cotton producers to cooperate with you in working toward this goal.

(The appendix to the prepared statement presented orally by Mr. Francis, entitled "Government Payment Limitations—A Threat to the Agriculture of Arizona and Especially Pinal County," follows:)

GOVERNMENT PAYMENT LIMITATIONS—A THREAT TO THE AGRICULTURE OF
ARIZONA AND ESPECIALLY PINAL COUNTY

(By Robert S. Firch)

The success of Arizona's large-scale cotton production has been placed in jeopardy by the present threats of limits being placed on Government payments to individual farms. The U.S. House of Representatives in both 1968 and 1969 passed legislation which would limit Government payments to individual farms to no more than \$20,000. In 1968, the Senate refused to endorse the payment limitation feature, and as of the date of this writing, the Senate appears likely to block the payment limits again in 1969. But, the sentiment in the Congress for payment limits seems to be growing. Relatively few people realize the extent to which the effects of payment limits would be concentrated geographically.

Under the Government program for upland cotton for the 1969 crop, producers are paid a price support payment of 14.73 cents per pound of lint on the projected yield of their domestic allotments. The domestic allotment is equal to 65 percent of the total upland cotton acreage allotment on each farm.

Arizona farmers have been very successful in gaining control of and effectively combining large quantities of resources into large, efficient farming operations. Income per Arizona farm leads all other States and surpasses the State with the next largest income per farm by a wide margin.

The accompanying table shows that this large, efficient organization of Arizona farms also has been achieved in cotton production. The average upland cotton acreage allotment per Arizona farm having an allotment is 158.0 acres, whereas the same average for the entire United States is 32.8 acres. With the exceptions of California with 104.6 acres and Texas with 64.8 acres of cotton per allotment farm, all of the other major cottongrowing States have averages of less than 43 acres. Pinal County has an average allotment per farm which is almost twice the size of the State average.

EFFECTS OF PAYMENT LIMITATIONS ON UNITED STATES, ARIZONA, AND PINAL COUNTY
UPLAND COTTON PRODUCTION

	United States	Arizona	Pinal County
Cotton allotment, acres per farm.....	32.8	158.0	293.3
Acres of domestic allotment.....	9,248,768	210,913	82,021

Maximum payment per farm	Acres excluded from payments		
\$10,000.....	1,495,780	136,305	61,347
\$20,000.....	769,592	97,958	47,468
\$30,000.....	514,617	75,471	36,154
\$40,000.....	433,680	59,046	29,813
\$50,000.....	336,555	49,192	24,545

Maximum payment per farm	Percent of Domestic allotment qualifying for payments		
\$10,000.....	83.8	35.4	25.1
\$20,000.....	91.7	53.6	42.1
\$30,000.....	94.4	64.2	55.9
\$40,000.....	95.3	72.0	63.6
\$50,000.....	96.4	76.7	70.0

Evidence of the success of these large-scale farming organizations is seen in the fact that Arizona farms with 15 to 30 acres of upland cotton allotment have an average projected yield of 1,072 pounds of lint per acre, while farms of 350 to 500 acres have an average of 1,257 pounds and farms with over 1,000 acres of upland cotton allotment have an average projected yield of 1,187 pounds. The decline in yield from the 350- to 500-acre class to the over 1,000-acre class of farm is probably more than offset in per unit cost of production by additional economies in the purchase of inputs and utilization of machinery.

A publication by the Agricultural Stabilization and Conservation Service titled, "1968 Feed Grain, Wheat, and Cotton Programs: Frequency Distribution of Participating Farms by Size of Allotment or Base," provided the basis for an analysis of the effects of payment limitations on the United States and Arizona. Pinal County was selected for more detailed study because it has larger allotments per farm than other Arizona counties and each of its 430 allotment farms was studied individually. The results reported in the accompanying table are definitely lower limit estimates of the effects of payment limitations since they ignore the fact that many of these farms grow American-Egyptian cotton and other crops that also receive direct Government payments. The analysis also ignores the fact that some of the larger farms may also grow cotton in other counties in addition to Pinal.

The table shows for the United States, Arizona, and Pinal County the number of acres of domestic allotment. This is the maximum number of acres eligible for payments with no restrictions on maximum payments per farm. The next section of the table shows the number of acres excluded from payments by payment limitations of \$10,000 to \$50,000 per farm. It can be seen that a limit of \$20,000 per farm would exclude over three-quarters of a million acres of upland cotton from payments for the entire United States. The acres excluded for Arizona and Pinal County at the same payment limit level would be about 98,000 and 47,500.

The bottom section of the table gives the percent of the domestic allotment qualifying for payments at various payment limitation levels. With a \$20,000 per farm limit, over 90 percent of the domestic allotment for the United States would still qualify for payments. For the state of Arizona a little over half would still qualify, while in Pinal County only a little over 40 percent of its domestic allotment would still qualify for payments with a \$20,000 limit. It is clear from this table that Arizona would be affected a great deal more by payment limitations than the United States as a whole, and Pinal County would be affected significantly more than the State of Arizona as a whole.

To the extent that cottongrowers still found it profitable to grow cotton on the land without the direct Government payments, the effect of payment limitations would be borne almost entirely by the owners of the land excluded from payments. In the current crop year the difference between the total allotment and the domestic allotment is not eligible for Government payments if either planted or not planted in cotton. Apparently, a large number of cottongrowers in Pinal County found it unprofitable to grow cotton without the direct Government price support payments because only 40 percent of the land that could have been planted in cotton in 1969 without the payments was actually planted. Of this land not planted to cotton, about half was planted to other crops and half remained idle. It appears then that payment limitations would result in substantial reductions in land planted in cotton and substantial effects on firms supplying inputs used in cotton production, as well as local merchants in cottongrowing areas of Arizona.

Mr. ABERNETHY. Well, we thank you very much, Mr. Francis.

Do the gentlemen with you care to make statements, or are they here just to scotch for you?

Mr. FRANCIS. Moral support, Mr. Chairman.

Mr. ABERNETHY. Thank you very much.

Are there any questions from the members of the panel?

Mr. DE LA GARZA. Mr. Chairman?

Mr. ABERNETHY. Mr. de la Garza.

Mr. DE LA GARZA. It is not really a question, being more of a request. But part of the problem we have here in the Congress, Mr. Francis, is the lack of knowledge by many of the Members of the problems of

agriculture, specifically, cotton, and one of the problems, of course, is the imposing of limitations. Many of my colleagues, as hard as we try to convince them, they fail to understand when they see a figure of \$50,000, \$100,000, and they think this is given to the farmer and he takes it to the bank and it is all profit for him to do as he pleases with.

I was wondering if you could provide the committee with an average farm in Arizona, not naming the individual but giving his cost of production, what his operation costs, what his payment was, and how much, if any, he had left as pure profit from the cotton operation, including any other operations he might have on his farm.

I neglected to ask the gentleman from Mississippi, but I guess we can go back, because I think this would be very helpful to us, not really in formulating the legislation but in trying to explain the reason for some of the things we do, to some of our colleagues from the big cities and from the northern part of the United States who, as hard as we have tried to convince, we still seem to be unable to convince.

Mr. FRANCIS. The University of Arizona is presently working on a project that would answer your request, and it should be available to us in the very near future, and I shall be more than happy to send it to you.

Mr. DE LA GARZA. Would you be so kind to forward it to us. Thank you, Mr. Francis.

Mr. ABERNETHY. Mr. Francis, as I interpret your statement, that is, in a general way, the farmers of Arizona do not wish to leave to chance the production of the desired goal and the desired needs, that is, the quantity that we would regard as needed annually, you do not want to leave that to chance, you feel that should be settled before the program, or before the annual crop year gets underway?

Mr. FRANCIS. Absolutely, Mr. Chairman. We do not believe an adequate amount of cotton will be produced with a domestic allotment concept, period.

Mr. ABERNETHY. All right. Now, how general has that been discussed among Arizona farmers?

Have you had any meetings where a concept of a domestic allotment and then leaving to chance—and I do not use that word critically, but I do not know of any other way to describe it—the production of the remainder of the goal? How generally has it been discussed?

Mr. FRANCIS. This has been discussed in several meetings in the State of Arizona. In Arizona, we have the second highest cost area and the lowest cost area within one State. In the high-cost area the domestic allotment will be planted, period. In the low-cost area, there is some interest in planting beyond an allotment, provided that there is no restrictions, that is, that it would not be restricted, as an example, by saying that you could plant your allotment plus 100 percent more. If a farmer wants to do this, I believe he has to do it in a big way, and it is, of course, dependent upon the price he can get for his cotton. A lower loan level would result in perhaps no cotton being planted, even in our low-cost areas.

Mr. ABERNETHY. Well, under this system of leaving to chance—and, of course, the word answers the question itself—nobody knows, actually knows, what the end result will be.

Would you not say that that is an accurate statement?

No one knows whether they will produce the cotton, or not?

Mr. FRANCIS. Absolutely, until it was planted, and until it was harvested. You would have an idea at planting time only.

Mr. ABERNETHY. In your area, would your farmers produce it at world price or at whatever they could get for it?

Mr. FRANCIS. There would be some cotton planted outside of the program to get a competitive price, particularly the first year.

This would only be done by the farmers that could get financing, as B. F. pointed out. It is a matter of financing cotton without a payment, which is most difficult.

Mr. ABERNETHY. Well, of course, with the investment already made in machinery on a contract to purchase, they have got to carry through on the contract, and they would, some of them would, no doubt, produce until that machinery wore out. Now, that is true, is it not?

Mr. FRANCIS. Yes, sir.

Mr. ABERNETHY. When that machinery is gone, what would they do if the world price was considerably below the average price of production in the United States?

Mr. FRANCIS. They would be bankrupt.

Mr. ABERNETHY. Well, of course, if they tried to produce any more cotton they would be.

Now, that is the position of the farmers in Arizona?

Mr. FRANCIS. Yes, sir.

Mr. ABERNETHY. Well, I just want to say that you have tied in with the position of every single witness, that has been before this committee. There has been no difference. We are getting a different view from the Department. As I said last week, somebody has to get together around here. We are left in the position of arbitrating between the Department and the producers. Up to now, there has been no meeting of the minds; there has been no agreement on these things.

I just hope—and I would like to say it again, that I just hope the appropriate people will get around the table and see if they cannot work this out. This is not any particular criticism of you, I am just pointing out the problem, to the Department, and to everyone in the United States who is interested in this cotton problem.

You do not want to leave this to guesswork or to chance, do you?

What is your position on making payment to those who actually do not produce their crop?

Do I understand that you pay only on what they produce, or do you want to pay whether they produce or not?

Mr. FRANCIS. We feel that farmers who do not want to produce cotton should be taken out of the farming business.

Mr. ABERNETHY. You do not think they should be paid for it, do you?

Mr. FRANCIS. We do not have this problem in Arizona of farmers getting a payment for doing nothing.

We do not have the small-type farms in our State.

Mr. ABERNETHY. I do not favor that. Do you favor it? Do your people favor it?

Mr. FRANCIS. I feel that the farmers in Arizona would like to see the farmers in the rest of the country and our State that have an allotment which has some value—they would like to get the value out of the allotment.

Mr. ABERNETHY. There is a difference between selling and an allotment and paying them for not producing anything, is there not?

Mr. FRANCIS. Yes, sir.

Mr. ABERNETHY. Well, I am willing to buy the allotment and pay them something, but I just do not think it makes sense to pay anybody not to produce and then they hold on to the allotments.

Mr. FRANCIS. We agree, Mr. Chairman.

Mr. ABERNETHY. Well, thank you very much.

Are there any other questions from the members of the panel?

Thank you very much, Mr. Francis, you and your colleagues.

The next witness will be Mr. Norcross, Agricultural Council of Arkansas.

Mr. NORCROSS?

Mr. NORCROSS. Mr. Chairman, and members of the committee, I have with me Mr. Cecil Williams who is executive vice president of the Arkansas Agricultural Council.

Mr. ABERNETHY. Why didn't you bring our old friend, Took Gathings, with you?

Mr. NORCROSS. Old Took has been kind of poorly lately.

Mr. ABERNETHY. Well, will you give him our best?

He served as a member of this committee for at least 26 years and maybe longer, I do not know. We all loved him. He is a great fellow. We regretted his retirement. We would welcome the privilege of again having him visit us in this room.

Mr. NORCROSS. Well, we are quite proud of Took.

STATEMENT OF ROBERT NORCROSS, FIRST VICE PRESIDENT, THE AGRICULTURAL COUNCIL OF ARKANSAS, TYRONZA, ARK., ACCOMPANIED BY CECIL WILLIAMS, EXECUTIVE VICE PRESIDENT, THE AGRICULTURAL COUNCIL OF ARKANSAS

Mr. NORCROSS. Mr. Chairman and members of the committee, my name is Robert Norcross. I am a cotton farmer from Tyronza, Ark. The Agricultural Council, which I serve as first vice president, represents and has represented for 30 years the commercial farmers of eastern Arkansas. Cotton is the primary crop in this area and the economic well-being of most people in the region is tied to this crop.

We are well acquainted with the many problems now facing cotton. And we are convinced that the greatest threat to the industry is the danger of a shortage rather than the surpluses of the past.

It is also obvious that if cotton is to remain competitive, which it must do to survive, some type of cost adjustment must be provided if producers are to stay in business. Such adjustment should provide reasonable returns for labor, management, and investment.

Any limitation on the cost-adjustment program would render it ineffective and would destroy the capability of growers to provide the supplies of cotton needed to support domestic consumption, exports, and a carryover adequate to meet expanding offtake.

We, therefore, urge that new legislation be developed that will maintain competitive one-price cotton. To accomplish this, we recommend providing for a loan level of 90 percent of the world price with the determination of such price being made in a manner which will accurately reflect market conditions for the immediately preceding year or years.

As a step toward assuring adequate supplies, we propose a program that would provide for the establishment of an acreage allotment system aimed at providing the production needed each season.

As a means of bridging the gap between the high production cost and low sales price, we support the cost-adjustment concept as a basis for price supports. Such cost-adjustment payments should be made on actual yield from the total allotment assigned to any given farm.

Payment on actual yields would result in a program designed to maximize returns by encouraging production of the highest possible yields on the total allotment. We feel that any cotton program should provide an incentive to produce maximum yields because increasing per acre yields has proven to be one of the most effective ways of improving efficiency. And this Nation has achieved an enviable record by producing evermore efficiently in all types of business. In addition, payments based on actual production would remove most of the inequities inherent in the projected yield system.

Of course, such a program as outlined would necessitate updating and strengthening the crop insurance program to provide protection for high-cost, high-risk crops such as cotton. We strongly recommend this and feel it should be done regardless of the type farm program ultimately passed.

The Agricultural Council of Arkansas endorses the testimony presented to this committee November 19, 1969, by Mr. J. E. Mayes and Dr. C. R. Sayre on behalf of the National Cotton Council. Our representatives have attended many meetings during the past 2 years to help mold the Cotton Council proposals. We feel that plan A presented by Dr. Sayre provides for a workable and a positive method of achieving the desired production.

We feel compelled to register our objection to the so-called set-aside proposal as applied to cotton. Under previous programs, cotton producers have drastically reduced their allotted acres and feel that idling a portion of their allotments should not be a prerequisite for future program benefits. Growers have also been required to considerably reduce their income potential and a massive set-aside program would endanger this potential even more.

In closing, we wish to reiterate our strong opposition to any form of limitation on program benefits. We could easily spend 30 minutes discussing the many arguments against limitations, but at this time we will simply say that payment limits on any type of cotton program would make it virtually impossible to obtain the production necessary to fill market needs. We are attaching a summary of arguments against payment limitations.

(The attachment entitled "A Summary of the Arguments Against Payments Limitation" follows:)

A SUMMARY OF THE ARGUMENTS AGAINST PAYMENTS LIMITATION

The imposition of a limitation on farm program payments to individual farmers:

1. Would strike at larger producers who are generally our most efficient and as such the leaders of the industry.
2. Would reduce or eliminate profits from those who are the innovators, those who adopt new technology, thus largely removing their incentive to perform this function.
3. Would adversely affect participation in self-help programs for cotton such as CPI.

4. Would seriously impair the ability of farmers to produce sufficient cotton to meet export and domestic market demand. To jeopardize U.S. cotton supplies will inevitably result in manufacturers, who must have an assured supply of raw material, turning to other sources of supply—synthetic fibers and foreign-produced cotton.

5. Would depress land values which in Cotton Belt are geared to great extent to value of cotton allotments. Would severely restrict the amount of financing that a farmer could obtain and thus tend to keep him from producing beyond the level at which he could receive payments, even if he wanted to.

6. Would tend to create an imbalance in agriculture by forcing farmers under limitation into production of substitute crops, demoralizing markets for those crops.

7. Would restrict and impair inclination of those covered (they are community leaders) to work for civic and social improvement in schools, health programs, and other programs designated to enhance community life.

8. Would cause unemployment of people with limited skills which would be likely to occur, and precipitating their migration to the already overcrowded cities.

9. Would establish a precedent that would inevitably result in the limits being lowered to a level that would reduce cotton to the role of a minor crop.

10. Would reduce the degree of competition among fiber producers and tend to increase prices, reduce research expenditures and serve the consumer less efficiently.

11. Would adversely affect suppliers, seed dealers, machinery manufacturers and dealers, chemical companies, banks, and other credit institutions, and in many instances have a pronounced effect on the economies of whole sections.

12. Would seriously curtail the incentive for young farmers to enter cotton production.

13. Would tend to encourage evasion of law.

Mr. NORCROSS. Mr. Chairman, in an effort to be brief, we have tried to devote our remarks to those points we feel to be absolutely essential for a sound cotton program. We believe that a program incorporating these points would considerably reduce Government expenditures.

We would like to thank the committee for giving us the opportunity to express our views.

Thank you, Mr. Chairman.

Mr. ABERNETHY. Thank you very much, Mr. Norcross.

Do I understand that the farmers of Arkansas, who have been meeting and discussing this problem in recent weeks, support the idea of a program which guarantees across-the-board cost of production with an income payment above that?

Mr. NORCROSS. Yes, sir.

Mr. ABERNETHY. Now, I am well aware of the limitation situation, and I am sure you are, and you know we are facing a practical situation there, I am sure; do you not?

Mr. NORCROSS. Yes, sir.

Mr. ABERNETHY. Are there any questions?

Thank you very much, gentlemen.

Mr. NORCROSS. Thank you, sir.

Mr. ABERNETHY. We appreciate your counsel and your presence.

The next witness will be Mr. Jack H. Tipton of the Missouri Cotton Producers Association.

Mr. BURLISON. Mr. Chairman?

Mr. ABERNETHY. Yes, sir.

Mr. BURLISON. I would like the committee to be cognizant of the fact that this gentleman is a very respected and successful farmer from my district. He is president of the Missouri Cotton Producers Association which is made up of farmers and processors in the seven counties that produce cotton on a fairly large scale in the State of Missouri.

He is also accompanied by the executive vice president of that organization, Mr. James N. Conner. I am extremely pleased that these gentlemen have appeared to present the views of their association before this committee.

Mr. ABERNETHY. Thank you, Mr. Burlison.

Your Congressman is a very valuable member of this committee. We are very happy to have him.

Mr. CONNER. We had a pretty good one here before.

Mr. ABERNETHY. Well, you beat me to it. I was going to talk about Paul Jones. I might also say that he was a very popular Member of the House, a very able man and had a long service as a member of this committee. We ask that you extend to him and his very charming wife, Ethel, our good wishes.

All right, sir.

STATEMENT OF JACK H. TIPTON, PRESIDENT, MISSOURI COTTON PRODUCERS ASSOCIATION; ACCOMPANIED BY JAMES N. CONNER, EXECUTIVE VICE PRESIDENT, MISSOURI COTTON PRODUCERS ASSOCIATION

Mr. TIPTON. Mr. Chairman, my name is Jack H. Tipton. I am a cotton farmer of Caruthersville, Mo., in Pemiscot County. I own 1,575 acres of which 375 acres is my cotton allotment. I live on this farm and farm it myself. I am president of the Missouri Cotton Producers Association which represents cotton producers and allied industry in southeast Missouri.

My appearance here is in behalf of the Missouri Cotton Producers Association, which has headquarters in Portageville, Mo. The Missouri Cotton Producers Association was chartered May 11, 1949.

The Missouri Cotton Producers Association represents cotton producers, ginner, banks, warehouses, cooperatives, cotton merchants, implement and fertilizer dealers, and cottonseed crushers.

The Missouri Cotton Producers Association is a nonprofit organization; therefore, we do not market commodities.

Here with me in behalf of the Missouri Cotton Producers Association is the organization's executive vice president, James N. Conner, Kennett, Mo.

It is indeed a great privilege for me to have this opportunity to submit to you the Missouri Cotton Producers Association recommendations for farm legislation:

1. Maintain competitive one-price cotton with flexibility and supplemental programs that would increase offtake and eventually achieve full utilization of U.S. capacity to produce;

2. Provide for a loan level of 90 percent of the world price, with the determination of such price being in a manner which will accurately reflect market conditions for the immediately preceding year or years;

3. Provide for dependable supplies of American cotton which are fully capable to meet the requirements of modern competition at home and abroad;

4. Provide that an anniversary type loan be adopted and that the release of Government stocks may occur only at price levels, clearly defined by legislation, which will allow the marketing system to function effectively in adjusting supply-demand relationships between the dif-

ferent qualities of cotton, and which will permit farmers to make maximum use of normal trade channels in selling their current crop;

5. Establish an acreage allotment system aimed at providing the production actually needed each season for domestic consumption, exports, and a carryover adequate for an expanding offtake;

6. Maintain language in the present farm law as it pertains to the sale and lease of allotments;

7. Recognize that the industry's most urgent problem is to reduce production and marketing costs; and place maximum possible emphasis on a crash program of research and education to overcome that problem and permit the industry, within a reasonable time, to achieve self-sufficiency in meeting price competition;

8. Recognize that in the immediately foreseeable future, some form of cost adjustment must be provided in order for producers to sell at a competitive price and receive a reasonable return for labor, management and investment;

9. Provide that such cost adjustment be made to the commodity rather than to the producer;

10. Strengthen the crop insurance program to provide adequate protection for high-cost, high-risk crops such as cotton;

11. Strengthen to the greatest extent possible industry advice and participation in the administrative decisions made with respect to the cotton program;

12. Reaffirm previous Missouri Cotton Producers Association resolutions which (a) recognize the necessity of quantitative restraints on the expansion of textile imports; (b) recognize that an adequate export market is vitally dependent on product development and promotion together with dependable supplies and competitive pricing; and (c) oppose limitations on any farmer's benefits from a price support or payment program.

I would like now to discuss the probable results of limitation of payments.

Officials in the USDA apparently are saying that the effectiveness of the cotton program would not really be hurt by limitations of payments. To prove their claim that the effectiveness of the program would be hurt, cotton producers representing the entire cotton belt have prepared a list of 13 reasons which I would like to read to you now.

This first reason, I might add, is an understatement.

1. Payment limitations would strike especially hard at larger cotton growers, who in most cases are the most efficient and are the industry's leaders.

2. Limitations would reduce or eliminate profits from those farmers who are innovators and pioneers in new growing and farming methods. The very group of farmers who are quickest to adopt new technology and therefore perform a valuable service to the thousands of growers who adopt the new methods later with little risk because of the groundwork laid by the innovators.

3. Limits also would seriously affect grower participation in self-help programs for cotton, such as Cotton Producers Institute.

4. Limits would interfere greatly with the ability of growers to produce enough cotton to meet domestic and overseas needs. This, in turn, would lead fabric makers into still further use of synthetics,

drying up more and more cotton markets beyond the possibility of ever gaining back these markets for cotton.

5. Limits would cut land values in the Cotton Belt, where land is valuable because cotton is valuable. Land prices in cotton-producing areas are tied to cotton. This is in addition to the harm that would be done by the difficulty of getting adequate financing. Questionnaires were sent to banks, production credit associations, crop financiers, and other agencies that lend money to cotton farmers. These lending agencies said a strong net worth on the part of the farmer would qualify him for a bigger loan, but, otherwise, the limit would be the limit. Although this policy was expected by the cotton growers it was a very strong answer. It means except in the case of a very few farmers who have a high net worth, you could get a loan only up to \$20,000 if that was the legally established limit at that time, you could only go that high regardless of how much land you wanted to farm.

6. A ceiling on payments that could be received by any one farmer would also cause great upheavals in the total agriculture system forcing growers to switch out of cotton into alternate crops. This imbalance would be widely felt and would demoralize markets all over the country for these alternate crops, affecting areas far from the Cotton Belt.

7. Payment limitations would remove much of the incentive for farmers who are community leaders to participate in programs of benefit to the overall community.

8. Limits on farm programs payments would cause widespread unemployment of persons with limited skills, forcing even greater migration of these persons to cities already overcrowded and unable to care for such persons.

9. Limits in any amount would set a precedent that would lead to still further reductions until cotton would be a minor crop.

10. Limits also would cut competition among the various fibers now available, tending to raise consumer prices, cut research funds, and serve the American consumer less efficiently.

11. Limits would have their effects upon a host of agricultural suppliers, such as those who furnish chemicals, machinery, seed, and other production items, as well as lending agencies, and would in many cases seriously cripple the economies of big sections of the country.

12. Payment limitations would reduce the incentive for young men to go into farming, and

13. Payment limitations would tend to encourage evasion of law by farmers.

Gentlemen, I would like to thank you for letting me have this opportunity of presenting the recommendations made by the Missouri Cotton Producers Association in the interest of the Missouri cotton farmers.

Thank you.

Mr. ABERNETHY. Thank you very much, Mr. Tipton.

We also thank your colleague.

I am sure you understand, do you not, that the payments-limitations problem is not one that is necessarily a problem in this committee?

The problem is over on the House floor and the Senate floor.

I might also add that these arguments which you make are well recognized by the members of this committee. They have been used in opposing the attempt to impose limitations.

We are faced with the practical situation which I trust you are cognizant of and that your farmers likewise are cognizant of.

Now, you mentioned crop insurance. How many counties in Missouri where cotton is produced is the crop insurance program available?

Mr. TIPTON. All seven major counties.

Mr. ABERNETHY. When you suggested it be strengthened, then, what do you mean?

Mr. TIPTON. The problem is to make the coverage adequate to where it would not be totally disastrous in case of a year like 1967, to where they could get their cost of production back.

Mr. ABERNETHY. Well, what limitations are there on coverage now?

Mr. TIPTON. The coverage now, it is very inadequate. It does not cover the cost of production. There is no way through Federal Crop Insurance to regain the production costs, because of the increased cost of production.

Mr. ABERNETHY. Well, do you think it is possible to strengthen it to the point where the program would be self-sustaining?

Mr. TIPTON. Because of the increased cost of production, it would be extremely difficult. I do not know. I am not an insurance man, and I wish I had better knowledge of it.

Mr. ABERNETHY. What you have in mind—and I am not being critical—is an insurance program which would carry coverage to the extent that the premiums would not actually meet the coverage and therefore it would be more or less a subsidized crop insurance program; is that not what you have in mind?

Mr. TIPTON. It is not truly what I have in mind, but unfortunately it would be hard to visualize a program that would not make that partially true.

Mr. ABERNETHY. Well, that is a bad word to use around here.

Mr. TIPTON. Yes, sir.

Mr. ABERNETHY. But that is what it would amount to. In other words, that the program would hardly be able to carry itself.

Are there any questions from the members of the committee?

Mr. Burlison?

Mr. BURLISON. Mr. Chairman, I would just like to commend my colleagues from Missouri's 10th District for their appearance and for their fine presentation before this committee.

Thank you.

Mr. ABERNETHY. Are there any other comments or questions?

Thank you very much, gentlemen.

We appreciate your presence.

I might say that we concluded much earlier than I anticipated today.

The next meeting, the gentleman from Texas is on the second day of his summary, I believe—the second and third. That will conclude the testimony from the producers and the service organizations such as the warehouses and so forth, and after that I am sure the Department would like to be heard, and I think we have set aside the 8th of December to hear the Department.

I thank all of you very much, and the committee will stand in recess until the call of the Chair or until December 3.

(Whereupon, at 11:25 a.m., subject to the call of the Chair or the reconvening on December 3, 1969, the subcommittee stands in recess.)

COTTON

TUESDAY, DECEMBER 2, 1969

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COTTON OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10 a.m., in room 1302, Longworth House Office Building, Hon. Thomas G. Abernethy (chairman of the subcommittee) presiding.

Present: Representatives Abernethy, de la Garza, Sisk, Burlison, and Price.

Also present: Representatives Poage (chairman of the full committee), Mahon, and Alexander.

Mrs. Christine S. Gallagher, clerk; and Lacey C. Sharp, general counsel.

Mr. ABERNETHY. This subcommittee is convened again this morning for the purpose of taking testimony on legislation relating to the cotton program.

Again, I would like to suggest that we are confronted with a time limitation. Up to now the witnesses have been very cooperative. They have taken into account the fact that we are limited as to time. And while I don't wish to unusually press anyone, I want all of you to feel free to express yourselves fully. However, as you are testifying, just bear in mind that there are others that are behind you, most of whom have come a long way, and they too would like to have an opportunity to present their views.

The first witness this morning will be Mr. Joe B. Pate, Jr., of Lubbock, Tex. He will be accompanied by Mr. Donald Johnson, of Lubbock; Mr. Charles Bragg, of Stamford, Tex.; and Mr. Robert W. Heard of Victoria, Tex. And of course they are also accompanied by a very potent and popular gentleman here in the Congress, Mr. George Mahon, who controls the purse strings of this Government, and does an excellent job not only in that capacity, but in numerous other ways.

Mr. Mahon, we are happy to have you present. And if you so desire, we would be pleased to have you sit at the table, or you can sit out there with the voters. And I think I have an idea where you will sit.

Mr. MAHON. Mr. Chairman, you have judged me correctly. I want to sit out here with the voters.

I have a number of fellows from Texas who are here. They have an innovative presentation to make. I have listened to it and I have found it very interesting and provocative. And I think the subcommittee will find the testimony very interesting.

Thank you very much.

Mr. ABERNETHY. Glad to have you.

Mr. Pate, you may proceed.

(999)

STATEMENT OF JOE B. PATE, JR., LUBBOCK, TEX., CHAIRMAN, TACPO (TEXAS ASSOCIATION OF COTTON PRODUCERS' ORGANIZATION); ACCOMPANIED BY: DON ANDERSON, DONALD JOHNSON, CHARLES BRAGG, STAMFORD, TEX., REPRESENTING ROLLING PLAINS COTTON GROWERS, INC.; AND ROBERT W. HEARD, EXECUTIVE DIRECTOR, SOUTH TEXAS COTTON AND GRAIN ASSOCIATION, VICTORIA, TEX.

Mr. PATE. Chairman Abernethy, distinguished members of the committee and honored guests, I am Joe Pate, Jr., a cotton producer from Lubbock, Tex., and the chairman of TACPO.

The Texas Association of Cotton Producers' Organizations is an affiliation of the six cotton producer organizations holding charters under the Texas nonprofit corporation law. Member organizations of TACPO are:

- Blackland Cotton and Grain Association.
- El Paso Valley Cotton Association.
- Plains Cotton Growers, Inc.
- South Texas Cotton and Grain Association.
- Trans Pecos Cotton Association.

Texas produces about one-third of the cotton grown in the United States. The six organizations that comprise TACPO have memberships encompassing every major cotton producing area in the State. Their members produce in volume a full range of U.S. cotton qualities under growing conditions which duplicate those across the belt.

We are seriously concerned with the ability of the cotton industry to survive in a multifiber world.

Two major acts which deal with this problem have been passed by Congress in recent years. They are the Agricultural Act of 1965 and the Cotton Research and Promotion Act of 1966.

In general, these laws have served the industry well. At this time, however, we will not dwell on accomplishments under this legislation, but will discuss adjustments which experience has shown to be in order.

Under existing legislation, there are three major problems.

Our industry is not yet self-reliant.

Because of this, Government costs are high—and mounting.

And, many of our efficient farm units may be crippled by limitations.

Today, we will discuss each of these topics in turn, and present our recommendations.

A SELF-RELIANT INDUSTRY

A self-reliant industry must be based on—

1. An effective marketing program;
2. Adequate production;
3. A competitive price; and an effective marketing program.

In 1966, Congress approved the Cotton Research and Promotion Act which created the uniform collection system. This act is the cornerstone of the present self-help program of our industry in our marketing competition with manmade fibers.

We believe this act should be amended as the new cotton program under consideration by your committee evolves.

Amendment is necessary because of the nature of present fiber competition.

Our competitors do not speak of adequate production or competitive price. Manufacturers of manmade fibers take these factors for granted. Instead, they compete through well-designed marketing programs.

The fight for markets in this country revolves around market research—blends—product innovation—brand merchandising—technical assistance. In short, the tools utilized through effective business strategy to take and hold markets. These, together, constitute the market program of our competitors.

How can the new cotton program succeed if we do not make adequate provision to compete more effectively in this arena?

For it is clear that cotton is not meeting competition in the area of marketing. The fact is that use of manmade fibers in this country is soaring while domestic cotton consumption is shrinking. Neither cotton's price nor supply are basic problems in the U.S. market. We are losing out to the superior marketing programs used to sell manmade fibers.

If our present marketing program for cotton is insufficient, why hasn't it been adjusted under present legislation?

We are investing \$1 per bale in our market program because this is deemed to be the maximum that can be collected under the system authorized, not because this is the amount necessary for an effective program.

To compete more effectively in domestic marketing, our industry must find a way to have a more adequate and dependable source of funds to be used for this purpose.

To provide an effective program we favor—

1. An increase in the marketing funds invested by productions;
2. A revised collection procedure; and
3. Broadened power for the Cotton Board and CPI, if this is necessary for effective competition with manmade fibers.

Several plans might accomplish our objective. We will outline one, however, to indicate the type of program we have in mind.

Well in advance of planting time, the cotton board and CPI would study the marketing operations necessary to move the crop. A proposed program and budget would be submitted to the Secretary for approval.

Prior to the annual producer referendum, the USDA would announce proposed details of the total cotton program for the year: marketing quotas, acreage allotments, loan level, price support payment rates, and the amount to be retained by the cotton board from the price support payment to fund the marketing program.

Producers would then vote on the proposed program. If approved, this would provide a cotton program for the year with balanced provisions for creating consumption as well as inducing production.

It might be wise for the Government to remit to the cotton board that portion of the price support payment designed to offset the high cost of production in this country. The cotton board could then deduct from its cost adjustment payment to each producer the amount of marketing retain approved in the referendum.

Price support payments have been authorized by Congress to compensate for the difference between U.S. production costs and the world market price for cotton, and are intended to provide subsidization of an industry in the national interest, not a subsidization of individuals.

Therefore, payment of the cost adjustment through the cotton board of the industry would seem appropriate.

Our intent is to find an adequate and dependable source of funds for the effective self-help marketing program so vital to our survival as an industry. We will support any reasonable plan which will accomplish this objective.

It is essential that funds collected be spent wisely. Present powers and operations of the cotton board and CPI should be analyzed to be sure that adequate authority exists for the board to implement the marketing program needed. We recommend amendment to the law to confer such authority where necessary.

We hope these recommendations will generate discussion which will lead to a solution of the problem of effective marketing—a matter that has received less attention than it deserves.

ADEQUATE PRODUCTION

An adequate supply of cotton for our markets, both domestic and export, is a primary concern of all serious cotton producers. To secure an adequate cotton supply in this country, we must have a Government to provide effective production incentives to growers because the world price for cotton is several cents per pound below our cost of producing the crop.

It is generally accepted there must be a program incentive to grow cotton for the domestic market. Congress has recognized this fact by authorizing price support payments on production from domestic allotments.

If such an incentive is necessary for domestic production, it is equally essential in order to provide production for export. It costs just as much to grow cotton for export as it does for domestic use.

We are told that a program with payments on domestic production, coupled with provisions for unlimited plantings, will provide necessary supplies for all our customers. We do not agree.

In our judgment, such a program will not get the cotton produced for both our domestic and export markets. This considered view is based

1. On experience with the domestic allotment system during the last 4 years.

2. On prospective unlimited plantings calculated from production cost figures developed by the USDA, and experience with the Export Acres Program since 1965.

3. On our careful assessment of this matter in Texas where four of the seven low-cost production areas are located.

Without program incentives to produce cotton for export, we believe our foreign market will be lost forever.

Included in our statement today are two attachments.

Attachment A summarizes some of the consequences should this occur.

We therefore recommend that an effective incentive to produce cotton for export be included in the legislation now under consideration. We will support any reasonable plan whereby this is accomplished.

COMPETITIVE PRICE

Some believe that U.S. cotton has been priced too high under the act of 1965. We do not agree.

Production under the act is expected to total about 37 million bales through this crop year. Sales are expected to be about 47 million bales in the same 4 year period.

During these 4 years we will sell a quantity of cotton equal to total production, plus 10 million bales of reserve. And we expect cotton stocks to be dangerously low by next summer.

This record does not indicate that prices have been excessive.

Therefore, we recommend no major departure from the pricing mechanism established by the act of 1965. But we do suggest certain adjustments in establishing the loan level and related policies.

As a broad criteria, the loan level should be established at a level high enough

1. To provide market incentives to encourage adequate production and to facilitate crop financing.

2. To provide market stability so essential to successful textile manufacturing operations.

3. To provide price stability vital in our competition with man-made fibers.

4. To reduce the need for high Government payments to bridge the gap between market price and the producer income objective.

Yet, the loan should be set at a level low enough—

1. To allow a competitive price in the domestic and export market.

2. To discourage commitment of resources to the production of competing fiber.

3. To stimulate marketing through trade channels with minimum cotton acquisition by Commodity Credit Corporation.

We believe an acceptable compromise between these somewhat conflicting objectives would be a loan level at 90 percent of the market price of the two preceding years. We cannot recommend a loan level that changes within a crop year.

Experience indicates the flow of cotton into CCC ownership may be influenced as much by the duration of the loan, redemption cost, and CCC sales policy as by the level of the loan itself. A recent study of this subject by grower groups across the belt resulted in conclusions described in attachment B to this statement.

We believe the proposals contained in attachment B should be adopted and clearly defined in the new legislation under consideration to remove market uncertainty and encourage development of a healthy merchandising industry.

Of the three essentials we have outlined for a self-reliant industry, we now have a competitive price. We still need a way to encourage production of cotton for export, and a way to meet domestic competition of manmade fiber through a more effective marketing program.

HIGH GOVERNMENT COST

To reduce Government cost we must establish a self-reliant industry. This can be done through judicious adjustment of Federal legislation to encourage an effective self-help program by the industry, and by incentives to provide an adequate volume of production until self-help measures become totally effective. In no other way can Government expenditures be lowered without drastic repercussions within the cotton industry, rural America, and our Nation's economy.

LIMITATIONS

Limitation of payments to producers of agricultural commodities would have serious consequences. Limitations are incompatible with the American economic system; would disrupt most phases of agriculture; would deny many agricultural producers a just return on their labor and investment; and would nullify much of the effectiveness of the farm program.

Imposition of limitations would be nothing less than land reform forced by Federal economic pressure.

We wish to commend those members of this committee and of Congress who have taken a strong stand in opposition to limitations. You have shown a true concern for the economic well-being of agriculture and the Nation.

We urge continued efforts to prevent adoption of limitation of payments.

We recognize that sincere individuals hold views contrary to our own.

As Congress moves toward resolution of this issue, we hope a consensus will support separation of the income supplement aspects of payments from that amount necessary to compensate the industry for high U.S. production costs. We wish to emphasize that the problem of inflated production cost should be treated at the industry level, rather than an individual basis.

OTHER CONSIDERATIONS

We wish to comment on four other items of major importance: Producer income level: We feel the loan and price support payment structure for cotton should be tied to an index related to the general level of prices within our economy, such as the parity system used in the past.

Cotton production involves substantial capital expenditures which must be amortized over a long period of time. Unless cotton producers have assurance their returns from cotton will remain at a reasonable level for several years, many will be unable to secure necessary financing. We cannot build a stable industry when producer income is wholly dependent on administrative decision.

Using parity as a base, since we are all familiar with this index, we recommend the return to the cotton producer be set at not less than 65 percent of parity. We believe this minimum income level, based on whatever index is selected, should be a part of the legislation under consideration.

FEDERAL RESEARCH

In 1964, Congress authorized a \$10 million research program to reduce the cost of cotton production, but that program has not been fully funded. There is a great need for this research effort. We ask that it be implemented as rapidly as possible.

Some believe that any increase in research financed by producers will be nullified by reductions in federally funded projects.

It is essential that the Federal research program for cotton be fully adequate to refute this supposition.

TEXTILE IMPORTS AND DOMESTIC MARKET INCOME

We recognize that textile imports pose a serious threat to American mills and to our domestic cotton market. We recommend that steps be taken to alleviate this problem.

Concurrent with the resolution of the textile import issue, we recommend that a way be found to increase domestic market income to producers without jeopardy to exports.

We stand ready to work with all groups to accomplish these two related goals.

CONTINUING LEGISLATION

Stability is important to our industry and all agriculture. We urge that the agricultural program be made permanent.

Texas producers represented by TACPO support this outline as the broad direction toward which the industry should proceed under appropriate legislation.

We appreciate your consideration.

And I might say, Mr. Chairman, that we have directed our attention primarily to generalities, particularly on the marketing program. But we would be glad to answer any questions that you gentlemen might have.

Mr. ABERNETHY. Thank you very much, Mr. Pate. You have made a good statement.

Your suggestions regarding imports, research, and limitation, parallel those that have been made by other witnesses. Of course, as you know, we have no control over the appropriations that are made for research. That comes through another committee. We do have an interest in it. And we make recommendations. We have little control, in fact we don't have any, over imports. I wish we did. This is a matter that is vested in the Ways and Means Committee as well as in the policy of the Administration.

I stated here in other hearings that I have served under six Presidents. All of them have come into power with promises that something would be done about the import problem that has been visited upon the textile industry of this country. While it is not my purpose to direct any special criticism to any of our Presidents, the fact is that up to now they have done nothing, or very little, and the imports continue to increase.

This is a very serious problem. I don't know what will be done about it. But I hoped that after attending a meeting with Secretary Stans earlier this year that we were going to get some relief. Up until now that has not been forthcoming.

We are faced with a practical situation regarding limitations. I don't say such are inevitable, I just say we have a problem.

I don't exactly understand your recommendation regarding the self-help research and marketing program. You suggest that it be amended and expanded. How do you get that additional money.

Mr. PATE. Well, sir, our thinking is that if we had a program that was outlined in detail—and we have of course checked with many of our producers in trying to develop this—that the producers recognize there is a need for substantial additional funds.

Mr. ABERNETHY. Over and above the dollar per bale?

Mr. PATE. Yes, sir; that is correct.

Mr. ABERNETHY. Does the law now put a ceiling of a dollar a bale?

Mr. PATE. Yes, sir; that is correct. The law would have to be amended if this were changed.

Mr. ABERNETHY. And that ceiling would be limited?

Mr. PATE. Yes; that is correct.

Mr. ABERNETHY. And it would be left to the judgment of whom as to the amount that would be levied?

Mr. PATE. Under our proposal the matter would be reviewed by whatever the board might be. Presently we have the Cotton Producers Institute and the existing Cotton Board. These bodies or other bodies that would be developed would make recommendations to the Secretary of Agriculture each year. This would be a flexible amount. And it could vary from year to year. We are thinking in terms of possibly \$20, \$30, \$40 million total.

Mr. ABERNETHY. This expansion might result in less participation, might it not?

Mr. PATE. Yes, on a voluntary basis that is true. However, in this proposal we propose that the referendum be held each year coupled with the vote on marketing quotas and acreage allotments. And if a man voted for and accepted the benefits of government's participation in his operation, he would have a mandatory deduction for this marketing program.

Mr. ABERNETHY. That is what I was getting to. You actually recommend that it be taken out of the voluntary category?

Mr. PATE. That is correct.

Mr. ABERNETHY. I believe that is all.

Mr. Sisk.

Mr. SISK. Mr. Chairman, I want to commend Mr. Pate on what I think is an excellent statement. It contains a great deal of information that is pretty much in line with a lot of the testimony we have heard already.

This is really not a question, but perhaps a comment. I agree with you completely with reference to your statement regarding limitations. This business of limitations is incompatible with the American economic system. I recognize that as one who has fought limitations. And being from California, you can understand the situation with respect to cotton in California. I simply have to say in all frankness—and I think it is time that this information gets out to the cotton producers of America if it hasn't gotten out—that there are going to be limitations of one kind or another. We simply can no longer, in spite of the question as to the right or wrong of this situation, we simply can no longer continue the type of payment program that we had. And I am not sure whether my good friend from Mississippi has gotten the signal as strongly as I have.

Mr. ABERNETHY. I agree with you 100 percent.

Mr. SISK. But I feel that the time has come that we have to lay this out.

And in connection with that, I would like to ask you—we have an alternative suggested by the Department, that unless we ease the pain of limitation, or make it livable, it could literally destroy the cotton industry in this country. And one of those proposals has been the use of a similar type of limitation as contained in the Sugar Act. I assume you

are generally familiar with the Sugar Act and the graduated limitations in the Sugar Act, is that right?

Mr. PATE. Yes, in a general way.

Mr. SISK. It may be unfair, and maybe you do not wish to even comment on it. But there has been some discussion, in view of the fact that we have to have votes from a variety of places other than, say, representatives of cotton districts, and even representatives of farm districts to get something through, that possibly something that might be salable in this area—and it is a type of limitation we can live with—would be to encompass in new agricultural legislation generally the whole basic provision of the Sugar Act.

Now, this includes, you understand, in addition to a graduated limitation, which does run up substantially higher than any of the other graduated limitations, it also includes certain labor provisions such as the right of the Secretary to set minimum wage rates, and things of this kind.

Let me ask you how favorably or unfavorably would you view that as a possible type of limitation?

Mr. PATE. Mr. Sisk, I don't want to be evasive on the matter, but in TACPO we have never got into any depth in discussing this particular approach to limitations. And I would be reluctant to go on record as having a position at this time.

Mr. SISK. I recognize that you probably would be in no position to speak for your association. I simply thought I would explore it with you, because I know you are an expert in the cotton business. But this is one of the real serious problems we are faced with here, as to what we are going to do in this area, if we are going to have a program that is productive at all.

Mr. PATE. I will be a bit of a politician myself here, and I will defer this question to the chairman of the board of the Plains Cotton Growers, Mr. Don Anderson.

Mr. ANDERSON. Mr. Sisk, I would like to make this comment about the graduated scale. It is my personal feeling that a graduated scale would have a substantial impact on many of those producers who probably could pave the way for reducing costs and finding more efficient ways of production.

We suggest in our testimony that the matter of subsidy payments be classified into two categories. One category would be an industry subsidy sufficient to maintain our cotton production system. And then another subsidy of an income nature. And this subsidy could possibly be subject to limitation. And I think that we have to recognize that the cotton industry is an essential part of our agricultural scene, and that we can't destroy those operations through a graduated scale or any other limitation that would simply knock them down and put them out of business. And I think this would be the case.

Mr. SISK. I appreciate very much your comment. And I am inclined to agree with you. What I was trying to present here was, let's say, some practical, realistic problems that agriculture is faced with in this Congress, and I am sure will be faced with in any Congress in the future. And I was just trying to get any ideas that you gentlemen have that might be helpful.

There are proposals now pending providing for a cost of production differential across the board, and then some kind of a supplement in-

come payment, which would be subject to limitation. There have been of course, objections raised from some quarters to that.

Mr. ABERNETHY. Will the gentleman yield?

Mr. SISK. Yes.

Mr. ABERNETHY. That is what you had reference to, is it not?

Mr. ANDERSON. Yes, it is, Mr. Abernethy. In our testimony we support a separation of the income supplement aspects of the payments to which reference was made. We wouldn't want to recommend that there be limitations on an income supplement, but we recognize as well as you that there may possibly be some limitations. And if so, it should be in such a way that it would affect only net income and not those farms that would sustain the industry itself.

Mr. ABERNETHY. Thank you.

Mr. SISK. There is one other question, Mr. Chairman.

I believe your general position has been that you would prefer a payment across the board on all production rather than just a domestic payment, is that correct?

Mr. PATE. Yes, sir, this is the position we have taken. However, as we point out in this statement, we are certainly willing to explore all aspects, and we could be somewhat flexible on this position.

Mr. SISK. And you predicate that on your belief that that would be almost essential in order to get the production that is needed.

Mr. PATE. That is correct.

Mr. SISK. Do you feel that just a payment on domestic production alone would probably not produce the amount of cotton that, let's say, some people think it will, and it would probably run us out of the foreign market?

Mr. PATE. Yes, that is right. That is our concern in this area, and our sole concern.

Mr. SISK. Thank you, Mr. Chairman.

Mr. ABERNETHY. Mr. Burlison.

Mr. BURLISON. Mr. Pate, I would like to commend you on this statement.

I have only one line of questioning. I am just a bit confused as to the position of your organization on tying our loan level to parity, or whether it should be divorced from that and be placed on a sliding scale. I notice your statement on page 7 indicates to me—that is the second paragraph from the bottom—maybe you can straighten me out on this—that you are departing from the parity concept as it relates to the loan level. And then I notice that on pages 9 and 10 of your statement you strongly endorse retention of the parity concept, 65 percent index.

Mr. PATE. Yes, sir.

Mr. BURLISON. Can you straighten me out on what appears to be an inconsistency.

Mr. PATE. Mr. Burlison, we feel that the cotton producers in general—all of us know the parity concept, we have lived with it, and there is general support for this—we feel that there possibly could be other indexes used other than parity. But we feel that some definite index should be used—there should be some definite peg on these things rather than their being left to the discretion of the Secretary.

Mr. BURLISON. I fully agree with you. I am alarmed at the talk from the Department, as well as from others of departure from the parity

concept. And I agree with your position as you just stated here. But how does that jibe with that second paragraph from the bottom on page 7 where you say:

We believe a separate and acceptable compromise between these somewhat conflicting levels would be a loan level at 90 percent of the market price of the two preceding years.

Mr. ANDERSON. Mr. Burlison, if I may comment there, I think we are talking about two different things here. One, the loan level that is referred to in the first part on page 7 is the loan level established for various qualities that the farmer can put his cotton in the Government loan at. The 65 percent of parity concept as referred to on page 10 would be that loan level plus whatever subsidy payment that would be made. The total of the two would add up to, let's say, 65 percent of parity. I believe that is the case in the present law, that the income of the farmer from the cotton itself plus the subsidy payment should equal 65 percent of parity.

Now, this is the difference in the reference on page 10 and page 7.

Mr. BURLISON. Thank you.

Thank you, Mr. Chairman.

Mr. ABERNETHY. I apologize for not earlier recognizing my chairman, Mr. Poage, a distinguished Texan.

Mr. Poage.

Mr. POAGE. Mr. Chairman, I appreciate that. And I can hardly resist the opportunity of course to get into something that I think is so important.

It is this loan level—and I know these gentlemen know my viewpoint as to the loan level—I think we ought to spread on the record here just how you expect to have a loan level of 90 percent as we have had in the past 2 years without progressively lowering the loan level, which would be your support price for your cotton. Doesn't it become a target for every foreign producer of cotton, to know that he can sell his cotton just under that amount next year, that he has the market, and we will not share in it? Isn't that true?

Mr. PATE. We appreciate this situation, Mr. Poage. However, as we have pointed out here, we have sold 10 million bales of cotton we have produced in the last four loans.

Mr. POAGE. You didn't sell a bale of cotton until everybody else had sold their cotton, did you? There wasn't any accumulation of cotton in Mexico, there wasn't any accumulation of cotton in Uganda, there wasn't any accumulation of cotton in Pakistan, was there?

Mr. PATE. That is quite true. As we both know, the foreign production is moved before ours is. And we are the residual supplier.

Mr. POAGE. Of course. You sell nothing except what is left after every foreign country has cleaned out its warehouses, isn't that correct?

Mr. PATE. Yes, that is right.

Mr. POAGE. And do not those foreigners know at the beginning of the year the price at which they can sell their cotton when we establish a loan level, let's say, of 20 $\frac{1}{4}$ cents? Don't they know that if they can get financed on a 19-cent basis that they can sell their cotton.

Mr. PATE. Well, it is our position, Mr. Poage, that the policies of the U.S. Government have been and will be such that we are not going to be in a position to go in and recoup many of these markets that we have lost to some of our foreign competitors anyway.

Mr. POAGE. Then do you mean that we are not going to sell but 2 million bales of export cotton, and if Brazil clears a little more for us, that we don't sell any?

Mr. PATE. No, sir; I didn't say that we would not curb expansion——

Mr. POAGE. I know you didn't say it, I asked you what you meant.

Mr. PATE. I feel that this might help to curb expansion, but it is not going to materially reduce present production.

Mr. POAGE. How is this going to curb expansion? It hasn't curbed any, has it?

Mr. PATE. Well, I think it has to a degree; yes, sir.

Mr. POAGE. That is the present law, which you are talking about.

Mr. PATE. Yes.

Mr. POAGE. You are not talking about something really new, you are talking about what we have.

Mr. PATE. Yes, sir.

Mr. POAGE. And the experience has been that we have lost our foreign markets, hasn't it?

Mr. PATE. For several reasons.

Mr. POAGE. I know there are other factors involved. But during the period we have had this kind of a loan we have lost our foreign market?

Mr. PATE. Well, sir, we just take the position that, as you well know, we must have a loan.

Mr. POAGE. I know you do. I think you are a reasonable man, and I think you take that position because you feel that you can't get sufficient Government payments to make up the difference between the world price and a fair price. That is the reason you take the position, isn't it?

Mr. PATE. Yes, sir. And with the situation we are now in, facing limitations, it puts more emphasis on it.

Mr. POAGE. It seems to me you ask the Congress to do the thing that we don't believe we can do. I have voted against limitations ever since they first began talking about them. I can remember the time when there weren't but two men in this Congress who spoke against limitations—one of them was the former chairman of this committee, Harold Cooley, and the other is the present chairman. We were the only men to do it. That was a good many years ago. I am opposed to those limitations. But I know that they are coming. If my experience in Congress is worth anything, I know they are coming. I don't know that you are completely whipped on this matter of getting payments. I am not nearly so sure of that. That is a difficult problem. But you are unwilling to try to get payment, you are unwilling to try to get enough payment to give your producers a fair return.

But you suggest to us that we ought to butt our heads against what we believe is Pikes Peak or some equally big mass of granite.

Mr. PATE. I am not quite clear on what you are referring to, the serious question.

Mr. POAGE. I am talking about the fact that we don't believe it is possible to avoid limitations of payments. I don't think there is a man on this committee that believes it, and I don't know a man in Congress that believes it.

Mr. PATE. We appreciate that situation.

Mr. POAGE. And yet you have never made a statement before this committee in which you haven't told us that we ought to avoid these limitations on payments. You know we can't avoid them. You know that in order to get the extra time that we bought in the appropriations bill just 10 days ago, that we made it utterly impossible to ever hope from this committee to go without limitations, because the whole argument was made—and I joined in it, I am not condemning somebody else, I am not condemning you or George Mahon or anybody else, I joined with it. And Mr. Abernethy and Mr. Sisk and the rest of us all joined in it. We said that this is no place to put limitations on in an appropriations bill, go to the legislative committee. Well, you are before the legislative committee. And you know that when we come on the floor they are going to put it on.

Mr. PATE. Well, in our statement we are commending you for the work you have done and asking you to continue the good work.

Mr. POAGE. I know, to continue to fight the limitations fight. You are asking us to continue to fight what we think is an utterly hopeless fight, but you are unwilling to make the fight that some of us believe we will win. Maybe we are wrong on that. But I think we have got a chance of winning. I think we have got a chance to do as much for cotton as we do for wool. I know there are a lot of people interested in cotton as they are in wool, but they haven't somehow or another reflected the interest. We do pay the difference, not between 65 percent in the world market, but between the market and about 75 percent of parity.

We pay it every year, and we haven't had a bit of trouble with it either, have we?

Mr. PATE. I am not familiar with the program specifically, but I think it has worked generally satisfactorily.

Mr. POAGE. The Congress hasn't had any of these big fights on that. We have paid the difference between the market price and 75 percent of parity on wool. And we are doing it this year.

Mr. PATE. I don't believe there is a total parallel between wool and wool and cotton, I don't think there is a complete parallel between wool and cotton.

Mr. POAGE. There are differences between cotton, too. Your cotton is not the same as John Appleby's that we will talk about in a minute. He goes to a different market. I recognize that. But I do know that the Congress has been willing to pay the difference.

But you folks have always been unwilling to make that fight. I just wonder why you are so determined not to make a fight which would give us an opportunity to get the returns into the hands of the cotton producers and still keep our cotton competitive.

Mr. ANDERSON. Mr. Poage, one of the reasons why we have supported, I think, historically, the loan situation in cotton was to prevent the wild cycles that can occur in price and supply, as a matter of fact, but primarily in price, and which could in the long run work to the disadvantage of cotton, particularly in the present scene where we are competing with another fiber, synthetic fiber. One of the most important things that the textile people tell us today is that we would like to see a price situation that is stable rather than one in which they can never anticipate what those price levels might be. And I think this is

basically the reason why we have supported the law in the past, so as to give stability.

Mr. POAGE. You don't think people would buy cotton if you had a stable price of 50 cents, do you?

Mr. ANDERSON. I think you could get beyond the point of being realistic as far as price is concerned.

Mr. POAGE. And there is another one of those variables that comes in here. If we could eliminate the competition of these foreign textiles, then we might do something for cotton. There is another big "if." The chances are small, but we have got some chances of winning. It is not as set, as concrete as the limitations of payments. I am going to make that fight.

But as long as your mills are facing a fiber that comes in here, that is produced with 18-cent cotton, they are certainly not going to be able to pay you 30, are they?

Mr. ANDERSON. We sure don't think they would be, unless we got a real good promotion program working.

Mr. POAGE. I don't care how much promotion you had, if you can bring in a fiber—if you can bring in a textile that is made out of 18-cent fiber, at a \$2.40 a day wage, you can't very well compete with it paying 30 cents for the fiber in the United States and a \$2 an hour wage.

Mr. PATE. We recognize that fact, Mr. Poage.

Mr. POAGE. It seems to me that we have got so much better chance of getting a fair return for our farmers if we will let our cotton move at the world price and pay the difference. In fact, I don't think you can move cotton into the world market unless you can let it move at a world price. And if you establish a loan that gets above the world price—you always establish it just below the world price—if the world price just gets under it you are not going to move any cotton. And all you are going to do, as I see it, year by year, is to lower it. You are going to lower that level.

Mr. PATE. We just don't see how the producer is going to get that adjustment facing limitations.

Mr. POAGE. I have been listening to you for 10 or 15 years, and you have never made an effort to get that difference—I don't mean you as an individual, Mr. Pate, but I mean the cottongrowers of the plains of Texas have never made an effort to get that difference, not one time. You have always said, give us a loan. Let's make an effort to try to get something that we think will do us some good. And if they show us—if we are in as bad a shape as we are on this limitation, I will turn around and go along with you.

Mr. PATE. We will be glad to discuss it with you once again.

Mr. POAGE. OK.

Thank you, Mr. Chairman.

Mr. ABERNETHY. Mr. de la Garza, do you wish to ask any questions?

Mr. DE LA GARZA. No questions.

Mr. ABERNETHY. Mr. Alexander.

Mr. ALEXANDER. Mr. Chairman, I think the subject has been adequately covered.

Mr. ABERNETHY. Thank you very much, gentlemen.

The next witness will be Mr. J. I. Burlison, Wardell, Mo.

Mr. Burlison happens to be the father of a distinguished member of this committee.

Mr. Burlison, now you have the opportunity to introduce your father and handle him just like Bob handled the other if you so desire.

Mr. B. D. BURLISON. Mr. Chairman, I appreciate that. I want to say that I didn't know that you were going to tell that he was my father.

Mr. ABERNETHY. But he is, isn't he?

Mr. B. D. BURLISON. Yes, he is.

But it happens that this witness back 55 years or so ago started helping drain and clear the swampland of southeast Missouri and he has been farming there ever since.

I also have another special affinity for him, in that he was my campaign manager and my financial chairman in the last campaign.

So I had a number of reasons why I wanted to give him an opportunity to testify.

I have to admonish the witness, be the first to admonish him that we are of course short on time. But we look forward to hearing what he has to say as a cotton producer.

Mr. ABERNETHY. Thank you, Mr. Burlison.

Mr. Burlison, you may proceed, sir.

STATEMENT OF J. I. BURLISON, WARDELL, MO.

Mr. J. I. BURLISON. I don't have a lot of written statements to make. I am just a farmer, and that is all the income I have ever had, is from being a farmer, except social security.

But I want to say to start with that I have read the testimony up here about the farm program that we have. We want to keep the farm program that we have. The farm program that you had when it went into effect in 1965 was a good program for the farmer. But it is not a good program today for the farmer. Because the cost of production has gone up, and the cost of the cotton has gone down, and his cottonseed.

I don't think you can get at the picture of cotton farming without—in the Mississippi Delta, I will say, I live in the Mississippi Delta in Missouri—you can't get at it without connecting it with soybeans. Because we only get 20 to 30 or 33 percent of our cropland in the delta in cotton. You have got 65 or 70 percent to do something else with. And where I live, we don't have anything but cropland. We don't have any wasteland. The farm that I happen to have doesn't have an acre of wasteland on it, it is all cropland.

And I am not satisfied—I don't like to hear the 65 percent of parity. I don't know where I can go and buy anything for 65 percent of parity.

The consumer is getting subsidized, or also the processors are getting subsidized, one or the other, I don't know. And maybe it is both of them. But a farmer, he is just kidding himself if he thinks he can get along on 65 percent of parity for his income. I don't know of any other group of people that would even consider being satisfied with 65 percent of parity.

And I believe I have a sheet here that shows at the present time that our cotton is moving at 44 percent of parity, not including the Government pay. That is the market price.

Mr. B. D. BURLISON. Would you like to insert that statement in the record?

Mr. ABERNETHY. Would you like to put that statement in the record, Mr. Burlison?

Mr. J. I. BURLISON. I would like to, if you don't mind.

Mr. ABERNETHY. You don't have to read it in. It can be handed to the reporter, and it will be included in the printed record.

(The information referred to above follows:)

Parity on cotton, October 1965, 41.89.

Parity on cotton, October 1969, 48.06.

Prices received by farmers, October 1965, 29.62; 70.6 percent.

Prices of cotton, October 1969, 21.68; 45 percent.

Cottonseed, 40.00; 54 percent.

Prices received by mills for unfinished broadcloths, October 1969, 72.58.

Prices received by farmers, October 1969, 24.98.

Mill margin (page 20, cotton prices), 45.55.

Prices paid for fibers to blend with cotton, 1969, 51.00 to 57.00.

Parity on cottonseed, \$74.00.

Prices to farmers, \$37.00 to \$40.00.

Prices to gins, \$50.00 to \$52.00.

Prices on meal and cottonseed oil is higher than a year ago.

Parity price on soybeans is \$3.60 per bushel.

Price received by farmers in 1969, \$2.30 per bushel.

Mr. ABERNETHY. Are you still farming out in Missouri, Mr. Burlison?

Mr. J. I. BURLISON. Yes, sir. I am retiring at the end of this year.

Mr. ABERNETHY. What size farm do you operate?

Mr. J. I. BURLISON. I have a 600-acre farm.

Mr. ABERNETHY. How much cotton acreage?

Mr. J. I. BURLISON. My allotment, until they gave us a 6-percent raise in allotment, on a 600-acre farm, was 200 acres. And under the new program it is 223 acres.

Mr. ABERNETHY. And you still operate the farm?

Mr. J. I. BURLISON. I operate it, including this year. But I have rented the farm out.

Mr. ABERNETHY. After this great success that you had in politics in handling your son's campaign, do you feel that you could do better in that category than you could as a farmer?

Mr. J. I. BURLISON. I don't know. If I could come in on the salary I might do better.

Mr. ABERNETHY. Well, that brings up another question.

Mr. J. I. BURLISON. But I haven't got cut in on the salary yet.

Mr. ABERNETHY. Is he splitting it with you?

Mr. J. I. BURLISON. No. I think he has got a lot to pay up here.

Mr. ABERNETHY. Are you going to manage his next campaign?

Mr. J. I. BURLISON. I hope he won't have another one.

Mr. ABERNETHY. I want to say we do too. He is doing a fine job here, and both of you are to be congratulated.

Mr. J. I. BURLISON. In 1965 the farmer was receiving a parity of 70 percent of his cotton. And today—of course, we didn't have Government payments then—but now the price of cotton—he is receiving 45 percent of parity. And that, as I say, doesn't include the Government subsidy. And cottonseed, he received 54 percent of parity for his cottonseed this year.

That is one thing that I think has been overlooked. The cottonseed amounts to something like 20 percent, 15 to 20 percent of the gross income of the cotton farmer. I think that has been overlooked here, after we got ready to harvest this crop we got \$5 a bale taken off us in the seed price. And in the country where I live we get \$3 taken off on the "mike"—I don't know whether you gentlemen are familiar with the mike or not—

Mr. ABERNETHY. Yes, we are familiar with it.

Mr. J. I. BURLISON. But it hit me real hard.

Mr. ABERNETHY. It "miked" you down instead of up?

Mr. J. I. BURLISON. No, it "miked" me up.

I believe you all have the sheet showing that I ginned that. That is the one that shows the dollars and cents.

(The information referred to above follows:)

1969 MICRONAIRE

Farmer	Number of bales	Premium	5-5.2	5.3 up	Below 3.5
J. I. Burlison.....	203	59	99	45	
Percentage.....		29.1	48.9	22.0	
Total percent in discount range.....		70.9			
Loss in income from Micronaire.....		\$668.25			
Troy and Bob McCulloch.....	237	46	62	129	
Percentage.....		19.4	26.2	54.4	
Total percent in discount range.....		80.6			
Loss in income from Micronaire.....		\$1,305.50			
Jerry McHugh.....	155	33	84	38	
Percentage.....		21.3	54.2	24.5	
Total percent in discount range.....		78.7			
Loss in income from Micronaire.....		\$603.75			
Watkins Farms.....	611	249	152	190	20
Percentage.....		40.7	24.9	31.1	3.3
Total percent in discount range.....		59.3			
Loss in income from Micronaire.....		\$1,817.75			
Total 4 farmers.....	1,206	387	397	402	20
Percentage.....		32.1	33.0	33.1	1.8
Total percent in discount range.....		67.9			
Loss in income from Micronaire.....		\$4,395.25			

Note: Loss in income was derived as follows: Premium, +\$2.25 per bale; 5-5.2, -\$4 per bale; 5.3 up, -\$9 per bale; below 3.5, -\$3 per bale.

Mr. J. I. BURLISON. And it is also interesting to note how the "mike" has been used to progressively cut into the producer's income over the years.

MICRONAIRE DIFFERENTIALS 1964-69

1964		1967	
5.5 and above.....	-25	5.3 and above.....	-165
5.2 through 5.4.....	-10	5.0 through 5.2.....	-45
4.9 through 5.1.....	even	3.5 through 4.9.....	+30
3.7 through 4.8.....	+13	3.3 through 3.4.....	-35
3.3 through 3.6.....	even	3.0 through 3.2.....	-105
3.0 through 3.2.....	-50	2.7 through 2.9.....	-215
2.7 through 2.9.....	-150	2.6 and less.....	-335
2.6 and less.....	-300		
1965		1968	
5.5 and above.....	-50	5.3 and above.....	-155
5.2 through 5.4.....	-15	5.0 through 5.2.....	-40
4.9 through 5.1.....	even	3.5 through 4.9.....	+35
3.6 through 4.8.....	+14	3.3 through 3.4.....	-35
3.3 through 3.5.....	even	3.0 through 3.2.....	-110
3.0 through 3.2.....	-60	2.7 through 2.9.....	-225
2.7 through 2.9.....	-165	2.6 and less.....	-350
1966		1969	
5.3 and above.....	-100	5.3 and above.....	-135
5.0 through 5.2.....	-20	5.0 through 5.2.....	-35
3.5 through 4.9.....	+20	3.5 through 4.9.....	+45
3.3 through 3.4.....	-30	3.3 through 3.4.....	-45
3.0 through 3.2.....	-90	3.0 through 3.2.....	-140
2.7 through 2.9.....	-175	2.7 through 2.9.....	-255
2.6 and less.....	-300	2.6 and less.....	-390

Mr. ABERNETHY. Do you have anything additional you wish to say, Mr. Burlison?

Mr. J. I. BURLISON. I don't know as I do. I would be glad if you all would ask me some questions.

Mr. ABERNETHY. Thank you, Mr. Burlison. I think it is very thoughtful of you to come all the way to Washington to let us have your views. We appreciate your presence and we appreciate your views.

Now, we are going to let this fine son of yours cross examine you. I am sure this is the first opportunity he has had to do such.

Mr. Burlison.

Mr. B. D. BURLISON. Mr. Chairman, I appreciate that very much. But I realize that we have three other witnesses to follow——

Mr. ABERNETHY. I don't blame you. I wouldn't cross examine my dad either.

Mr. B. D. BURLISON. For the reason you just alluded to, and others, I am going to pass.

Mr. ABERNETHY. Thank you very much.

Mr. J. I. BURLISON. I would like to get in here again that I think the farmer should have at least 90 percent of parity in Government pay and loans together.

Mr. ABERNETHY. I think he should too, Mr. Burlison.

We appreciate your presence also, and also your statement. We wish you a nice visit in Washington and a safe journey home.

Mr. J. I. BURLISON. Thank you.

Mr. ABERNETHY. The next witness will be Mr. Thomas Keister Greer, attorney of Rocky Mount, Va.

STATEMENT OF THOMAS KEISTER GREER, ATTORNEY, THE GROVE, ROCKY MOUNT, VA.; ACCOMPANIED BY: EVERETTE SALYER, PRESIDENT, SALYER LAND CO., CORCORAN, CALIF.

Mr. GREER. Chairman Abernethy and members of the committee, my name is Thomas Keister Greer. And I am counsel for Salyer Land Co., a cotton producer in Kings County, Calif. I have been counsel for them, if I might interpolate, for 12 years.

Kings County is in the southern San Joaquin Valley; the headquarters of Salyer Land Co. is in Corcoran, Calif.

Mr. Chairman, something over 4 years ago, on June 10, 1965, I had the privilege of appearing before the full committee on agriculture in behalf of Salyer Land Co. At that time I suggested that Acala 4-42 (which is now SJ-1) ought to be permitted to be grown without acreage limitation provided the producer waived price or other governmental support. That remains the fundamental position of Salyer Land Co.

The predicate of the Salyer position has been and remains that cotton growers who can produce economically ought to be free to do so. In our view price support payments are simply a form of compensation for deprivation of the right to employ our land for its highest and best use. We have been on record for 4 years that we would rather not receive that compensation, and would prefer to be free to use the land to grow California cotton without limitation other than that imposed by the marketplace. The great fear of Salyer Land Co. now is that the Government will continue its restrictions on this company's use of its

land, but will at the same time so limit the compensation which is paid for those restrictions as to render it meaningless. Price support payments are not a subsidy. I have heard the term subsidy used here a number of times this morning. We don't regard them as a subsidy. We can recall numerous statements by the Secretary of Agriculture in previous administrations in which he has said that they are not a subsidy. To us they are moneys the Government in effect forces us to accept in return for forced limitations on the acreages we can plant to cotton.

And we repeat, we would gladly give up the payments if the Government would give up the limitations on our planting practices. But in the view of this company if there is some limitation on price support payments of say, \$20,000, or some other like amount, but acreage restrictions remain in effect, the result is confiscation, a taking of property which the Congress of the United States ought in no way to countenance.

Mr. Chairman, I had been given to understand that there were right severe time limitations this morning. I didn't mean to limit my written presentation so as to seem abrupt. But I was given to understand that a page was perhaps all that I could be permitted.

In addition, the views of Salyer Land Co. are fully on the record in the 1965 hearings before the full committee. I would like to ask that our views as expressed at that time be considered a part of our presentation this morning.

Mr. ABERNETHY. Do you have a copy of a statement that you made at that time?

Mr. GREER. I have the printed record here, Mr. Chairman.

Mr. ABERNETHY. It is already, then, a matter of official print.

Mr. GREER. Yes, it is, sir.

Mr. ABERNETHY. It will be made a part of the record by reference, sir.¹

Mr. GREER. Thank you, sir.

The only change in our situation is that at that time we had an allotment of about 7,000 acres out of about 60,000. The allotment now is about 7,500 acres, and is still around 60,000 acres of land.

I have read over the proposed bill—I suppose I shouldn't say the proposed bill, because the copy I got had a legend at the top saying that this language does not bind anyone as to anything, or words to that effect. And I saw provisions in there for limitations. It was not clear to me that acreage restrictions would not continue if payments were imposed.

Now, the difference between running a successful operation and running a failing operation now to Salyer Land Co. are the Government payments. We can't operate efficiently and successfully with an allotment of 7,500 acres. We are skip-rowing about 13,000 acres. I am hesitant to mention skip-rowing, because the chairman of the full committee cross-examined me right vigorously 4 years ago when I mentioned skip-rowing, and I made up my mind that I wouldn't say anything about skip-rowing today because I don't want to go through anything like that again.

Mr. ABERNETHY. We have a rule here that if you went through it once you don't have to go through it again. So go right ahead.

¹ See hearings before the Committee on Agriculture, May-June 1965, "Cotton", Serial L, p. 373.

Mr. GREER. If we could solid plant the acreage we are now devoting to skip-rowing, even at the very low, the disgracefully low prices which cotton is now achieving, this company could operate at a profit.

And for Salyer Land Co. to operate at a profit is important not just to the stockholders of the company.

Mr. ABERNETHY. Would you want to put the whole 60,000 in cotton, is that the idea?

Mr. GREER. No. For one thing, Mr. Chairman, 10,000 acres of that land is under water now. That is another change I ought to mention from what it was when I was here 4 years ago.

Mr. ABERNETHY. You mean it was flooded?

Mr. GREER. Yes, sir. We have had a disastrous flood in California, the worst flood since 1906.

I mentioned that Tulare Lake was hazardous when I was here 4 years ago. And it got very hazardous this year. 80,000 acres are under water in that area right now, and 10,000 acres of Salyer Land Co.'s land, which very greatly restricts the company's income. Hundreds of thousands of dollars have been spent maintaining the levees to try to keep that water where it is and not make it any worse. We are not asking for any help in that regard, but we would certainly like to be turned loose to use that remaining land as well as we can, without any Government help or any Government subsidy whatsoever. And I was starting to say that that is not only important to the shareholders of the company, but there are around 200 company employees, and there are the equipment dealers in Kings County, and there are people who sell seed and fertilizer. And there is Kings County, which collects taxes on all that land, too high taxes, Mr. Chairman, if I interpolate. They are even taxing the land which is under water. And they have actually taken the unusual step of raising the taxes on the land which is under water since it has been under water.

We think, Mr. Chairman, without seeming in any way to adopt a superior position or to brag about ourselves or anything of that kind—because the Lord knows that we have a lot of problems, many of them self-created—that if a producer can produce efficiently he ought to be allowed to do so. We think that that is the fundamental American position. And if we can make our own way without Government help or Government subsidy, we ought to be permitted to do so.

We hesitate to make dire prophecies. But if the present allotment system should be continued in effect, and the price-support payments taken away, the result is going to be simply disaster for the large-scale California farmer, and simply disaster for his employees, and simply disaster for everyone in California who depends on cotton. And cotton is the major agricultural product in California.

Mr. ABERNETHY. Is it your position that the California farmers just want all of this junked?

Mr. GREER. I beg your pardon, Mr. Chairman?

Mr. ABERNETHY. As I interpret your statement, to simplify it—and I don't mean to discredit you when I use the word "junk"—your position is to just junk the whole thing?

Mr. GREER. Are you talking about the farm program?

Mr. ABERNETHY. I mean the price-support program, the allotment program.

Mr. GREER. We simply ask that it be voluntary instead of mandatory, just like the feed grain program.

Mr. ABERNETHY. You have just made a representation that your position is the position of all the California farmers?

Mr. GREER. Oh, no, sir; I certainly wouldn't want to do that. I am certain there are many California producers who disagree with me. My position is the position of Salyer Land Co. And when I say that—I think the only thing I have said insofar as California as a whole is concerned is that if there should be a limitation on payments, and the present acreage restrictions remain in effect, it is going to have a dire effect on California cotton as a whole. But these views that I express here—

Mr. ABERNETHY. You wouldn't limit that to California, would you?

Mr. GREER. No sir; I would not. I think it would have a dire effect on cotton as a whole.

Now, I hadn't meant to get into this. But I would like to say that I conferred with the president of the company, Mr. C. Everette Salyer, who is seated beside me, while Mr. Poage was questioning about maintenance of the loan price. And we have sold some cotton in export channels. We couldn't agree more. We think the rest of the world sits around and waits for the loan to be set, and then undersells American cotton.

It used to be that there was a time limitation on the period in which you could sell cotton in export, and the rest of the cotton buyers would wait until the last of the 90-day period before they would buy from us, knowing that that was the last day that we could sell. And the provision as to the loan price is a similar thing. It has a very drastic and a very deleterious effect on American cotton as a whole.

Mr. ABERNETHY. Thank you very much.

Are there questions from any member of the committee?

(No response.)

Thank you, sir.

The next witness will be Mr. Lon Mann, president of the National Cotton Ginners Association of Marianna, Ark.

Mr. Alexander.

Mr. ALEXANDER. Mr. Chairman, I would like to welcome Mr. Mann from the First Congressional District of Arkansas. He is a cotton producer, and knows what he is talking about. He is a cotton ginner. And he engages in civic affairs. And like Mr. Burlison, he on occasion engages in some politics.

Mr. MANN. I welcome you to Washington.

STATEMENT OF LON MANN, PRESIDENT, NATIONAL COTTON GINNERS ASSOCIATION, MARIANNA, ARK.

Mr. MANN. Thank you, sir.

Mr. Chairman, I really appreciate these kind remarks, because my friend Mr. Alexander is most generous. I happen to be the campaign manager of one of his opponents.

I am a cotton farmer whose operation would be hurt by limitation of payments. I am a cotton ginner that is guilty of air pollution. And I am a school board member that is trying to operate under freedom of choice. And about the only redeeming feature I have really got as far

as Washington is concerned is that I don't use cyclamate, and I am a voter, and I pay a few taxes. That is about all the good that can be said about me.

I really do appreciate the opportunity to come before you gentlemen.

I live in Marianna, Ark., where I farm and operate a cotton gin. I am appearing before this committee as president of the National Cotton Ginners Association.

Like all other branches of our industry, ginnermen have a vital stake in legislation which will restore cotton as a sound and dynamic part of our American economy. As ginnermen, our commitment to cotton is complete. We have no other alternatives for our gin plants. They are totally useless for anything other than ginning cotton.

The fundamental problem confronting ginnermen today is one of volume. We believe the only solution to our problem is to provide the producers with an incentive tied to actual production of cotton, not to projections, nor to diversions. Low volume and erratic production have resulted in many ginnermen being forced to take a "balancing wire" approach to repair and maintenance of a vital cog in the cotton industry. The high cost of gin machinery today demands a reasonable and dependable volume of cotton to enable the ginner to provide the services demanded of him by the producer. Modern harvesting equipment and methods require modern gin facilities to produce quality cotton in a greatly reduced harvesting period.

Today ginnermen are not a breed apart from producers. A big majority of our gins are owned by farmers as individuals, partners, stockholders, or as members of cooperatives. For this reason we are keenly aware of the fact that the cotton program must be designed to first serve the producer if it is to be successful.

We, as ginnermen, endorse the recommendations of the National Cotton Council, which were developed by cotton producers themselves over a period of many months and in meetings from one side of the Cotton Belt to the other. These recommendations were presented to you gentlemen November 19, 1969, by Dr. C. R. Sayre.

Needless to say, not all ginnermen, nor all producers, are in complete agreement on every detail in these recommendations. As Mr. J. E. Mayes, president of the National Cotton Council, told you, they do reflect a very strong consensus among the producers and in the industry on the essentials of a practical cotton program.

I should like to confine my remarks within the broad outline of this group of recommendations.

Maintaining competitive one-price cotton should be the starting point for any new legislation. This can be accomplished by providing for a loan level of 90 percent of the world price from the preceding year, or years.

Due to the high cost of farm equipment, land, labor, chemicals, money, and everything else that it takes to make a crop, as Mr. Burlison has told us here, there must be some sort of Government subsidy to the producer if cotton is to be sold competitively. This subsidy should relate the difference between the average cost of production and the average price of cotton on the world market.

Any limitation of payments will create more problems than solutions and therefore should be prohibited.

And I say that with all due respect to Mr. Poage there. It may not make sense, but we are trying to find solutions and not create problems. The 13 point summary of the arguments against payment limitations presented to this committee, November 25, 1969, by Mr. Robert Norcross of the Agricultural Council of Arkansas adequately and realistically cover this point.

We must have dependable supplies of American cotton which can meet the requirements of modern competition at home and abroad. Acreage allotments based on the needs of the industry each year should be a basic part of new legislation. The number of acres of cotton allotted each year should be geared to domestic consumption, a workable export program, and a realistic carryover. Today's farmer is a businessman and he will respond intelligently to an incentive program tied to actual production.

The suggested changes in the sale and lease of cotton allotments provide a realistic approach to a painful problem for some ginners. Any ginner who is losing cotton acres from his territory naturally does not like to see any relaxation in this provision. But we realize that cotton is going to move to areas of the most efficient production within each State either naturally or by default.

Crop insurance has been a lifesaver for many producers and ginners and should be strengthened to allow adequate protection for high-cost, high-risk crops such as cotton.

Our long-range hope for the actual survival of the cotton industry is tied to research and promotion which can result in lowering our production costs and expanding our markets. We must therefore continue a crash program which will some day enable the cotton producer to achieve self-sufficiency. Government funds approved but not appropriated in years past should be put to work vigorously to help the producers with their CPI program and the other branches of the industry in their research efforts.

These few points on which I have touched are key points as far as ginners are concerned because they all relate to volume production. During the last few years low and uncertain production has played havoc with the ginning industry. As stated before, if the producers can be given the proper incentive to produce the cotton the industry needs, the ginners can go a long way toward solving their own problems.

Thank you for your time and your consideration of our problems.

Mr. ABERNETHY. Thank you very much, Mr. Mann.

Any questions?

(No response.)

Thank you, Mr. Mann.

The next witnesses will be Mr. John Reynolds and Mr. J. G. Stone, of Fresno, Calif.

STATEMENTS OF JOHN REYNOLDS, AND J. G. STONE, PRESIDENT, WESTERN COTTONGROWERS, FRESNO, CALIF.

Mr. ABERNETHY. Mr. Stone, I have before me a copy of your statement.

Do you have a statement also, Mr. Reynolds?

Mr. REYNOLDS. No.

Mr. ABERNETHY. All right, Mr. Stone.

Mr. STONE. Thank you, Mr. Chairman and members of the committee.

My name is Jack Stone, a farmer who grows cotton in Kings County, Calif. I am president of the Western Cottongrowers Association of California. With me is John Arthur Reynolds, executive vice president of the association.

I thank you and this committee and the full committee on agriculture for the time and thought and consideration they have given and are giving to the cotton problem. I would like to read a short statement which our board of directors has authorized me to make.

The cotton industry and the cottongrowers are in critical times. The cost of production is going up and the price of cotton is going down. We are having a hard time to keep going. It has only been through hard work and long-term mortgages on our land that we have been able to get the money to raise our crops.

Other witnesses have pointed this up and I will not take time repeating all the sad details.

I am not here to criticize anybody or any program suggested. I am here to urge cooperation. We are in such desperate condition that we feel we just cannot afford the luxury of criticizing others and presenting this committee with a different plan, or a California plan, to save the cotton industry.

I want to stress the items that I feel so many of us could get together on. And then I want to urge everybody to try to get together. What are some of those items?

Item 1: We need a farm program of some kind bad, and the sooner the better.

Item 2: We have an excess productive capacity in agriculture and there are too many of us to bargain effectively on our own.

Item 3: Farm products should ultimately move in the marketplace and not end up in Government warehouses.

Item 4: Farm income must be maintained in the national interest—and not just so we can pay our bills.

Item 5: The farmer should have as much freedom of choice as possible.

Item 6: Any changes in the subsidies and/or payments must not be so sudden or drastic as to force growers into bankruptcy or selling out while new legislation is being tested.

Item 7: Appropriate textile import restrictions to protect the domestic cotton market for growers and textile mills are important.

Item 8: Only through population increase and vastly increased research and promotion can this great cotton industry with this wonderful fiber be able to stand on its own feet.

Item 9: For the cotton industry to survive, we need an adequate supply of cotton for the domestic and foreign mills. We can't afford to run short.

And now I come to item 10:

The distinguished chairman of the House committee and friends of agriculture and cotton have told us that in order to get a farm bill, the Committees on Agriculture of the House and the Senate, the Secretary of Agriculture and the administration, and the farm organizations will have to work together.

Mr. Chairman, I urge all to do that very thing.

What might we get together on in cotton?

Mr. ABERNETHY. I think you have reference to a remark I made here a few days ago.

Mr. STONE. Yes. And there are others too.

Mr. ABERNETHY. All right.

Mr. STONE. Let me take some of the good things that, according to what I have read and heard are in several plans.

LAND RETIREMENT

The American Farm Bureau has a broad proposal for massive land retirement. It has merit. Particularly for very small farmers, older farmers who are ready to retire, and marginal farmers who can't make a go.

The Secretary of Agriculture has proposed a "set-aside" of cropland. It is another method of taking land out of cultivation. This has merit.

The coalition group urges extension of the present law. This like much farm legislation in the past, has means of taking land out of production.

All these three major proposals agree on a general principle of land retirement.

FREEDOM OF CHOICE FOR GROWERS

The coalition group endorsed the present act which allows considerable freedom of choice for the growers with the domestic allotment of cotton.

Mr. ABERNETHY. Who do you have reference to when you say the coalition group?

Mr. STONE. That is what I call all the farm groups.

Mr. ABERNETHY. Do you have reference to the bill that was introduced by Mr. Purcell?

Mr. STONE. Yes, sir.

Mr. ABERNETHY. All right, you may proceed.

Mr. STONE. The American Farm Bureau proposal looks forward to complete freedom of choice.

The Secretary has suggested, in order to get the best out of agriculture, that, in addition to the domestic allotment plan for cotton, even more freedom to plant or not to plant should be given to the farmer; more freedom to use his common sense and plant in accordance with the possibilities of his land, markets, and finance.

These three proposals all see freedom of choice as important.

FREEDOM OF MARKET PLACE

We all seem to agree that cotton and other farm products should have the market as the ultimate consumer.

The National Cotton Council, the coalition group, and the Secretary stated that this means one price cotton.

MAINTENANCE OF FARM INCOME

I figure that is the understatement of the year. Secretary Hardin, before the recent grain convention in Florida, stated that in order to maintain farm income, subsidies should not be reduced in the immedi-

ate future. President Nixon has said that he wanted to maintain farm income.

The National Cotton Council, and the coalition group agree on this point. And they further believe that this means a direct subsidy payment to the grower to make up the difference between the low competitive price he sells for and the total return he should receive on his cotton.

Mr. Chairman, for farmers, maintenance of farm income is the most important thing. And it is important to our whole rural economy and that of the Nation as well.

ADEQUATE SUPPLY OF COTTON

The National Cotton Council has proposed two methods for securing adequate supplies of cotton. Both have merit.

The coalition group favors continuation of present Act. It, too, can provide adequate supplies. We have just seen the Secretary of Agriculture increase the national allotment to help do this very thing.

We feel sure that provisions for adequate supplies would be inherent in any program finally suggested by the Secretary, this committee, or the cotton organizations. We need an adequate supply for what we hope could be an expanding market at home and an expanding market abroad.

RESEARCH AND PROMOTION

Both the National Cotton Council and the Secretary are agreed on the need for vastly more research and promotion.

DRASTIC SUDDEN CHANGES

All groups, including the USDA seem to be agreed that any sudden drastic changes in the payment of subsidies would be disruptive.

We certainly agree with this and see real chaos in land values if either drastic limitations or cuts in payments are suddenly applied.

Even now it seems that all the ranches in my area are for sale. The only trouble is prices are falling and still nobody is about to buy.

Mr. Chairman, there is little market for land in our area now. No one wants to buy a farm on which he cannot make money. No one can afford to buy a farm at $9\frac{1}{2}$ percent interest—even if he can get it—which in many cases he can't.

If thousands of additional acres of land are forced on the market through reduced payments and/or limitations, I foresee more drop in land values and real chaotic conditions. Part of the equity of every grower both large and small, will be wiped out. The Secretary of Agriculture also referred to this aspect in his address to the National Grange. This is one of the principle reasons cotton growers' organizations like ours have resolutions against limitations.

Now an old thought to talk about again.

AGRICULTURAL EMERGENCY FINANCE CORPORATION

Many growers now, even with the high payments, cannot make it. In my opinion we will see many more farm bankruptcies. They cannot get money to pay their loans or plant and harvest their crop. And

drastic or sudden changes in the payments will cause a veritable flood of them.

High taxes, high wages, high interest rates and high prices of the things he buys, and low prices and no bargaining power on the things he sells, are squeezing the farmer more every day.

It is for this reason, Mr. Chairman, that we suggest the formation of something that would act as an Agricultural Emergency Finance Corporation, to help farmers save their life's work during this most trying period.

Some people in our area see a pattern on farm debt increase and possible foreclosures similar to that of the twenties, which ended with the great depression.

Such a Government-sponsored corporation could function in two ways.

First, it could move in the field of farm interest rates to counter the threat of a driving up of farm credit noted by Ed Jaencke, the governor of the Farm Credit Administration a few days ago.

Second, it could move to take over farms that went into bankruptcy and hold them for and with the farmers for a few years until land prices go back up and conditions improve.

Mr. Chairman, farmers who can't even set, let alone raise the prices of their products cannot afford to pay 9½ percent for crop or land loans.

SECRETARY'S PROPOSALS

Insofar as we can determine their broad outlines, we see great merit in suggestions made by the Secretary. We feel that these, in some respects are rather similar to what we have now and yet at the same time might offer a new approach to the farm problem, which would be acceptable to Congress and the public as a whole, and result in a good farm bill.

We eagerly await the testimony to be given by the USDA later before this committee. We hope further details will meet our expectations.

COOPERATION

In any event, we urge this committee and the committee of the Senate to work out a common proposal with the Secretary and the USDA, and then ask farm groups to support it as being the best thing we can get.

What we are saying, Mr. Chairman, is that we have confidence in the Agriculture Committees of Congress and the Secretary of Agriculture and the USDA to act in our best interest and the best interest of the Nation.

Let me close by repeating—I think that agriculture and the national economy are so threatened that we can't afford any other course.

Mr. ABERNETHY. Thank you, Mr. Stone.

I want to thank you especially for the confidence that you have expressed in this committee.

But I might say in all modesty that it may not be too appropriate a place, because I can't arbitrate this problem that now exists which you referred to between the cotton producers throughout the Cotton Belt, the Department, and all interested parties, I can't do it. I wish I could.

You suggest that we do it, and then convince the Secretary and Department and the farmers that we have done the best thing for them. I wish that were possible, but I don't think it is possible.

And really, I don't follow your statement too well either.

You suggest that we all get together. What do you mean?

Mr. STONE. I mean that there are good points in everybody's proposals, and they are not too far apart.

Mr. ABERNETHY. What is your position? What do you propose?

Mr. STONE. I propose that we take the best items out of each of the proposals and come up with one that is workable.

Mr. ABERNETHY. And you are leaving that to us.

Mr. STONE. I am leaving that to you and the Secretary mainly.

Mr. ABERNETHY. Suppose the Secretary and I can't agree.

Mr. STONE. You have got to agree. We can't stop right now, we have got to go.

Mr. ABERNETHY. What about you.

Mr. STONE. I am quite flexible. If you read that, it sounded awfully flexible.

Mr. ABERNETHY. I realize you are. I am too.

Mr. STONE. Because I think we are in a tougher shape than a lot of people realize.

Mr. ABERNETHY. Oh, no, they all realize it, everyone realizes it. It is tough.

I have been around here a long time, and I have never seen such a situation as exists today. We don't even have a bill in front of us to work with. We don't have anything up here.

I am not criticizing anyone. I am not criticizing the Secretary. Personally I am very fond of him. I think he is a very interesting man. But they don't commit themselves to anything. I want somebody to commit themselves to something, or uncommit, or do something. I don't have anything in my hand to work with right now from the Department, because they say they are not committed to anything right now. And you are not committed to anything. You just said you all pick out the best things and put them together and we will go along.

I wish it were that easy. What I might select would be the best, and you might not agree. And what you might select I might not agree would be the best.

May I suggest again what I did the other day. The time is running out. I hope that the Department when it does come down here doesn't leave itself so far from what the producers have testified to that there won't be some ground for them to meet on. Frankly I am afraid that is what is going to happen. And frankly, I have suggested that they not testify until there is a better meeting of the minds. Don't you think that is better?

Mr. STONE. I am anxious for the Secretary to testify.

Mr. ABERNETHY. Of course.

Mr. STONE. And certainly I am hopeful that he will bring forth some ideas that will move us ahead. And I think he will. Let's think positively here.

Mr. ABERNETHY. Have you considered the proposals that have been produced and supported unanimously up until this morning by producer groups that have been testifying here?

Mr. STONE. I have considered what they have talked about yes. I don't quite get your question here. Have I listened to the other side?

Mr. ABERNETHY. We have had producer testimony now for 4 days. And that testimony has been almost—there has been almost a unanimity of agreement. I am not speaking of the little side issues like the transfer of allotments and the bases, and this, that and the other, I am speaking of the general program. And I think you are familiar with them. You came over to my office and talked to me about one of them, didn't you?

Mr. STONE. Yes, sir.

Mr. ABERNETHY. Do you support that same position now?

Mr. STONE. You mean that that you proposed that day?

Mr. ABERNETHY. Yes, that that you proposed and discussed with me in my office, you and others.

Mr. STONE. As I recall, the main thing we were discussing that day was two-price cotton—not two-price cotton, the one allotment versus the domestic allotment.

Mr. ABERNETHY. I understood you gentlemen to submit to me this suggestion, that we guarantee the farmer a minimum price for his cotton equivalent to the cost of production. That was the first element of this program that was suggested; is that not right?

Mr. STONE. Yes. That program was not suggested by me.

Mr. ABERNETHY. You were there?

Mr. STONE. Yes, sir, I was there.

Mr. ABERNETHY. You didn't disagree with it. You came with the group that proposed it. If you were not in agreement with them, I do not understand why you came along.

Mr. STONE. I didn't agree either.

Mr. REYNOLDS. Mr. Chairman, we have been sitting in on a lot of meetings, as you have. And the problem is so difficult that we have been reluctant—which is sort of strange for somebody from California—we have been reluctant to say that we have got to have this, do or die.

Mr. ABERNETHY. No one has said that.

Mr. REYNOLDS. I appreciate that. And we personally have always had a feeling for the domestic allotment for cotton.

And I would like to repeat a thing a Congressman asked me, a friend of mine, and I think a friend of agriculture. I was crying about how we needed agricultural programs, that the growers couldn't produce cotton without subsidy.

And he said, "tell me, is anybody growing cotton today without Government profit support payment?"

And I said, "yes."

"How much?"

I said, "millions of acres above the domestic allotment."

And he said, "how can you folks come to Congress and ask for money to get enough cotton grown until you let everybody who wants to grow it for nothing grow it?"

Which is a pretty difficult question to answer.

And this is one of the reasons why we have favored more freedom of choice.

And also from what you have said and Congressman Sisk said and the chairman said, we have got to get votes from people who don't

grow any cotton and who have never seen a cotton bowl. And we sort of have the feeling that, frankly—and a lot of them have told me—that outside of the Cotton Belt and the large cities that they are not very enthused about the same old farm program.

Mr. ABERNETHY. There have been some recommendations that the 1965 act be continued. Is that what you had reference to?

Mr. REYNOLDS. Well, the same type of thing. And a lot of folks seem to think that a new program with a new approach might have easier sailing through Congress this time. Lord knows, we are in enough trouble.

Mr. ABERNETHY. I don't want to be misunderstood. I appreciate your views. And I certainly hope you won't think I am being critical. But you haven't been very specific. So I really don't know what the import of your statement is. I will read it again and hope I can find something in it that I can tie onto.

Mr. REYNOLDS. You have our blessing, thank you, sir.

Mr. ABERNETHY. Mr. Price.

Mr. PRICE. No questions.

Mr. ABERNETHY. Mr. Burlison.

Mr. BURLISON. No questions.

Mr. ABERNETHY. At this time I would like to place in the record a telegram from Roswell, N. Mex., signed by Mr. Morgan Nelson of the 1517 Cotton Association, wherein, as I understand, he endorses the testimony of and the recommendations made by Dr. C. R. Sayre. And this will be made a part of the record.

(The document follows:)

[Telegram]

1517 COTTON ASSOCIATION,
Roswell, N. Mex., November 28, 1969.

U.S. REPRESENTATIVE THOMAS G. ABERNETHY,
Cotton Subcommittee of the House Agricultural Committee, House Office Building, Washington, D.C.:

Unable to appear December 2 before your Cotton Subcommittee but wish to strongly endorse statement and approach presented by Dr. C. R. Sayre of November 19 who spoke in behalf of cotton growers.

The fiber market is an expanding market and cotton meets fiber needs in quality and quantity. Rather than spend money to reduce cotton production as the draft legislation proposes in face of an expanding market, use the same funds positively to encourage cotton production to serve the consumer better. The draft legislation is negative and could reduce cotton to a minor industry and leave the fiber market at the mercy of a few giant synthetic corporations.

Cotton farmers are meeting the challenge to supply the fiber needs of the consumer through the CPI and other cost cutting programs. They still need help because we must produce on this high American market and compete with the cheap labor used in producing foreign cotton and the mighty organizational financial giants of the synthetic industry.

The solution to cotton problems is not in reduced production but in increasing its legitimate share of domestic and foreign markets. Dr. Sayre's approach does this.

I strongly support section 103(A) of the draft legislation as a means of establishing a truly competitive world price for our cotton.

MORGAN NELSON.

Mr. ABERNETHY. There being no further witnesses this morning the committee will stand in recess until tomorrow morning at 10 o'clock.

(Whereupon, at 11:45 a.m., the committee adjourned, to reconvene.

COTTON

WEDNESDAY, DECEMBER 3, 1969

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COTTON OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10 a.m., in room 1302, Longworth House Office Building, Hon. Thomas G. Abernethy (chairman of the subcommittee) presiding.

Present: Representatives Abernethy, de la Garza, Burlison, and Price.

Also present: Mrs. Christine S. Gallagher, clerk; and Lacey C. Sharp, general counsel.

Mr. ABERNETHY. The subcommittee is convened this morning for the purpose of taking further testimony on the recommendations for cotton legislation.

The first witness will be Congressman Long from Louisiana.

Mr. Long, we are happy to have you and we will be pleased to hear from you at this time.

Mr. LONG. Thank you, Mr. Chairman and members of the subcommittee. I was requested by the Louisiana Farm Bureau Federation to present their testimony and to read their statement for the record.

Mr. ABERNETHY. All right, sir.

STATEMENT OF HON. SPEEDY O. LONG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. LONG. The following testimony is given on behalf of the Louisiana Farm Bureau Federation which represents over 30,000 farm families in Louisiana, a good portion of which are cotton farmers, both large and small, from all parts of our State. This statement will reflect the policy adopted at the cotton conference of the Louisiana Farm Bureau Federation annual meeting held in New Orleans, La., July 7-9, 1969.

At this time, Mr. Chairman, while you are in the first stages of developing new legislation, we think it is important that certain provisions, basic and essential to any sound program, be given full consideration. Most important, any new program must contain provisions to maintain an adequate opportunity for ample producer income. The Agricultural Act of 1965 has been a very controversial act; however, the one point in the act that has not been subject to criticism is the 65-percent-of-parity concept. We certainly wish to commend Congress for its actions in 1965, when the parity concept was maintained. We feel this should be an absolute minimum income for cotton producers

and we believe it is essential that this principle remain intact in new legislation.

We believe a broad-based program to expand domestic and export markets, cut costs, both to the producer and on Government programs, and provide adequate net farm income are essential to establishment of a sound farm program that will revitalize agriculture.

To accomplish the objectives above, we feel any new legislation adopted for cotton should:

1. Work toward permanent legislation.
2. Adopt a 14-million national acreage allotment minimum with flexibility for upward deviations. We are presently under a 16-million national acreage allotment. We propose that the Federal Government:
 - (a) be authorized to purchase for retirement a maximum of 2 million acres of cotton allotment, with adequate provisions to protect areas and farmers;
 - (b) out of the 2 million acres, authorize for permanent retirement the productivity pool acreage (about 500,000 acres).

We feel that a 14-million acreage base will produce an amount to equal the demand both domestically and through exports. Here we consider that consumption domestically will be up due to the CPI program moving into full operation and exports should be revived through our proposed export program.

3. We strongly support a single allotment system for producing cotton and participating in any cotton program.

4. Future legislation for cotton should not contain a provision for unlimited sale and lease of cotton allotments between farmers. This provision would mean that the right to produce cotton would go to the highest bidder, and family-type farms are in no position to be bidding against corporate-type farms for the right to produce cotton. Farmers who we represent are farmers who must strive for a profit in order to meet their financial obligations rather than large corporations engaged in farming who enjoy the privilege of tax writeoffs, a subject foreign to the man who actually tills the soil.

5. Contain an "anniversary date" type loan done on a monthly take-over basis for bookkeeping simplicity which would spread out or stagger the CCC takeover of cotton. Consequently, the loan period will cover the full marketing period from harvest to harvest. Government stocks should be used to fill a short fall or relieve shortages of certain qualities, not to flood the market with qualities in plentiful supply. Producers should be allowed to repossess loan cotton prior to the loan expiration date at a price equal to the price at which the CCC is willing to sell comparable cotton from its acquired stocks. CCC costs in connection with acquisition and resale of cotton will be kept to a minimum, and producers will be given an increased role in cotton market decisions.

6. The new program should contain provisions for a resale price of CCC stocks at no less than 110 percent of the loan rate at which the cotton goes in, plus actual storage charges and interest except those accruing after the first 12 months. Under no circumstances should storage charges and interest through the first 12 months ever be waived.

7. Maintain a loan level at no less than 65 percent of parity to insure ample opportunity for adequate farm income and establish a use incentive plan to mills based upon consumption of cotton by the mill.

The proponents of the one-price system stated that the consumption of cotton would increase by 1.1 million bales with an 8.5-percent reduction in price to the consumer. We find, however, by examining cotton statistics that in 1965 the amount consumed domestically was 9.4 million bales. In 1966 consumption fell to 9.3 million bales, followed by 9 million bales in 1967, and an estimate of only 8.25 million bales in 1968.

Now, how do you account for that? Here we were led to believe that the way to fight competition from manmade fibers was to give us a one-price system, and we could increase the consumption. Gentlemen, that has not happened, and, further, the program cost involved to the taxpayer is such now that much criticism has resulted in the increased cost of the program. Direct payments to producers under the 1965 act have been a detriment from the start by continuously raising costs of production. If you will check the figures, you will find that there is a vast majority of producers who either rent or lease the land they farm. In Louisiana, over 60 percent of the cotton land farmed is rented or leased. Leases or rents on cotton land have increased tremendously under the program and have virtually eliminated any net gain in income that a producer may have obtained through increasing acreage farmed.

Louisiana Farm Bureau Federation has investigated this entire subject and without fear of successful contradiction, we say that direct payments have been the greatest contributor to the increased cost of production in the past 3 years. Further, we would urge each member of this committee to check with more grassroots cotton farmers to verify that the 1965 act has resulted in increased income to absentee landlords with very little if any benefits accruing to the man who tills the soil.

In our judgment, the 1965 act also has a built-in mechanism for encouraging domestic mills to use less cotton in order to maintain a cheap price for cotton. The only way to maintain an adequate surplus of cotton is to quit using cotton and use more blends in order to build up a surplus and thus maintain a cheap price to the domestic mills. We realize that this was not the intention originally in the 1965 act but the fact is this has forced cycling of cotton through CCC and given domestic mills cheap cotton. At the same time, domestic mills have not increased their use of cotton as we were led to believe, yet they have been increasing their mill margins.

Obviously, both consumption at home and exports abroad must be increased if we, as producers, are going to survive. Louisiana Farm Bureau feels that we can increase both through the use of incentive programs. To this end, we visualize establishment of a consumption base per mill for the domestic cotton mills, based upon each mill's immediately preceding 5-year poundage consumption. If the mill uses up to 50 percent of his consumption base the mill would receive a cotton-use certificate worth, say, 5 cents a pound. Further, as the mill increases use above the 50 percent base, the cotton-use certificate value could increase as follows:

Percentage of base used :	Value of certificate (on the percentage base used)
50 to 60.....	6 cents per pound.
60 to 70.....	7 cents per pound.
70 to 80.....	8 cents per pound.
80 to 90.....	9 cents per pound.
90 to 100.....	10 cents per pound.

Any mills using over 100 percent of their consumption base, and also those newly constructed mills that have no previous history, shall receive a cotton-use certificate worth, say, 12 cents a pound. This incentive plan will give the mill a blended price depending upon their cotton usage. To lower raw material costs, all the mill need do is use more cotton.

8. It is of critical importance that our export market be restored to a reasonable level and that we begin sharing in the growth of fiber consumption abroad. In the 5 years prior to one-price cotton, raw cotton exports averaged about 5.5 million bales annually. However, since 1964, exports have averaged just about 4 million bales each year, and this year exports are expected to total only 2.5 million bales.

Former Secretary of Agriculture Orville Freeman has stated publicly many times that cotton was a crop that must export or die. It has long been the policy of our Federal Government, enunciated both in statutes enacted by the Congress and in statements issued by our Department of Agriculture, that effective measures should be taken to insure a strong and healthy export volume. We feel that cotton exports should be at least at a level around 6 million bales, and it should be noted that this appears well in line with the minimum objectives already adopted by our Government.

We have long recognized the need for reasonable restraints on cotton textile imports—which have shot up to alarming proportions in recent years. The trend is inexorably upward primarily because foreign mills operate in an entirely different economic climate and have major advantages in wages and other costs. To correct these situations for imports into the United States, we propose that each foreign country that exports textiles to the United States should be able to export an amount which will be based upon the poundage of cotton or manmade fibers they purchase from the United States. These countries would be issued American import privileges equal to this amount for their total exports to the United States. To further stimulate export of American-grown cotton to foreign countries, we urge a freight equalization fee of 5 cents per pound in the form of a negotiable certificate to be issued on all cotton exported from the United States.

In summary, we are confident that the objective of a growing, self-reliant profitably competitive cotton industry can be achieved. We feel that this is not only in keeping with cotton's best interest, but the interests of agriculture and the Nation as a whole.

We, as producers, are moving rapidly to use practices and tools that are available to us in meeting our competitive challenge. We understand and appreciate the fact that other tools must be shaped and welded by our Government if we are to succeed. If the joint efforts of the cotton industry and the Government can be recast in terms of our present needs and future potentials, we firmly believe that cotton can continue and grow as a major segment of the U.S. economy.

Thank you, Mr. Chairman.

Mr. ABERNETHY. Thank you very much, Mr. Long.

As I understand it, this testimony you have submitted for and on behalf of the Farm Bureau of the State of Louisiana?

Mr. LONG. Yes, this is their position.

Mr. ABERNETHY. Thank you, sir.

Are there questions?

Thank you, Mr. Long. Thank you very much.

The next witness will be Mr. B. B. Everett, Jr., president of the North Carolina Cotton Promotion Association.

STATEMENT OF B. B. EVERETT, JR., PRESIDENT, NORTH CAROLINA COTTON PROMOTION ASSOCIATION, INC., RALEIGH, N.C.

Mr. EVERETT. Mr. Chairman, I am B. B. Everett, Jr., of Palmyra, N.C. I am currently the president of the North Carolina Cotton Promotion Association, an organization certified by the North Carolina Board of Agriculture as the official commodity organization in North Carolina.

By virtue of my office I represent some 57,000 cotton growers of our State, and it is with their permission I appear before you and the other distinguished members of the Committee on Agriculture today so that we may strive to inject our views and proposals into the frameworks of new cotton legislation which we think will be beneficial to the cotton economy of our State and our region. Furthermore, it is our opinion that these suggestions will also give strength and impetus to the cotton programs of all the other regions of the Cotton Belt.

Mr. Chairman, our testimony will be brief and to the point. We will dwell but very little on statistical data nor will we go into great detail on the proposals we are submitting because at this time we are aware that such statistics and details will be repetitious of many proposals submitted already by members of the National Cotton Council, Southern Cotton Growers and other cotton organizations. We hope you will accept them in the context as they are presented. Members of our group who are with me, and myself, however, shall try to answer any questions or make oral comment to those items that may not be clear to you or others in audience here.

Our proposals are these:

1. Make permanent the one-price cotton law, but with revisions and refinements to remove inequities that will tend to weaken our cotton program. Our view in this matter is that cotton must remain above world price in order for us to continue to grow cotton and be assured of some profit for our labors.
2. We believe that the 16-million acreage allotment or another reasonable figure based on total disappearance should be maintained as a focal point for considerations in program adjustments of both temporary and permanent nature.
3. Eliminate any voluntary acreage diversion in present or future cotton law. When a reduction in acreage below the total national allotment is needed, let the percentage of the national allotment reduction apply to each individual farm allotment with no acreage diversion payment being made beyond the mandatory cut. Payments on voluntary acreage retirement is ruining the cotton economy in our State and other areas that have numerous small farms. Voluntary diversion has played a major role in a decrease in planted acres from 380,990 in 1965 down to 184,812 in 1969. A continuation of this practice will have grave effects on our future cotton program particularly if other undesirable facets of the present program are allowed to continue.
4. Repeal the cropland adjustment program outright and forthwith, and avoid all "permanent retirement of land" approaches to agriculture's problems, by whatever name presented. If production must be curtailed then let it be strictly on a temporary basis.

In our State, as in other Southern States, we have stark reminders of the evils of the soil bank concept in the presence of ghost towns where farm business used to thrive and the farm population forced into larger towns where a large percentage of them must depend on relief and welfare for a means of existence.

5. Provisions maintained in the law so that each cotton allotment holder must plant, release or lose his allotment. We are happy to note that under a preliminary summary of draft legislation by USDA that a system is now being contemplated whereby an allotment holder must plant or lose his allotment thereby removing him from a "cotton welfare" status.

We do, however, propose that the law will provide that unused allotments be returned to the county committee for reapportionment within the county or to the State ASCS committee for reapportionment within the State.

6. Liberalize the law so as to adequate time and volume of acres as it relates to transfer of cotton allotments by purchase or lease within the State. We hope that future regulations will permit a grower to purchase any amount of allotment he so desires or be allowed to lease available acreage from the time (in the fall) allotments are established until the normal planting time in his area.

7. Improve protections against losses caused by natural disasters. In most cases farmers who are victims of natural disasters must have a source of instant credit and we are recommending that credit will be made readily obtainable and that the farmer will be permitted to use yield records from normal production years when all requirements and benefits under the cotton program are assigned.

8. Make support price payments based on actual instead of projected yield and in the event of natural disaster base support price payments on projected or normal yield.

Although we realize that many individual growers may benefit from a projected yield status our total cotton program is jeopardized because of a lack of incentive placed upon growers by the support-price-on projected-yield situation. Our organization feels that if actual yield is implemented, considerable more acres will be planted and substantially higher yields will be harvested. To verify our proposal in this matter the following table shows a substantial decrease in acreage and yield since the advent of projected yield into the law.

Year	Planted ¹ (acres)	Harvested ¹ (acres)	Total yield (500-pound bales)
1965	380,990	377,769.5	221,000
1966 ²	230,979	152,347.0	94,000
1967	191,198	100,127.0	44,000
1968	206,240	199,919.0	123,000
1969	184,812	168,127.0	⁴ 110,000

¹ Figures based on ASCS records.

² U.S. crop reports.

³ 1st year of projected yields.

⁴ Estimated.

9. Make provisions to implement fully the research program now provided for in the law for improved cotton production, cost reduction and utilization of cotton goods and allow all funds duly authorized to be spent for these purposes. Furthermore, we recommend that provisions will be made to aid and assist land grant colleges and Government agencies in educational programs designed to inform the public of cotton research and other developments; that is additional personnel in specialist ranks to carry out programs of applied research, development and utilization.

10. With some reservations we must declare opposition to payment limitations to cotton producers anywhere. Our group feels that limited payments will hinder the operation of many producers to the extent that the total cotton program and, consequently, the economy of the Cotton Belt will suffer considerably if limitations are allowed to be imposed.

We do, however, as other groups before us, recognize that some form of limitation is inevitable and in this event our recommendation may be modified to include that limitations be imposed in a graduated scale system so that producers of varying means and status will be treated on an equal basis.

Mr. Chairman, the true cotton producers and related business people of North Carolina and, I think, of the entire South are tired of being dubbed "cotton welfare recipients." This is a term showered upon us by our neighbors and other business counterparts. When we look at the present program, the various land retirement schemes designed to entice growers out of production and payments offered "not to produce," we have no statement of retaliation.

Those of us left in North Carolina who still produce cotton as a major source of income believe ourselves equally capable and just as fully dedicated to the purpose as growers anywhere. We find ourselves willing to sacrifice some things for the sake of the total program. In the above recommendations and proposals we realize that some sacrifices peculiar to our area are being made but we present them in our sincere belief that a cotton law including them will be most beneficial to the producer and related industry in our State.

Thank you.

Mr. ABERNETHY. Thank you very much.

Are there questions?

Thank you, Mr. Everett. We appreciate your presence.

The next witness is Mr. A. Starke Taylor of Dallas, Tex., president of the American Cotton Shippers Association.

Do you have some gentlemen with you, Mr. Taylor?

Mr. TAYLOR. Yes, sir. Is it all right if I get them to sit up here?

Mr. ABERNETHY. Yes, sir; of course.

STATEMENT OF A. STARKE TAYLOR, JR., PRESIDENT, AMERICAN COTTON SHIPPERS ASSOCIATION, ACCOMPANIED BY JULIEN J. HOHENBERG, PRESIDENT, SOUTHERN COTTON ASSOCIATION, MEMPHIS, TENN.; FRANK LOWENSTEIN, DIRECTOR, SOUTHERN COTTON ASSOCIATION, NEW ORLEANS, LA., AND NEAL P. GILLEN, VICE PRESIDENT AND GENERAL COUNSEL, AMERICAN COTTON SHIPPERS ASSOCIATION, WASHINGTON, D.C.

Mr. TAYLOR. Mr. Chairman, my name is A. Starke Taylor, Jr. I am president of A. Starke Taylor & Son, of Dallas, and I appear here before you in my capacity as president of the American Cotton Shippers Association. I am accompanied by Mr. Julien J. Hohenberg, of Memphis, Tenn., president of the Southern Cotton Association and first vice president, ASCA; Mr. Frank Lowenstein, of New Orleans, La., director of Southern Cotton Association and economist, ACSA, and, Mr. Neal P. Gillen, of Washington, D.C., ACSA vice president and general counsel.

The ACSA was founded in 1924, and is basically comprised of merchants, shippers, and exporters of raw cotton, who are members of six federated associations, located in 14 States throughout the Cotton Belt:

Arkansas-Missouri Cotton Trade Association.

Atlantic Cotton Association.

Oklahoma State Cotton Exchange.

Southern Cotton Association.

Texas Cotton Association.

Western Cotton Shippers Association.

The 678 member firms of the ACSA handle over 70 percent of the domestic cotton crop and about 80 percent of the export market. On behalf of the American Cotton Shippers Association, I wish to present our views for your consideration of a new cotton program.

The cotton industry finds itself in dire straits. Foreign grown cotton and synthetic fibers have made startling inroads into what was once considered a guaranteed market. Cotton has met this competition with an antiquated approach which is no longer relevant by today's standards.

A major reason for this situation is the dramatic change in the economic organization of farming in the United States. When commodity programs were introduced in the early 1930's, they were designed to support the income of our impoverished farmers. All during the 1930's, this was the principal purpose of the farm programs. Since World War II, the economic position of our farmers has been changing. About one-third of the country's farmers now produce 86 percent of the total farm output. These farmers had an average income from farming in 1968 of \$10,958—in addition to an off-farm income of \$3,343. The other two-thirds of the country's farmers cannot earn an adequate living from farming and apparently do not intend to do so. In 1968, the 2 million farmers with gross sales of less than \$10,000 earned more from off-farm sources than from farming. The income of the average farm family in this category was \$7,280, of which \$5,511 was earned from off-farm sources.

Programs to help these people should be developed where needed, but they should be separated from commodity programs. Needed programs include many facets, such as education, employment opportunities, medical care, changing locations to take advantage of job opportunities elsewhere, income payments from the Federal Treasury to prevent poverty, et cetera.

The Food and Agriculture Act of 1965 was enacted with the intent to maintain farm income, to stabilize prices, and assure adequate supplies of agricultural commodities, to reduce surpluses, lower Government cost, and to promote foreign trade and afford greater economic opportunity in rural areas.

The supply management concept of the 1955 act did help to reduce stocks through the mechanism of diversion payments; however, severe bad weather, in the first two seasons, accelerated the disposal of surplus stocks at a rate faster than originally planned. The sudden shrinkage in supplies and panic buying in 1967 artificially increased prices to a high level but exacted a terrible toll in lost markets both here and abroad which have never been regained. This loss of confidence in cotton's ability to provide an adequate supply of qualities contributed to the gains made by manmade fibers and foreign growths.

The 1965 act was conceived under circumstances completely converse to today's. In 1965, we had a carryover of 14 million bales and disappearance of 12.3 million bales. In 1969, we have an estimated carryover of 6.3 million bales and an estimated disappearance of 11 million bales, and an estimated production for this growing season of about 10 million bales.

Today farm payments are attacked by a Congress determined to change priorities in domestic legislation. Cotton must be planted—farmers must have adequate income—markets must be expanded. We cannot expect to solve the problems of our industry today with yesterday's solutions—a dramatic plan is called for which will give us adequate supplies of cotton, provide the farmer with adequate income, expand our domestic and foreign markets, and scaled to a cost level acceptable to Congress.

The American Cotton Shippers Association has developed a cotton program which was unanimously adopted by the members of our national affairs committee and the board of directors. We feel our approach will achieve the goals I mentioned above; however, we are not without the realization that our ideas may not be acceptable to all concerned. We ask the subcommittee and the industry to consider this program. The basic objectives of our recommendations are:

1. A sound cotton program must continue a one-price program with prices at a level which will stimulate larger demand for U.S. cotton and which will effectively compete with substitute fibers and foreign growths on a nonresidual basis. Unless this is done, cotton will continue to lose its export markets and domestic textile mills will continue to switch to manmade fibers.

2. The above market-loan approach has proven unworkable and has kept U.S. cotton from being competitive. If we continue to follow this approach, cotton's share of the total textile market will continue its rapid decline. The price-support loan rate of cotton, if there is to be a loan, should not be at a stop-loss level substantially below the world market price and also below cost of production. The dif-

ference between the free market price of cotton and a target price as determined by the Congress should be paid directly to the producer.

3. Textile mills should be assured of a continuous and well-balanced supply of desirable grades and staple lengths of cotton at world market prices. There have been instances where shortages of supply and of desirable qualities have forced textile mills to turn to competing fibers. It is a well-known fact that once a market is lost, it is extremely difficult to regain.

4. The futures market must be maintained in order that farmers, merchants, and mills will have a tried-and-proven method for hedging their cotton. An active futures market gives substantially confidence to buyers both of cotton and cloth, because they are able to safeguard themselves in the market against major price swings.

5. The cost of the program to the taxpayers of the country must be reduced to reasonable levels.

6. Renewed emphasis to greatly expand research on ways to lower production and service cost should be made. Funds allotted for this purpose should be at least 5 percent of the overall program costs.

We think these broad principles can be implemented by making the following changes to title IV of the Food and Agriculture Act of 1965:

1. Eliminate all special small farm payment provisions and provide a transitional program to assist small cotton farmers (allotments of 15 acres or less) in making the necessary adjustments to nonagricultural pursuits and to provide opportunities for gainful employment.

2. Make this farm program permanent. No purpose is served by passing the farm legislation for a specific time period since Congress always has the power to amend or cancel a program.

3. Eliminate Government loans on cotton. If this is unacceptable, provide for loans on cotton from the 1971 and succeeding crops at not more than 90 percent of world price as follows:

The price-support loan rate for Middling one-sixteenth of an inch if there is to be a loan should be not more than 90 percent of the price for Strict Middling one-sixteenth of an inch in major importing markets, for major growths sold in those markets for the preceding 3 years or not more than 75 percent of the direct cost of production, whichever is lower.

World market prices should be adjusted to reflect the costs of moving cotton from U.S. farms to importing markets.

Provide for equality of treatment by establishing one uniform loan for all cotton producers. All notes and warehouse receipts should be held by the ASCS office in the county where cotton is produced.

Standardize commodity programs and ease administrative burden of the CCC by adopting a terminal loan for cotton based on net weights.

4. Eliminate the provision requiring support of all production at 65 percent of parity.

5. Eliminate marketing quota penalties.

6. The minimum acreage allotment shall be 16 million acres. The Secretary shall have the authority to require diversion of up to 40 percent of the total allotment; the remainder shall be called the "effective" allotment. Loans shall be available on the effective allotment.

7. The allotment system must be sufficiently flexible to permit those who wish to grow cotton to do so and encourage the efficient producer.

8. Make cost adjustment payment directly to the producer on that portion of his actual production (in pounds), within his allotment calculated on his share of the previous year's domestic consumption, such payment not to exceed x cents per pound. This payment to be calculated as follows:

Previous year's domestic consumption/current year's actual production times actual production (in pounds) from the effective allotment:

A. Example: $\frac{8,000,000}{12,000,000}$ or $2/3$ times 100 bales effective allotment

B. $8/12$ or $2/3$ times 60 bales of 60 acres (assume yield one bale per acre) of effective allotment (if the Secretary orders full 40-percent diversion)

9. Initiate a vastly improved crop insurance program to protect producers against crop disaster.

The position of the Department of Agriculture has recently been presented to the members of this committee. We have had an opportunity to review it; however, the association has not officially taken a position on the set-aside plan. Our review does indicate that the set-aside approach views the solutions to the industry's problems in much the same manner as we have proposed today.

We share your concern, Mr. Abernethy, and the concern of the producer witnesses who have testified before us, that the set-aside proposal will not produce sufficient cotton to meet normal offtake and emergency requirements. These fears could be alleviated if the Secretary would have the discretion, "to require producers to plant amounts in excess of his domestic allotment and in doing so, be permitted to reduce an equal amount of the set-aside in order to qualify for price-support payments."

The basic outline of the set-aside concept developed by the USDA is similar to the type of program we have outlined above. We can support a program with a realistic loan level set at a price which will enable us to recapture our lost markets at home and abroad, and a program guaranteed to produce enough cotton to supply these market needs.

Mr. Chairman, we thank you sincerely for the opportunity that you have provided to us for this presentation of our views, and we stand ready to be of further assistance to the committee in the consideration of this important legislation.

Mr. ABERNETHY. Thank you very much, Mr. Taylor.

Do you produce any cotton at all, yourself?

Mr. TAYLOR. No, sir; I do not.

Mr. ABERNETHY. Well, would you have any knowledge of—conceding that it might be a guess or a guesstimate—what would be the average cost of production for a pound of cotton?

Mr. TAYLOR. We, of course, have the Department of Agriculture's figures on these, which, I understand, there was considerable money spent by the Department to obtain. Frank, do you have that at your fingertips?

Mr. ABERNETHY. Well, I think the Department's figures are about 26 or 27 cents a pound. Is that not right?

Mr. LOWENSTEIN. Yes, sir, total cost; but they divide into two groups. One is total cost and one is direct cost. Direct cost, of course,

eliminates land charges and general overhead, and we think the direct cost is the figure that should be used in considering a yardstick. The reason for this—

Mr. ABERNETHY. Of course, there are a lot of things that need to be considered in determining.

Is the market now at a level that will return the cost of production?

Mr. LOWENSTEIN. It will return over the direct cost of production.

Mr. ABERNETHY. All right; what is the market?

Mr. LOWENSTEIN. The market for Middling, one inch and a sixteenth is 25.01 cents per pound.

Mr. ABERNETHY. 25.01; and suppose you select your own figure as to what it would cost to produce a pound of cotton?

Mr. LOWENSTEIN. Well, if you take what the Department has for 1964, 1965, and 1966—and 1966 is the latest year they have published—it would show an average direct cost of 21 cents.

Mr. ABERNETHY. 21 cents?

Mr. LOWENSTEIN. Yes, sir.

Mr. ABERNETHY. When did they publish a permanent figure.

Mr. LOWENSTEIN. They published data for the years 1964, 1965, and 1966. They have not published anything for crops since then.

Mr. ABERNETHY. Yes, sir; now, the market now, of course, is at a level during a period which is more or less regarded as a period of scarcity; is it not?

Mr. LOWENSTEIN. I would not call it scarcity. Would you?

Mr. TAYLOR. Scarcity on some qualities, Mr. Chairman.

We have a lopsided quality problem.

Mr. ABERNETHY. Well, it is at the lowest level it has been in a long time. That is true; is it not?

Mr. LOWENSTEIN. It is at the lowest level it has been in the last 3 years, I would say; yes.

Mr. TAYLOR. Again, on some qualities. Some qualities are higher than they have been in several years.

Mr. ABERNETHY. What are we facing now?

That is what concerns us most: the production of a surplus or underproduction of the quantity of cotton that is needed?

Mr. LOWENSTEIN. Mr. Chairman, the thing that concerns us most is: markets for cotton. We feel that cotton is losing—

Mr. ABERNETHY. I know. I know the markets concern us, but I asked you, sir: What are the farmers faced with right now, principally? And let us forget about markets, although markets are important. Is it an anticipated surplus or an anticipated shortage?

Mr. LOWENSTEIN. At the moment, it is about even stephen in operation. What we are doing is producing about the amount that disappears each year.

Now, it will vary from one year to the next, as weather conditions vary, but it is more or less this kind of an operation.

Mr. ABERNETHY. What is it going to take next year, or year after next, to get them to produce what you need?

Mr. LOWENSTEIN. I do not understand the question, sir. What do you mean, "What is it going to take?"

Mr. ABERNETHY. Do you run a cotton farm?

Mr. LOWENSTEIN. No, sir.

Mr. ABERNETHY. You are like some of the rest of us—and I do not say this critically, but you just live off of the cotton farmer.

If you had a cotton farm, what would you want to be assured of or be convinced of before you planted your crop in 1971?

Mr. LOWENSTEIN. I would want to be assured of a total return, Mr. Chairman, which would enable me to make a profit above the direct cost.

Mr. ABERNETHY. Yes.

Now, what would you look to, to be assured of that?

Mr. LOWENSTEIN. I would think a total return of 25 or 26 cents would do it for me.

Mr. ABERNETHY. Yes; and from where do you expect to get that? Do you think that will come from the market, or do you know?

Mr. LOWENSTEIN. I would think you would have to have some direct payments as outlined in the program we suggested.

Mr. ABERNETHY. So, you have got to the point I have been trying to make: there has got to be some encouragement from some source other than just depending on the market?

Mr. LOWENSTEIN. We have allowed for this in the program we recommended; yes, sir.

Mr. ABERNETHY. Yes. You followed the testimony of the other witnesses, I am sure. Have you not?

Mr. LOWENSTEIN. Most of them.

Mr. ABERNETHY. What size crop do you think normally should be produced and put into the market under our current situation, that is, for 1970 and 1971? About what size?

Mr. LOWENSTEIN. If we talk about 1971, I would say that much depends upon the kind of program that we adopt and what kind of market demand it stimulates. It seems to me we have to tailor our production to the demand through the marketplace.

Mr. ABERNETHY. Right. Well, with your knowledge of the cotton industry, do you have some opinion as to just what the demand would be?

Mr. LOWENSTEIN. Well, if you took our program, sir, the one that Mr. Taylor recommended, we have worked out some estimates on this. We would think we would need about 12.5 million bales.

Mr. ABERNETHY. 12.5 million? How much of that would be consumed domestically?

Mr. LOWENSTEIN. In our figures we have assumed around 8.5 million.

Mr. ABERNETHY. About 8.5 million?

Mr. LOWENSTEIN. Yes, sir.

Mr. ABERNETHY. And the other 4 million is for export and carry-over?

Mr. LOWENSTEIN. For export. This is just disappearance, sir, and this does not include the carryover.

Mr. ABERNETHY. I understand. I understand. We are operating in sort of a vacuum here. I am sure you are familiar with that. We do not have anything to work with. We have a suggestion which was handed to us by the Secretary, but we have no one's bill. It is just an indication of the gray field that we are working in. Have you seen the Secretary's plan? Incomplete plan, I should say.

Mr. LOWENSTEIN. I have seen a draft of it. And, again, the same thing—

Mr. ABERNETHY. Draft? I have not seen a draft. I have seen a memorandum.

Mr. LOWENSTEIN. Well, I have seen the same memorandum that you have. I have not seen the legislative draft.

Mr. ABERNETHY. We have been looking for that; we have been waiting for it. There are so many untied ends in the memorandum that somebody is going to have to tie them together before I know what it will be.

Mr. LOWENSTEIN. I agree, wholeheartedly. We think the principal is good; I should say our board of directors has not approved this program. I am speaking how I would personally judge this plan. I think there are some areas that have to be tied down to give some indication of the discretionary area in which the Secretary would have to work; for example, the size of the payments and loan levels. In the memorandum that I saw the loan level depended on the previous 3-year market price, and it could be set at 80 to 95 percent.

Mr. ABERNETHY. Yes.

Mr. LOWENSTEIN. But the size of the payment would be completely at the discretion of the Secretary.

Mr. ABERNETHY. It is what?

Mr. LOWENSTEIN. The payment size was left completely to the discretion of the Secretary, in the memorandum that I saw.

Mr. ABERNETHY. Yes.

I believe that is all I have. Are there any questions, gentlemen?

Mr. PRICE. I have some questions.

Mr. ABERNETHY. Mr. Price.

Mr. PRICE. Your cotton-merchants group has probably done more marketing in foreign markets than any other group. What do you think of the real prospect for U.S. cotton in foreign markets now?

Mr. TAYLOR. Well, Mr. Price, this, of course, will depend upon the type of program that would be enacted. We feel, of course, that the most important thing in this respect, as far as any program, would be price. I guess the best example I can give of this is to refer back to 1956, the year when we exported 7 million bales. Undoubtedly, that year we were competitive. In 1961, if I remember correctly, the Department of Agriculture, by administrative action, raised the support price about three and three-quarter cents per pound, and since that time we have just steadily been losing our export markets. We, of course, could not expect to feel an immediate impact from a price reduction, but we think that by the end of a 2-year period we could feel this impact in our exports and they would be increased substantially. We especially have an opportunity in the Far East to increase our exports. It is an excellent market for short staple cotton which is only grown in Pakistan and the State of Texas.

Mr. PRICE. Well, I understand that there is a good possibility that the Russians have a million-bale crop failure though they have taken a lot of our markets away from us in Europe in recent years. Do you think we are going to be able to move in and take advantage of this by being competitive in trying to find a market for our cotton in that area?

Mr. TAYLOR. We have been trying to develop some information on this ourselves, and Mr. Hohenberg talked to Europe yesterday, and again this morning, trying to get some information, in case we were asked this question.

Mr. PRICE. What did you find out, if you would care to state?

Mr. HOHENBERG. Well, the figures on the Russian crop, which is currently being harvested, are difficult to obtain. But the information we received from ICAC, the International Cotton Advisory Committee, indicates that the crop is down from 500,000 to maybe a million bales. The amount of what we are able to replace depends, again, on price, because it also can be replaced with synthetics in Western Europe. There has been about a million bales, more or less, of Russian cotton sold to the free-world markets in the past several years, so this does give an excellent opportunity for the United States to step in, if our price was at least competitive with synthetics.

Mr. PRICE. Mr. Lowenstein, we have seen the manufacturers and distributors of the manmade fibers reduce their prices drastically in the past 4 or 5 years. Do you think that synthetics will continue to undercut the market price of cotton?

Mr. LOWENSTEIN. This is a \$64,000 or \$64 million question, because I have, frankly, been unable to get any information on where the cost of production for manmade fibers can go. We have seen them come down for polyester staple fibers from something over a dollar a pound to a price of about 42 cents a pound. And if we work that back to the farm on a cotton equivalent basis, we derive a price of 22 to 23 cents per pound. Cotton is sold on a gross weight and manmade fibers are sold on a net weight; cotton is sold on the farm and manmade fibers are sold delivered to the mill; cotton has more waste in manufacture than manmade fibers have; and manmade fibers weigh less. In other words, a pound of manmade fibers will cover a larger area. If we take all of those factors into account, the 42-cent price will be equivalent to around 22 or 23 cents on the farm, and that is very close to the price for which Strict Low Middling $1\frac{1}{16}$ -inch is selling for right now.

Now, let us look at polynosic rayon, which, incidentally, was designed by the manmade fiber producers to compete with cotton, and to duplicate cotton's properties. If we work prices for this fiber back to the farm, it comes out a little bit cheaper than current prices for cotton on the farm now. Mills are buying polynosic rayon for roughly 28 to 30 cents a pound delivered to the mill. When we go through the same process with a little bit different factor for the covering power, we come out with a price below the price of cotton. All this means is that even at today's prices, cotton would have to be lower in price in order to regain some of the markets we have lost, and I expect prices for polynosic rayon and polyester staple fiber to continue to fall.

Mr. PRICE. Well, now, we are saying that the cotton men cannot produce cotton for 25 cents, and that is about what it is costing him—and probably 28 cents with inflation. Synthetics have robbed us of what percent of the markets, would you say?

Mr. LOWENSTEIN. A very interesting figure——

Mr. PRICE. Fifty percent, perhaps?

Mr. LOWENSTEIN. If we will look at the consumption of fibers in this country from 1960 to date—through 1968, because that is the last complete year that we have—we will find that the consumption of fibers

by our own mills has gone up 3.3 billion pounds, equivalent to 11 million bales of cotton, all of it in manmade fibers.

Mr. PRICE. Perhaps the situation would be clearer if I placed it in a larger perspective. According to the figures I have seen, there are approximately 10,000 producers of manmade fibers. These producers have aggressively and effectively marketed their product using expensive merchandising and advertising techniques that are simply not being fully utilized by the some 400,000 cotton producers across the country. Producers of synthetics have made their revenue because they have been able to convince the consumer as to the desirability of blended and synthetic products. Cotton producers, unable to merchandise as effectively, have had to depend on Federal subsidies financed by the taxpayer.

This situation needs to be corrected. It is our responsibility to help make the needed changes. I fail to understand, though, why the cotton industry cannot be structured on a profitable a basis as is the synthetic industry. Cotton producers are as intelligent and they are as capable. They must diligently work with this subcommittee in trying to find a workable alternative to merely pumping large amounts of tax revenues into cotton program. We must create a cotton program that will enable the cotton producer to stand on his own two feet and realize to full potential his individual initiative and capabilities.

Mr. Lowenstein, do you think this is a fair statement?

Mr. LOWENSTEIN. This is a fair statement. I would agree with you wholeheartedly, and I would suggest to you that there are several things that need to be done. We think that the expenditures on the cotton program must be held to less than \$500 million a year. For the 1968-69 season—again, the last season for which we can get figures—the expenditures were \$1.1 billion. We feel that we must have an opportunity for efficient producers to increase their production of cotton so that they can produce cotton at a lower cost.

I would like to point out that in the cost of production study for 1966, as published by the Department of Agriculture, 48 percent of the cotton production was produced for less than 18 cents a pound, direct cost. The average was 21 cents, and 64 percent of the producers produced cotton for the 21 cents or less. There has to be some mechanism for the efficient producers to increase their production.

Mr. PRICE. This program that Mr. Taylor has suggested, what do you all estimate it will cost?

Mr. TAYLOR. That depends, of course, and we left the payment figure at x —we just said " x cents per pound," leaving that to the Congress to decide. But we have projected some figures here which Frank has, based on—what? 10 cents a pound?

Mr. LOWENSTEIN. At 10 cents a pound, total expenditures came to \$422 million. This was the payment of 10 cents a pound to the producers. If we increase the payment to 15 cents, say 50 percent—simply because it is an easy figure to compute—we add another \$200 million to the cost, roughly. Much depends on the level of payment that is made.

Mr. PRICE. Well, what do you think of the concept that was proposed here yesterday by the other group of Texas producers by which it could come down—the payment—come directly to a cotton board, and, then, perhaps, the cotton board would pay the farmer his amount and

retain so much for promotion? Now, how do you feel about that program?

Mr. TAYLOR. Mr. Price, the first we heard of this was yesterday, and we really have not had any time to study it. I would hate to stick my neck out here unless I had my board of directors' approval. Some of them might not agree with me, and I had better check it. It is a new approach. I will agree that it may have some merit, but we would like to look at it a little closer.

Mr. PRICE. This is the thing that Mr. Abernethy is talking about. We are trying to put a program together, and until the producers and the merchandisers and everybody try to get together, sit down together, and try to come up with something, all we can do here is just discuss the key issues.

Mr. HOHENBERG. Mr. Price, I think the one thing that we must understand of all of the elements is that the element of price is in the picture. Mr. Lowenstein has given some figures as of what the on-farm equivalent of synthetics is. So, irrespective of any program that is developed, this price of manmade fibers must be taken into consideration, in my estimation.

Mr. PRICE. Would you not say that we have done a poor job of merchandising cotton compared to what synthetics have done?

You have got one product here and there is another there, and they, the products, have just been outsold and outmerchandised.

Mr. HOHENBERG. Well, the figures speak for themselves.

Mr. TAYLOR. I think definitely they have done a better job than we have, but they are private industry and they have not had some of the restrictions and been tied to some of the things that the cotton industry has been tied to.

Mr. LOWENSTEIN. I think I would like to add to that—I think what you have said is perfectly true, but I would like to add——

Mr. PRICE. They have been tied to it, but they have had the choice of a program or no program; the choice would not be any clearer.

Mr. LOWENSTEIN. They have also done a magnificent job of research, and they did the research before they went out and merchandised their product. We have to have something to promote, it seems to me, before we run a promotion program. I think cotton can do a magnificent job of research, too, if we put our shoulder to it. But I think we have a ways to go.

Mr. PRICE. Do you not think that the cotton industry has to merchandise its products?

Mr. LOWENSTEIN. Of course, we have to merchandise the product that you have to sell.

Mr. PRICE. You know, just increasing the money put into the cotton program is not going to solve the problem. We have got to merchandise the shirts and sheets and other cotton consumer products.

Mr. LOWENSTEIN. Sir, this has been bothering all of us; me as much as you.

Mr. PRICE. Should not more money be spent on merchandising?

We are talking about how to cut production, and I think we have about reached the point with labor and machinery where you cannot produce cotton much cheaper, unless we have a new program or a new breakthrough, which, I understand, there is a possibility of.

Mr. LOWENSTEIN. We have no objection to improving the merchandising system. There is another facet—Mr. Hohenberg can give you some rather startling steps that he has taken in his business to reduce the price of cotton or the cost of merchandising which goes back to the farmer, and I would like for him to talk about this. This is just one step, and we certainly agree with you wholeheartedly.

Julian, why don't you tell them what you have done on this?

Mr. HOHENBERG. Well, specifically—this is always a question, and we agree with you, Mr. Price—at least, I do—and I think the important element, as we have tried to point out in our program, is research on both cost of production and cost of services. This has got to be done at the Government level, at the State level, and by private sources. A recent study that was authorized by CPI at Texas Tech indicated that the cost of services from cotton plant to mill was something like 16 cents a pound, if I remember correctly. This is astounding, and, certainly, some basic and important research must be done in this.

Mr. PRICE. Did I understand you correctly, that you mean from the time this man prepared his soil?

Mr. HOHENBERG. No, sir; from the time of harvest.

Mr. PRICE. From the time of harvest until he got it to the mill it cost him 16 cents a pound?

Mr. HOHENBERG. This includes harvesting.

Mr. PRICE. This is including harvesting?

Mr. HOHENBERG. And ginning.

Mr. TAYLOR. Warehousing, merchandising, everything.

Mr. HOHENBERG. Transportation.

Mr. PRICE. Does this include preparing the soil, planting the seed, cultivating in the spring?

Mr. HOHENBERG. No, sir; no, sir. And this is the figure—for whatever we can do, we have shot at it, in the cost of landing cotton at the mill, and in the Memphis area we have made some rather significant reductions, trying to cut it, and we have cut it about 150 points by going direct from gin platform to mill, eliminating all the costs that we could personally as a firm, but, of course, this has got to be done on an industrywide level, it seems to me, both in the cost of production and in the cost of services.

Mr. PRICE. Well, I do not want to take any more time, Mr. Chairman. I am grateful that these gentlemen have shared with the subcommittee some of their great knowledge in this field.

Mr. ABERNETHY. Thank you very much, Mr. Price.

Mr. PRICE. In perspective, Mr. Chairman, I think that we are actually talking about the production of cotton costing the farmer 25 to 28 cents presently today. If production costs remain stabilized whatever the Congress authorizes and the Secretary of Agriculture spends between that 28 cents and 35 cents will constitute income to the cotton producer. Now, is that not a fact?

Mr. TAYLOR. Well, this is, of course—again, we come back to the efficient producer. We think some producers can produce cheaper than this, and we think, if they can, then they are the ones that ought to be producing and should be allowed to produce.

Mr. PRICE. That is all, Mr. Chairman.

Mr. ABERNETHY. Thank you very much.

Mr. de la Garza?

Mr. DE LA GARZA. No questions.

Mr. ABERNETHY. Mr. Burlison?

Mr. BURLISON. No questions.

Mr. ABERNETHY. Thank you, gentlemen. We appreciate your testimony.

Mr. TAYLOR. Thank you, sir.

Mr. ABERNETHY. The next witness will be Mr. Reuben L. Johnson, director of legislative services, National Farmers Union.

STATEMENT OF REUBEN L. JOHNSON, DIRECTOR OF LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. JOHNSON. Mr. Chairman, I have with me today Mr. Joe D. Rankin, from Ralls, Tex. Mr. Rankin is vice president of the Texas Farmers Union, and he will present the testimony on behalf of not only the Texas Farmers Union but on behalf of the National Farmers Union.

Mr. ABERNETHY. What was the name, again?

Mr. JOHNSON. Rankin.

Mr. ABERNETHY. All right. Mr. Rankin, you may proceed.

STATEMENT OF JOE D. RANKIN, VICE PRESIDENT, TEXAS FARMERS UNION, RALLS, TEX.

Mr. RANKIN. Mr. Chairman and members of the committee, my name is Joe Rankin. I am a cotton farmer of Crosby County, Tex., and I am serving this year as vice president of Texas Farmers Union. My appearance today is in behalf of this organization and I am also appearing in behalf of the National Farmers Union. Mr. Lewis J. Johnson, president, Arkansas Farmers Union, was scheduled to appear here with me and Mr. Reuben L. Johnson, director of legislative services, National Farmers Union, today, but could not be here.

Farmers Union is vitally concerned with the future of cotton, and of American agriculture as we know it today. The Food and Agriculture Act of 1965 has virtually saved the cotton industry the last 4 years. The adverse weather conditions for 4 consecutive years in Texas would have bankrupted cotton farmers had it not been for the act of 1965. Farmers Union feels that it would be in the national public interest and in the best interest of cotton producers to have a permanent extension of the present cotton program, with amendments that will assure an adequate supply and a parity—or equality—of price to the producer.

The cotton problem is deadly serious and solutions must be resolved if cotton producers are to continue producing. The first and most paramount problem is to increase net farm income. The supplementary information which has been distributed to members of the subcommittee dramatizes what dire economic straits the Plains cotton farmers are in, with statistics taken from one of the most highly concentrated cotton-producing areas of the Cotton Belt. This report—I believe it is now being distributed—was prepared by the Lubbock Production Credit Association, Lubbock, Tex.

Mr. ABERNETHY. We have a copy of this.

Mr. RANKIN. All right, sir.

Referring to the first chart. It is a bar-chart. You will note that out of the total of 888 production loans which the Lubbock Production Credit Association made in 1968, only 45 percent or 394 of their customers made a profit. Of these, only 20.2 percent or 179 of the customers made from \$5,000 to \$10,000. Eighty customers or 9 percent of the total loan made over \$20,000, and I am confident that these included some very substantial operators. Fifty-five percent of their customers either lost money or made less than \$5,000 net profit in 1968.

As you gentlemen know, the PCA's have a reputation of financing the best credit risks among farmers and ranchers, and usually include more of the large farmers among their customers. This is illustrated on page 5 of the attached material which is a more detailed breakdown of one county served by the Lubbock Production Credit Association. Hockley County is a major cotton-producing county in Texas and in 1968, according to ASCS figures, 135,443 acres of cotton were planted. You will note the average net worth was \$60,647.90, the repayment potential was \$23,915.35, and the total due in the fall was \$19,430.36, leaving a net profit of \$4,484.99.

The additional pages of the attachment are more or less clarifying, and I would like to go over them briefly.

Concerning liabilities, at the bottom of the next page, it clarifies these averages that we use on page 5. Under "Liabilities," they note that total liabilities for 166 loans were \$2,401,418 for an average of \$14,466.37, but actually only 115 members or 69 percent had liabilities for an average of \$20,881.89.

On the next page under "Savings Accounts," the explanation given there is: 38 members, or only 22.9 percent, had savings in the amount of \$295,479, or an average of \$7,775. An average of 166 loans would have been \$1,779.

This indicates further that the cotton farmers do not have a reserve available. They do not have savings to fall back on.

They have everything that depends primarily on inflated, increased land values to borrow money against.

We might look at the number of farms or landowners. Only 79 members or 47.6 percent own real estate. Now, this would give an average of 303 acres per owner. And to give you an idea, Mr. Chairman, of the size of operators that we are talking about under "Crops," it has the average number of acres of cotton per farmer in the county as 81.5. The average for the PCA member in the county was 153.6 acres. And down at the bottom of that page is the average yields for the last 3 years for the various members.

The precarious economic condition is not confined to Hockley County but is common throughout Texas counties producing cotton. This situation should indicate that we simply cannot afford to compromise on farm legislation to such a degree that the net cotton producer income can be permitted to drop lower under a new program than that in the past. If these cotton farmers are permitted to go broke, it will simply compound our problems for the producers of other commodities where present cotton acreage can be substituted for other commodity production. As a cotton producer, I am convinced that some day cotton will make a competitive comeback and it would be tragic if, when the day comes, the traditional producing areas have been dismantled.

Second, it is most imperative that farm legislation be made permanent in order that producers can plan ahead. There is not any other business today that can plan on an orderly basis by projecting into the future only 1, 2, or 3 years. Farming in the 1970's, with the enormous capital investments, dictates long-range planning, which is directly related to farm programs and net farm income potential. A permanent farm program is imperative.

Third, the net income of cotton producers must be measured as to a fair and reasonable income as related to parity (or equality) of price with the cost of production. Since this is the only measure of what would be a fair price, the concept of parity must be sustained firmly in any future program.

Some suggestions have been made to increase by a very substantial amount cotton promotion funds. As you know, the cotton producers have supported the Cotton Producers Institute the last 2 years. This \$10 million a year self-help program could and should serve as a pilot program. If and when successful promotion programs are found and there is a need for an expanded program that would be beneficial to producers, I am confident that the increased funds would be forthcoming. However, to mislead the producer by promising a way to spend his way out of his economic crisis could very well lead to economic collapse of the cotton producers. The Cotton Producers Institute must be given additional time, and when they can increase cotton consumption by promotion programs the producers will certainly contribute as they have done to the CPI program.

Farmers Union has always supported marketing research and promotion programs for cotton legitimately in the interest of producers. However, we are in opposition to producer contributions in the form of checkoffs to finance directly or indirectly the formulation of cotton program policy where nonproducer interests dominate the producer interests and can veto policy recommendations of producers.

The present program has been a good program. It has maintained income for the producer; however, with some minor modifications it can truly serve the national public interest, by providing a fair return to the producer and an adequate supply of cotton. The following are our proposals to the Cotton Subcommittee of the House Committee on Agriculture to improve the cotton program:

First, and foremost: Increase net farm income.

2. Farm legislation be made permanent and cotton marketing quotas be maintained.

3. Parity concept be retained as a measure of a fair and equitable return for risk, cost of production, and a profit to the producer.

4. Retain the present provisions as they relate to transfer of cotton allotments by purchase or lease, within a State.

5. Projected yields reflect normal yields with adequate provisions for abnormal years.

6. Protect the minimum price-support provision in existing law.

Mr. Chairman, thank you for this opportunity to present our views. We will be glad to answer any questions that we might be able to.

Mr. ABERNETHY. Well, thank you very much, Mr. Rankin.

The table you addressed yourself to, you did not so request, but I assume that you want to have those several pages with that table included in the record as a part of your statement?

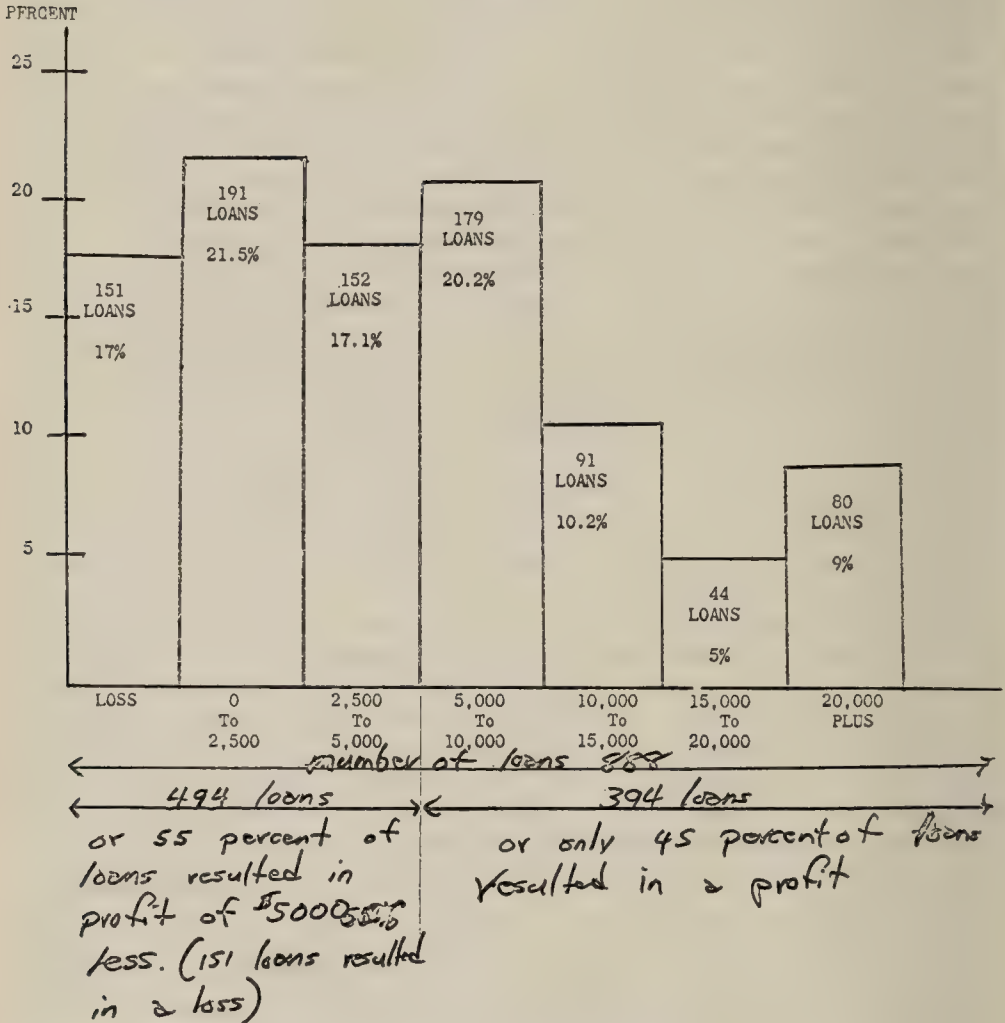
Mr. RANKIN. Yes, please.

Mr. ABERNETHY. We will do that.

(The table and pages referred to follow :)

PROFIT-LOSS STATUS OF FARM OPERATING LOANS MADE BY
LUBBOCK PRODUCTION CREDIT ASSOCIATION IN NINE TEXAS COUNTIES
(COCHRAN, CROSBY, GARZA, GAINES, HOCKLEY, LUBBOCK, LYNN,
TERRY, YOAKUM)

1968



AVERAGES FOR 166 LOANS MADE BY LUBBOCK PRODUCTION CREDIT IN HOCKLEY COUNTY, TEX., IN 1968.

Date: June 27, 1968. Class loan: "42".

Name: Mr. Average Hockley, county farmer, Age 47. Wife: Average. Age 43. Children at home: Three. Ages: 7, 7½, 8.

Insurance: Applicant, \$14,794. Wife, \$5,630.

Stock: Class B 219. Class A 193.

AA's in 1967: 2.1. To date in 1968: None. Amount: \$17,115.35.

Total CCC checks: \$10,913.95.

Repayment: \$23,915.35. Collateral: \$21,024.77. Total due this fall: \$19,430.36.

Assets: \$75,114.27. Liabilities: \$14,466.37. Net worth: \$60,647.90.
 Savings account: Yes. Amount: \$1,779.99.
 Farm real estate: Yes. 114 Acres. Value: \$35,326.08. City real estate: Yes.
 Value: \$3,725.30.
 Lives on farm or in city: Farm
 Total acres in operation: 676; cultivation, 584; pasture, 92.
 Does he have a livestock operation: Yes. Number of head: Cattle, 8; swine, 2; sheep, 6.

PARTICIPATION IN GOVERNMENT PROGRAMS IN HOCKLEY COUNTY, 1968

Cotton:

One hundred and sixty loans or 96.4 percent will draw Government payments in 1968 for a total of \$1,811,716.00; average \$10,913.35 per loan.

Six members did not draw cotton payments.

One hundred eleven went 35 percent in cotton program.

Twenty-four members went 5 percent in cotton program.

Twenty-four members went combination of 5 percent and 35 percent in cotton program.

One member went 15 percent.

Milo:

Twenty members (12 percent) did not go into the milo program.

One hundred nine members (65.6 percent) went 50 percent in the milo program.

Twenty-seven members (16.2 percent) went 20 percent in the milo program.

Seven members (4.2 percent) went a combination percent in milo program.

One member went 40 percent.

One member went 35 percent; 1.8 percent.

One member went 36 percent.

REPAYMENT

Total estimated repayment was \$3,922,117, for an average of \$23,915.35 per loan.

COLLATERAL

Total collateral was \$3,490,112, or an average of \$21,024.77 per loan.

TOTAL DUE THIS FALL (JANUARY 2, 1969)

Total amount of \$3,225,440, for an average per loan of \$19,430.36.

ASSETS

Total assets for the 166 loans involved was \$12,468,969.00, or an average of \$75,114.27.

LIABILITIES

Total liabilities for 166 loans were \$2,401,418, for an average of \$14,466.37. Actually only 115 members, or 69 percent, have liabilities for an average of \$20,881.89.

NET WORTH

Total net worth of 166 members involved was \$10,067,551, for an average of \$60,647.90.

SAVINGS ACCOUNTS

Thirty-eight members (22.9) percent have savings in the amount of \$295,479, for an average of \$7,775.76. An average for the 166 loans would be \$1,779.99.

FARM OR LANDOWNERS

Seventy-nine members or 47.6 percent of the 166 loans involved own farm real estate in the amount of 23,947 acres. This would give an average of 303 acres per owner. The average for the 166 loans would be 144 acres. Our total set value of this real estate is \$5,874,795, for an average of \$245.32 per acre.

CITY REAL ESTATE

Forty members, or 24 percent owned city property. Total set value of this property is \$618,400, which is an average of \$15,460 for the 40 owners involved. An average for the 166 loans would be \$3,725.30.

Twenty-one percent (35 members) live in the city.

CROPS

According to ASCS figures 135,443 acres of cotton was planted in Hockley County; 25,512.7 acres of this cotton was planted by 155 Levelland field office members. This is 18.8 percent of the cotton in Hockley County; 115,553 acres of milo was planted in Hockley County. Of this 166 Levelland field office members accounted for 29,824 acres, or 24.9 percent.

Average number of acres of cotton per farmer in the county is 81.5 acres. Average for PCA members is 153.6 acres. Average number of acres in milo per farmer in county is 87.1 acres. Average for PCA member is 179.6 acres.

Crop	Interest	Number of members	Percent	Total acres	Average acres per member	Average for the 166 loans involved
Irrigated cotton.....	$\frac{3}{4}$	130	78.3	15,940.8	123.5	100.4
Do.....	2, 3	17	11.4	1,365.7	80.3	8.2
Do.....	(1)	63	37.5	4,487.7	71.2	27.0
Do.....	$\frac{1}{2}$	3		158.1		
Do.....	$\frac{1}{3}$	1		43.8		
Cotton.....	$\frac{3}{4}$	41	24.7	3,020.9	73.9	18.1
Do.....	$\frac{2}{3}$	2		66.8		
Irrigated milo.....	$\frac{2}{3}$	93	56	11,380.2	122.5	68.6
Do.....	(1)	46	27.7	3,262.6	70.9	19.7
Do.....	$\frac{3}{4}$	1		50.5		
Do.....	$\frac{5}{8}$	1		51.0		
Do.....	$\frac{1}{4}$	1		30.0		
Milo.....	$\frac{5}{8}$	2		117.0		
Do.....	$\frac{2}{3}$	97	58	12,962.8	133.6	78.0
Do.....	(1)	23	13.9	1,960.3	85.2	11.8

¹ All interest.

AVERAGE YIELDS LAST 3 YEARS ON CROPS

Crop	Number of members	Average
Irrigated cotton.....	148	1.05 bales.
Dryland cotton.....	41	0.52 bale.
Irrigated milo.....	113	3,083 pounds per acre.
Dryland milo.....	111	1,549 pounds per acre.

TOTAL ACRES IN OPERATION

The 166 loans involved a total of 112,289 acres, for an average of 676 acres per loan. The average amount of pasture and farmstead per loan was 92 acres, leaving 584 acres of cultivated land per loan.

LIVESTOCK OPERATIONS

Thirty-seven members (22 percent) of the 166 loans involved have livestock on their operation for a total number of 1,305 head. This gives the 37 members involved an average of 35 head, or an overall average of 7.8 head.

Five members (3 percent) of the 166 loans involved had a swine operation for a total number of 238 head. This gives an average of 47.6 head for the five members. An average for the 166 members would be 1.5 head.

One member had sheep for a total of 922 head.

Mr. ABERNETHY. I have no questions. Are there questions from the members of the committee?

Thank you very much, gentlemen.

Mr. RANKIN. Thank you.

Mr. JOHNSON. Thank you.

Mr. ABERNETHY. Now, the Chair would like to say that this concludes the list of witnesses.

Is there anyone in the room this morning that wishes—no. So, this includes the witnesses except for the Department.

Mr. DE LA GARZA. Mr. Chairman?

Mr. ABERNETHY. Yes?

Mr. DE LA GARZA. I have a statement that I would like permission to insert in the record from the Valley Chamber of Commerce Cotton Committee. Mr. Chairman, they made an attempt to come up here, and they were not able to come, and they forwarded the statement to me which, with your permission or unanimous consent, I would like to insert in the record at this point.

Mr. ABERNETHY. Without objection, the statement will be included. (The statement referred to follows:)

STATEMENT OF J. B. BRADY, CHAIRMAN, VALLEY CHAMBER OF COMMERCE COTTON COMMITTEE, HARLINGEN, TEX.

The lower Rio Grande Valley of Texas is an area about 100 miles long and from 20 to 40 miles wide, composed of four counties, Cameron, Hidalgo, Starr, and Willacy, containing a little over 2,700,000 acres in land area, approximately 1,200,000 in cultivation and orchards, excluding pasturelands. This cultivated area is roughly 60 percent irrigated and 40 percent nonirrigated. Our basic economy has always been, and is, agriculture, producing a total income of from \$175 to \$200 million annually.

We would like to present to you some information and recommendations specifically on cotton that produces from over 30 percent to, in some years, almost 50 percent of the above agricultural income. Cotton production has ranged from 278,000 to 632,000 bales since 1951; over 300,000 this year.

The artificial pricing of cotton in years past contributed to the creation of tremendous surpluses and at the same time, loss of markets to synthetics in our domestic market, and a good portion of our exports.

We feel that the Agricultural Act of 1965 was a step in the right direction, as cotton was allowed to sell freely on the market, eliminating our surplus and maintaining farm income at reasonable levels. Markets frequently overreact and this year, cotton sold at prices that will slow down the loss to synthetics, and from reports of sales to mills, may even recover some of the domestic market.

At today's cotton prices alone, the farmer, one of our largest industries in the Nation, cannot stay in business. Many feel that policies beyond their control have placed them in this situation, but that the present basic program, with the following changes, would place the industry on a sounder basis.

We recommend and support the program along the guidelines reported out by the producers in the National Cotton Council with a few changes as follows:

1. We realize that we must have an acreage allotment that will provide production for a dependable supply for domestic consumption, exports, and a reasonable carryover.

2. Cotton must be free to move in the marketplace and price adjustment be made so that the producers can sell at a competitive price and receive a reasonable return.

3. This cost adjustment should be placed on the commodity itself and on the actual number of pounds or bales produced on his allotted acres. This will encourage better farming practices, avoid diversion programs. Much criticism has been on the theory that the farmer is being paid not to produce.

4. Set the loan at a true 90 percent of world price that will reflect current marketing conditions and that will encourage cotton to sell and not be carried from season to season at Government expense, without any resulting benefit to the producers. This also will remove to some extent the umbrella for foreign producers and should, through competitive marketing, increase our exports and have some effect in restraining our increasing textile imports.

5. Strengthen the crop insurance program for better protection in case of catastrophe.

6. Increase and encourage more research programs to reduce costs of marketing and production.

7. Establish an active continuing advisory group composed of all segments of the cotton industry that can work with the Department in changes that will be necessary from time to time.

We feel that with the basic program we have now, with the changes suggested, that this industry can, within a reasonable time, be again on a self-sustaining basis. A healthy agriculture is a must for our Nation.

Mr. ABERNETHY. And also, without objection, there will be included the statement from Mr. Tony Price, of the Texas Cotton Ginners' Association.

(The statement referred to follows:)

STATEMENT OF TONY PRICE, EXECUTIVE VICE PRESIDENT, TEXAS COTTON GINNERS' ASSOCIATION, DALLAS, TEX.

My name is Tony Price and I am executive vice president of the Texas Cotton Ginners' Association, headquartered in Dallas, Tex. This is a trade organization representing all phases of gin management and ownership including cooperatives, independents, and corporate-owned plants. Cotton gins are businesses whose interest is keener—and stake is greater—than any other segment of the industry in how cotton is treated in future farm programs. Because, gentlemen, the grower can take his investment in land and turn to other crops, other agricultural pursuits even though they might not yield the dollar return cotton does. The crushing mill has a number of other products to turn to in order to obtain some return from their investment. The cotton mill—as recent history has proved—can turn to other raw resources to maintain adequate returns on the investments in spindles and looms.

Cotton gins cannot process any other crop. There is no way to recover the \$200,000 to \$400,000 investment in equipment except to process cotton. So the interest of the cotton ginning industry should be obvious. There has to be cotton in order for us to exist. And in order for there to be cotton, all segments of the industry—and most especially the growers—must continue to make a return on the investment they put into cotton.

This is the nature of our statement today and that is to emphasize the necessity of any farm program to maintain an adequate income for the growers.

There are alternatives to providing a program which does not permit conditions to exist where growers can make an adequate return on their cotton investment. These alternatives are a severe crippling of the agricultural economy in the United States and an equally severe blow to any plans to rejuvenate rural America. Because right now, the cotton communities across the United States provide the backbone for rural America in the Cotton Belt.

The objectives of the recently formed Rural Affairs Council by the Secretary of Agriculture mean much to the future of this Nation. But these objectives will be frustrated and even become impractical to achieve if future farm programs hasten the departure of producers and supporting businesses from rural America. Instead, future farm programs must go hand in hand with such projects and provide an economy on which to build rural America.

Growers of crops who can earn an adequate return on their investment in land, equipment, and time can provide such an economy. It will be in the national interest to see that they have every advantage a farm program can provide for them. Look for a few minutes at the necessity of creating a program which will guide and assist producers. There are many points to consider but one which will suffice at this time is the cost of production of cotton in our current economy. Production cost data is available for all areas of the Cotton Belt and here are examples from three major producing areas: the lower Rio Grande Valley of Texas, the Blacklands of Texas, and the Texas High Plains.

In the lower Rio Grande Valley, according to the September 26 report, nearly 60 percent of the crop was $1\frac{1}{16}$ -inch in staple and 43 percent was White Strict Low Middling Grade. That roughly accounted for about half the production in the valley. This cotton brought a range from 22.15 to 22.90 cents per pound on the market and that is above the loan rate. Yet, based on the U.S. Agricultural Extension Service figures, it cost an average of 27.40 cents per pound to grow irrigated cotton in the lower Rio Grande Valley. Many growers there tell me the figure is very conservative.

On the Blacklands of Texas—and these figures are for the area surrounding Congressman Poage's hometown—40 percent of the crop classed thus far this

season has been Light Spotted Strict Low Middling and 47 percent has had a staple length of twenty-nine thirty-seconds of an inch. This cotton brings around 17.85 cents per pound and that is considerably above the loan rate. Yet, it cost a grower up to 40 cents per pound to produce this crop because adverse weather reduced yields as low as 157 pounds per acre on some farms. In a good year, which this was not, it still costs around 18.24 cents per pound, according to the Extension Service, and that is when yields go around 350 pounds per acre.

The harvest is not complete on the High Plains of Texas. But, if the Department of Agriculture estimates are correct, average acre yields will be around 333 pounds per acre. This would place production costs at 27.35 cents per pound. The highest quoted price on the Lubbock spot market through November 20 was for Middling 1 $\frac{1}{16}$ -inch cotton and that was 24.80 cents per pound. The average price is expected to be below this figure.

Admittedly, these are average figures and do not illustrate individual cases. But they do reflect the fact that it still costs more to produce cotton than it will bring on the market. Fortunately, the present cotton program takes this into account and provides additional incentive for production. It must be obvious that in none of the areas of illustration could growers have stayed in business without some program assistance.

These figures might also lead some observers to advise us to get out of cotton entirely. Again, this would be foolhardy. You don't give up on a business because of a few setbacks. You go to work and set things right if the potential is there.

You have certainly heard testimony from a number of sources that the outlook for cotton in future years is much improved.

This same program must help cotton maintain its competitive position in the fiber markets—both competitive with foreign growths and with manmade fibers. The reasons for this ability to compete are obvious.

And I am not talking about a limited leash on the industry which only permits it to compete for survival. The cotton industry must compete to expand and regain its dynamic force in the textile business. Another factor must also be considered.

Picture the chaos in other commodity markets if a farm program creates a situation where cottongrowers determine land will be more profitably used to produce grain sorghum, soybeans, or to graze cattle. Add the production from a million additional acres of grain sorghum and imagine what could happen to the grain market. Shift another half million acres to grazing land for cattle and imagine the effect on the livestock market.

A farm program which does not allow the grower to make an adequate return on his investment will lead agriculture to a point of no return. Without your help and guidance in Congress we can see eventual loss of our competitive position in the fiber market, and rapid shifting of land and resources to other agricultural commodities—much to the detriment of their markets.

A farm program which allows the grower to maintain a return on his investment in cotton will maintain the continued upsurge of the agricultural economy. Rural America will prosper and assume the role it must take in the distribution of our population in future generations.

Your direction and help is justified if we are to preserve the contributions our agricultural economy makes toward the Nation's economic welfare.

The alternative is to ignore cotton by not giving that help. And that means the destruction of hundreds of cotton communities; the relocation of thousands of people and businesses; the shifting of production to other crops and agricultural pursuits.

I have every confidence in this subcommittee and the Agriculture Committee to guide Congress in the alternatives which will be in the best interest of our Nation.

Mr. ABERNETHY. We have afforded everyone who asked to be heard an opportunity to be heard. Limitation of time was a factor that we had to consider. We suggested to all of you that you try to confine your testimony to a minimum amount of time. All of the witnesses have fully cooperated, and to each and all of them I want to express my appreciation, as well as that of the committee.

I would like to say, again, that we have been operating in an unusual vacuum. We do not have anything here to work with. Maybe I should

put something here myself, but certainly, up to now, the leadership of the Department has not placed anything before us but a memorandum. I do not know what that memorandum would look like when, and if, reduced to writing. I assume that the Department will testify on the 8th.

If there is anyone here from the Department, I hope they will carry back the request from the subcommittee—at least from me—that if the Department has a bill, I wish they would submit it to us immediately so that we can take a look at it. I do fully recognize the fact that the Department has made some very clean recommendations, recommendations on which it stands rather firm. But its position and plan is quite incomplete.

On several mornings, I have called attention to the fact that we are just “spinning our wheels”—using the expression that Mr. Price of Texas used a moment ago—which I think fits this situation. If we try to take a bill to the floor of the House on which there is no agreement across this belt, we will be wasting our time. Failure is inevitable. I am not going to act as an arbitrator between the producers and either end of the belt or between the ends of the belt and the producers or the Department. I am not even going to try it. I want somebody to let that sink into their head.

After the Department testifies on the 8th, if it does testify, I am going to adjourn these hearings until there is an agreement, and I want that to be allowed to sink into some heads. The producers have sought, and in several instances have gained, conferences with people in the Department. It is my information that they have come away with very little agreement or acceptance by the Department of their views. I think it is now time for the Department to seek some conferences with the producers. I would like for that suggestion to be carried back to the Department. I think such conferences ought to be sought before the 8th, and, furthermore, I think we ought to have some kind of an agreement before the 8th, if such is at all possible.

Now, after concluding the testimony on the 8th, if we have not reached some kind of an agreement, it will just be futile for us to try to put a program before the Congress. Now, what does that mean? I wish you would listen. It means that we are going back to the old law.

Now, I can live with it just as well as anyone, if that is what the Department wants to go back to. As it now appears, that is what is going to happen. Such is something that ought to be considered at all levels; the industry, the producers, and the Department.

So, with all deference to everyone, I do hope that between now and the 8th or between now and sometime before this Congress adjourns this year that there will be a little more conferring, counseling, and yielding within this industry and especially by the Department, to the extent that we will have something that we can work with. If we do not have it, I repeat—and this will conclude my statement this morning—we will go back to the old law. That is where it will be left. What a horrible thought for “King Cotton.”

The committee will stand in recess.

(Whereupon, at 11:25 a.m., a recess was taken until December 8, 1969.)

COTTON

MONDAY, DECEMBER 8, 1969

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COTTON OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10 a.m., in room 1302, Longworth House Office Building, Hon. Thomas G. Abernethy (chairman of the subcommittee) presiding.

Present: Representatives Abernethy, de la Garza, Sisk, Burlison, Mathias, Price of Texas, and Mizell.

Also present: Representative Alexander.

Also present: Mrs. Christine S. Gallagher, clerk; Lacy C. Sharp, general counsel; John A. Knebel, assistant counsel; and Hyde Murray, associate counsel.

Mr. ABERNETHY. This subcommittee is convened this morning to take further testimony on legislation relating to cotton.

At this point, I would like to insert in the record a statement that was supplied to me by Mr. Robert C. Jackson, executive vice president of the American Textile Manufacturers Institute. Unless there is objection, the statement will go in the record at this point.

(The statement referred to follows:)

STATEMENT OF ROBERT C. JACKSON, EXECUTIVE VICE PRESIDENT, AMERICAN TEXTILE MANUFACTURERS INSTITUTE, INC.

American Textile Manufacturers Institute, Inc., is the central national trade association for the cotton and manmade fibers processing segments of the American textile industry. Our member plants invest billions of dollars each year in fibers.

The total U.S. market for fibers is certain to grow in the future. Thus it is apparent that if we can maintain an economically strong and expanding textile industry in the United States, this growing volume of fibers will be consumed by the mills in this country. Certainly this projection can and will apply to cotton, provided the raw-cotton industry is the subject of a soundly conceived, long-range program. It is well established that with very minor exceptions, the cotton used in American textile mills will be American grown.

Despite competitive losses to manmade fibers in recent years that were brought about by a combination of factors, cotton even today is the single most important staple fiber consumed by our industry on what we call the cotton spinning system. This is quite significant since most cotton spinning systems now are adaptable for handling cotton or any of the manmade staple fibers.

Quarterly consumption statistics for the April-May-June quarter of 1969, show the cotton spinning system in U.S. plants using cotton at an annual rate of 8,232,000 bales, while manmade staple fiber consumption for that same period was at a substantially lower rate of 4,038,000-bale equivalents.

These figures illustrate quite clearly why the American textile industry is vitally concerned about the production of an adequate supply of the desired qualities of cotton that are necessary to keep our plants in operation.

Fundamental to cotton's use is reasonable stability in the supply, price, and quality of cotton. The lack of stability in these areas has been responsible for much of the loss to competing fibers that cotton has experienced in recent years.

The threatened cotton shortage of 1967—it turned out not to be a real shortage—is a most appropriate illustration of what cotton's competition can do with its markets when the supply-and-price situation fluctuates as widely as it did at that time. Cotton came out of this situation with a loss of about a million bales of its very important markets while manmade fibers were gaining approximately an equal amount. A recurrence of this problem in the future could reduce cotton to a minor role among textile fibers. Obviously, no one who is aware of the significance of cotton to our farm and, in fact, to our entire national economy, wants to see this happen.

Earlier, we cited the dominant position that cotton holds among all fibers now being consumed on the cotton spinning system in U.S. textile mills, with the ratio being considerably better than 2 to 1. We hasten to point out, however, that the figures comparing cotton consumption and manmade fibers on the cotton spinning system is not the whole story. When filament yarns and imports of textiles made of cotton and manmade fibers are included, we see a vastly different story—one that cannot be taken lightly. The U.S. Department of Agriculture just recently released data showing that American textile mills will consume about 10 billion pounds of all fibers in 1969, an increase of about 2 percent from last year. These figures showed manmade fibers gaining about 400 million pounds in consumption, while both cotton and wool were down slightly.

According to the USDA, manmade fibers of all types—both staple and filament—will claim about 57 percent of the 1969 fibers market, up from 54 percent in 1968. At the same time, cotton's share would account for 39.8 percent of the market, 2.6 percentage points down from 1968 and a whopping decline of 25 percent from 1960. Therefore, cotton has not done well against its competition in the total fibers market in recent years but there remains considerable room for hope in the future.

First of all, when we look at the total fiber consumption market, substantial weight must be given to the fact that this consumption includes a very large volume of manmade fibers filament yarns that come from the producer in filament rather than staple form. These fibers supply a vast, growing market, but in many cases they are not suitable for products made either from staple fibers such as cotton or its staple fiber competition. At present, although cotton has suffered losses even in the staple fibers market, these losses have not been so excessive in recent years as to seriously erode its dominant position on the cotton spinning system. However, cotton's position is precarious to the extent that it cannot afford the sort of instability in its supply-and-price structure that has so seriously affected its competitive posture in the past.

The most important factor in this area is the adoption of cotton legislation that will not contribute to nor encourage noneconomic wide fluctuations either in the available supply of cotton or its price structure. Such instabilities constitute a very major weakness in cotton's competitive position. Certainly, a competitive one-price system is fundamental in this regard.

Given stability in the supply of quality cotton grown under a competitive one-price system, cotton should be able to hold its own. No one can accurately predict how cotton will fare under such a program in the future so far as growth is concerned. But one thing is certain—it must not be handicapped by known obstacles in its fight to hold existing markets and to do the best that it can to share in the future growth of all fibers markets. Under these conditions, it appears that there is a good outlook for a stable market in the years ahead.

On the other hand, we do not believe that cotton can survive another two-price system. It also is doubtful if it could withstand another period of inadequate supplies and the widely fluctuating prices that this situation precipitates. This would force mills to look to other fibers for the raw materials necessary to keep their plants running and force the manufacturers into a position of gradually phasing out cotton. Surely, this would be a most unfortunate moment not only in the history of our industry but also in American agriculture.

A fundamental objective of any cotton program should be to maintain and expand cotton markets and to maintain producer income. We can't emphasize too strongly the importance of a profitable return to the cotton grower since, without this basic factor, we simply aren't going to have enough of the fiber grown to maintain a vigorous raw-cotton industry in this country.

In looking at its potential markets, everyone interested in cotton must be constantly aware of the fact that the American textile industry is by far the largest and the only truly reliable customer of American cotton. U.S. mills must buy virtually all of their upland cotton in this country and this gives the American cotton farmer a good advantage so far as domestic sales are concerned.

Our industry is aware of the fact that healthy export markets are important to a strong American cotton economy and fully endorses efforts to expand exports. We do say, however, that this must be done under the one-price system if cotton is to continue as a major fiber at home. A two-price system just doesn't make sense when it is so clear that such a program in the future would jeopardize the 8-million-bales-plus American market that cotton now enjoys.

One-price cotton must be precisely one price with no adjustments between domestic or foreign sales. In this connection, we have been concerned about statements that freight, insurance, brokerage, and other costs give the domestic mills a cost advantage over the foreign competition. Such arguments are based upon theories that simply will not stand up in the light of competitive facts.

We are particularly appreciative of budgetary considerations within which USDA programs fall. We understand the need to provide adequate producer incentive in order to grow cotton to meet domestic and export demands. Above all, any cotton program to be successful must provide adequate supplies at stable prices. Other fibers do this and cotton must do likewise. Undoubtedly, the Department of Agriculture also recognizes these fundamentals. However, we caution against any program that bases payment on domestic allotments alone. It seems to us that stability of price and supply is best set forth in the proposal of the National Cotton Council, as presented by Dr. C. R. Sayre. We concur with the basic thinking contained in the 13 points of the producer guidelines referred to in the testimony. We also have read suggestions and recommendations for cotton programs presented by other individuals and organizations.

We believe that the approach outlined in the council's 13-point guidelines constitute the basis for the development of a program that can bring stability to American cotton, insure adequate supplies of the qualities needed, maintain the all-important one-price feature, and give producers a decent income which is so vitally important.

We especially wish to underline Dr. Sayre's comments made in his testimony before this committee regarding the serious losses that American cotton has encountered as the result of cotton entering our market from overseas in the form of manufactured textile products. These textile imports constitute direct competition for American cotton and also for its best and only truly reliable customer, the American textile industry.

As Dr. Sayre reported, imports of cotton products currently are entering this market at an annual rate of more than 1 million bales. Imports of blended and manmade fibers and wool textiles are the equivalent of another three-quarter of a million bales. Not only do these imports compete directly for markets that U.S.-grown cotton could claim, they threaten to undermine the domestic textile industry—the industry through which cotton moves to market.

Even if the Congress passes the most practical farm bill in history, its effectiveness can be almost nullified if imports continue to grow at this current rate.

Therefore, reasonable restraints on textile imports are mandatory to the success of any cotton program that the Congress may adopt. The record growth of imports of textiles from cotton, wool, and manmade fibers is most disturbing when viewed in the light of statistics showing an increase in their share of the domestic market from 4 percent 10 years ago to nearly 13 percent today.

Unhappily, they still are climbing. How can the various segments of the cotton industry plan for the future with any degree of confidence when faced with such an ever-advancing tide of textile products that are produced abroad under wage and working conditions that are illegal in this country?

We too, are most hopeful that the long-term arrangement covering trade in cotton textiles will be renewed and improved. In the meantime, it should be more effectively administered in order to prevent excessive growth in cotton textile imports.

Likewise, restraints must be established on imports of wool and manmade fibers, and blended textiles and apparel articles. These are absolutely essential to the effective operation of the cotton arrangement and to the maintenance of an economically viable textile industry.

In this connection, we want to express a special word of appreciation to the chairman of the subcommittee for his continuing interest in this subject. His

comments on the import problem during the course of Dr. Sayre's testimony were most gratifying.

All of these considerations—an adequate supply of needed qualities of cotton, a decent profit for cottongrowers, a permanent one-price system, marketability in both price and supply, and satisfactory imports controls—are necessary if the cotton industry is to remain a major factor in the United States.

Given a program that falls within the scope of the guidelines that were so ably presented by Dr. Sayre to this committee on November 19, we believe that present levels of cotton consumption can be maintained and that there is a fighting chance for sharing in the growth that seems so certain for the future.

Mr. ABERNETHY. The witnesses this morning are from the Department: Mr. Kenneth Frick, Mr. Carroll G. Brunthaver, and others.

Mr. Frick, would you care to move up with your colleagues?

We are happy to have you, and we will be pleased to hear your statement.

STATEMENT OF KENNETH E. FRICK, ADMINISTRATOR, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, ACCOMPANIED BY CARROLL BRUNTHAVER, ASSOCIATE ADMINISTRATOR, ASCS; GROVER CHAPPELL, AGRICULTURAL ECONOMIST, ASCS; AND JOSEPH A. MOSS, DIRECTOR, COTTON DIVISION, ASCS, U.S. DEPARTMENT OF AGRICULTURE

Mr. FRICK. Thank you, Mr. Chairman and members of the committee. We appreciate the opportunity to be here this morning, and along with me I hope Mr. Brunthaver, as well as Mr. Grover Chappell, economist with the Department, and Mr. Joe Moss, the head of the Cotton Division of ASCS.

In testimony before the House Agriculture Committee on September 26, Secretary Hardin presented in broad outline a few approaches toward appropriate agricultural programs for the 1970's. One of these alternatives, the set-aside approach, has attracted a great deal of favorable attention and comment. Committee members themselves have focused almost exclusively on this program, with little attention being given to alternatives presented by the Secretary. For this reason, my remarks today will relate mainly to the set-aside proposal. I will go into details and be as specific as I can. In our many informal sessions with the committee, we have made a great deal of progress during the last 2 months, and we are now prepared to be rather explicit as to suggested program provisions.

At the outset, let me review very briefly the current situation for cotton. I will be brief for two reasons:

(1) The cotton situation is well known to you and your subcommittee members.

(2) The situation is so serious, desperate even, that it is no pleasure for me or for you, I am sure, to spend unnecessary time poring over the unpleasant details.

Very simply, the facts are these: We are currently harvesting a cotton crop of only 10 million bales. For 4 years in a row, under provisions of the Food and Agriculture Act of 1965, cotton production has fallen far short of our potential, and more recently, of our needs. As a result, production of cotton in foreign countries and of cotton substitutes around the world has increased, and traditional markets for U.S. cotton have been displaced.

Domestically, the production of manmade fibers has more than doubled in this decade. It is now equivalent to about 17 million bales of cotton. And there is every reason to believe that the technology of substitute fibers will continue to advance.

Meanwhile, we are shipping less cotton abroad. The export of U.S. cotton this past season was only about 2.7 million bales—the smallest since 1955. A part of this miserable record—but only part—was a result of the dock strike of a year ago. Even without a strike, we anticipate an equally miserable cotton export record in the current marketing year.

The conclusion we come to is this: U.S. cotton's share of the total textile market in the United States and the world is such that we either must play "catch up" or play "give up." Not only have we dropped to record lows in market penetration but the rate of decline in recent years has been at a record rate. U.S. cotton's share of domestic and foreign textile markets has declined as follows:

[In percent]

	U.S. textile market	Foreign textile market
Year:		
1960.....	64.6	13.7
1963.....	55.7	7.6
1964.....	54.5	8.6
1965.....	52.7	6.0
1966.....	51.3	5.5
1967.....	49.2	5.9
1968.....	42.4	5.4

Legislative attention is required, and we think it must be major action. We believe that Government control programs are now a major part of the cotton problem, and are not helping with a solution. In fact, our cotton industry is rapidly being choked to death by Government controls. Gimmicks have been added to the cotton law over the years so that the program is now not only virtually incomprehensible but also foundering in its own provisions. The program is on its way toward a fall from which it may never recover. Thus, we believe that major surgery, not palliatives, is required if this great industry is to survive and regain some of its past prosperity.

In considering possible action that might be recommended, this administration is prepared to abandon—permanently—the concept of one-crop cotton economy. It has been at least a half century since cotton economics and policy could be evaluated without regard to grains, oilseeds, and other major crop and livestock enterprises. Today, cotton is highly integrated into our total agricultural economy. Farms that produce cotton also produce grain sorghums, soybeans, corn, oats, wheat, barley, wool, mohair, cattle, rice, peanuts, tobacco, fruits, vegetables, sugar, and other crops.

All of this is by way of putting into the record that our discussions and tentative decisions worked out with the Agriculture Committee have been based on the premise that cotton is related to other commodities. Secretary Hardin is convinced, as I am, that the basic problem in U.S. agriculture is an overall capacity to produce more products than our markets can absorb at prices that will maintain this industry in a state of health so that it can fully meet the often unexpected

needs at home and abroad. We regard this over-capacity as being general rather than specific to particular crops. We think the needed balance can be achieved by means of programs that deal directly with the big "problem crops." These are feed grains, wheat and cotton.

With this background, what specifically is contemplated under a set-aside approach? After extensive consultation on many fronts, I must say that the essential concept is still quite simple, as discussed in detail in our informal sessions with your committee. To qualify for price support loans and payments, producers of cotton, wheat, and feed grains would be required to make a contribution toward reducing the overall excess capacity in U.S. Agriculture by idling a quantity of cropland proportional to the acres on which they receive benefits in the form of Government payments. For feed grains, since total payments would probably be restricted to one-half of the (large) feed grain base, the set-aside requirement might be only 25-50 percent of the base. For wheat and cotton, we contemplate payment on the production from 100 percent of a domestic allotment rather than a full allotment or base, and therefore the required set-aside might appropriately be an amount of cropland equivalent to 50-100 percent of this smaller allotment or base. In each case, such idling (set-aside) of cropland would be in addition to the normal conserving base on the farms. (But such conserving base probably should be modernized taking account of the actual land devoted to conserving uses in a recent period.)

The essential and dramatic difference between the set-aside program and current practice is that, having made the required set-aside of cropland, the farmer would have almost complete freedom to farm his own farm. He would farm as he sees fit and as suits his own resources and his own evaluation of market prices. No agency in Washington would dictate his planting pattern. Freedom to farm would return decisionmaking to the farmer himself.

Except for wartime, or its immediate aftermath, cotton farmers have not had this much planting freedom since the 1930's. I might say that some few farmers seem reluctant to give themselves this much discretion, fearing too much cotton production or too little. In view of the history I have just cited, this conditioned reflex is not surprising. However, the most prevalent fear revolves around too little production and high costs associated with idling cropland as a condition of program benefits. It does seem to us, however, that farmers who wish to participate in a cotton program qualifying them for Government benefit should be willing to make a set-aside as a contribution to overall adjustment.

On the other hand we are convinced that the overwhelming disincentives to production of cotton which are basic to the current program should be corrected at the earliest possible moment. Marketing quota penalties for cotton producers should be repealed and removed from our thinking about future programs. This would be a drastic step, but it is necessary.

We need to grow enough cotton to enable us to recapture lost markets, and anyone who views this administration as insensitive to this need is wrong. Witness the announcement of October 31, 1969. For the first time in 8 years, the national allotment for cotton was increased above the legal minimum of 16 million acres—and by a total

of 1 million acres. This was not easy to do within the tight restriction of present law—the act of 1965. We were told that it could not be done—could not be done for various reasons. We will not know for certain whether it was really necessary until next season. But we regard it as a “holding action” needed to prevent further damage to cotton as an industry while a new program is being developed and put into effect. I cite it here as an indication that where there is uncertainty we prefer to err on the side of adequate supplies and the health of the industry over the long pull. This is basic to our approach to all of cotton’s problems.

We are entirely confident that there are many ways in which cotton production can be increased under a set-aside approach. We are in almost complete agreement with major representatives of cotton producers and other interests of the cotton industry with respect to objectives. One difference is that our analysis shows that cotton production can be expanded as needed under the set-aside approach while others conclude that cotton production is completely unprofitable at world price levels.

We place our greatest confidence not in what our computer or theirs indicates cotton farmers should do if they are to survive and maximize profits (or minimize losses). Rather, we are interested in what farmers actually do and did do in 1968 and 1969 (and eventually in 1970). The fact is that in 1969 more than one-half of our cotton producers (weighted by size of their allotment) planted right up to the maximum of their acreage allotment. They did this despite the fact they could have received all the payments due them under the cotton program by planting only 58.5 percent of their allotment. It is not reasonable to conclude that most of these growers would have stopped at 100 percent of their allotment had they not been restrained by marketing quota penalties, loss of payments, and loss of loan eligibility for overplanting.

We are all aware of the desperate financial situation that our cotton farmers are faced with today. Past profits from cotton have been capitalized into land values and tax rates. Adverse weather in 2 of the last 4 years has been about as bad as we have ever had. Despite, and perhaps because of, the overall disservice that past cotton programs have made to the cotton producer, a Government program for cotton is a necessity. It is a necessity not only for the cotton grower but for our whole cotton economy.

And now I will comment specifically on the loan rate, payment rate, and certain aspects of payment limitations.

Under present law the Secretary establishes the loan rate at not in excess of 90 percent of the world price for the next marketing year. This is not easy. It is difficult to determine with precision the world market price for the past season, even harder to estimate it for the current season, and nearly impossible to forecast it accurately for the year ahead. So, we have suggested elimination of this procedure. Our proposal calls for the loan rate for Middling 1-inch cotton to be not less than 80 percent or more than 95 percent of the average price for Middling 1-inch cotton in the designated spot markets in the 3 marketing years preceding the marketing year in which the loan level is announced. The Secretary would have some discretion under this language but far less than that provided in current law. We believe the 15-percent leeway is necessary in order to establish a loan rate at appro-

priate levels in view of market price fluctuations and price changes for competing fibers. As you know, we have used 18.25 cents as the loan rate for Middling 1-inch cotton in some examples prepared for discussions with the committee.

The payment rate under current law is geared to the parity price for cotton. The problems of cotton are such that continued adherence to rigid price and payment formulas would seem to be an unwise course to follow. We have suggested to the committee that the Secretary be given authority to establish the payment rate at a level he determines is fair and reasonable, taking into consideration farm income, the need to assure that the benefits of the program inure primarily to those producers who participate in the program, and the need to maintain a balance among the acreages devoted to the various commodities for which price support is available. I might add that the level of the payment rate presumably would have a bearing on the volume of cotton produced and that this would be a factor for consideration by the Secretary. In recent discussions with members of the committee, we have used a payment rate as low as 12 cents and as high as 17 cents. (See table A.)

As to payment limitations, I believe this subject has been explored more exhaustively than any other aspect of the program. In the final analysis it will be for the committee to decide whether to include a limitation provision in your bill and, if so, which one of the various types we have discussed with you. We do feel strongly, however, that if an individual's payments are reduced by a limitation formula, his performance requirement (set-aside) should be reduced proportionately.

Among the other specific recommendations we have assumed as we developed the cotton set-aside recommendation are these:

1. That the domestic acreage allotment be apportioned to States, counties, and farms on the basis of the allotments for the preceding year, with certain adjustments in prior allotments for underplanting, et cetera. This procedure would be far simpler than the method under present law and would retain the relationships that exist for the 1970 crop.

2. The national acreage allotment (not less than 16 million acres) and the national acreage reserve (up to 310,000 acres) would be eliminated, as would the national marketing quota. Therefore, marketing quota penalties would no longer be effective and marketing quota referenda would not be held.

3. If less than 90 percent of the farm domestic allotment is planted, the producers would receive full payment on such allotment but the allotment for the following year would be reduced 20 percent. If no cotton is planted for 4 consecutive years the farm would lose the allotment.

4. Release and reapportionment of allotments as authorized by current law would be eliminated. Sale of allotments would be authorized within the State.

5. For the purpose of computing payments a normal yield would be established for each farm on the basis of recent yield data (1967-69 data or the 1970 farm yields).

6. Diversion payments could be authorized if needed to achieve additional adjustments in land use.

7. No special provisions for small farms would be included. But the 1971 allotment would be based on the 1970 farm allotment and therefore the buildup in allotment would be reflected in 1971 and later allotments for the farm.

In closing, may I comment on an additional matter of interest to this committee.

In informal discussions with members of the committee we have referred to the desire of cotton producers and others in the industry that research and merchandising be given for more attention than it has had in the past.

Cotton producers are now financing their own efforts in this area through \$1 per bale contributions. In addition, market development work is being carried out in foreign countries through cooperative efforts of the Department and the Cotton Council International. Also, the Department is furnishing funds to meet the contribution of the United States for support of promotional activities in Western Europe and Japan on the part of the International Institute for Cotton. On the research side the Department is, of course, engaged in many projects directed toward reducing costs of producing cotton as well as the development of new processes and techniques to improve cotton products.

However, these research and promotional activities on behalf of cotton are lacking both in scope and effectiveness in comparison with the projects being carried out by the manufacturers and processors of synthetic fibers. We strongly recommend to this committee that consideration be given to the earmarking of a meaningful percentage of the funds that may be made available for payments in connection with the 1971 and subsequent cotton programs and that the bill spell out the manner in which these funds would be used to expand and improve research and merchandising activities for cotton.

There are some farm examples attached, in addition to table A, which may go a little further in explaining the set-aside proposal.

That concludes my statement, Mr. Chairman.

(Table "A" and attachments submitted by Mr. Frick follow :)

TABLE A.—PROGRAM RESULTS: FEED GRAINS, WHEAT, SOYBEANS, AND COTTON, 1969 AND 1971 CROPS
(OCTOBER 1969 ESTIMATES)

Item	1969 crop	1971 crop set-aside program ¹	
		Low	High
Summary—Feed grains, wheat, soybeans, and cotton:			
Acreage planted..... million acres.....	223.3	223.3	220.8
Acreage diverted or set aside..... do.....	50.0	55.3	56.8
Farm value of production..... million dollars.....	11,829	12,063	12,165
Payments to farmers..... do.....	3,268	2,346	3,211
Gross income..... do.....	15,097	14,409	15,376
Feed grains:			
Acreage planted..... million acres.....	114.8	116.0	112.5
Acreage diverted or set aside..... do.....	38.5	34.0	38.0
Production..... million tons.....	168	190	183
Utilization..... do.....	172	188	184
Loan rate (corn)..... dollar/bushel.....	1.05	1.00	1.00
Season average price (corn)..... do.....	1.10	1.00	1.05
Payment rate (corn)..... do.....	.30	.30	.35
Farm value of production..... million dollars.....	6,482	6,700	6,775
Payments to farmers..... do.....	1,570	1,180	1,522
Gross income..... do.....	8,052	7,880	8,297

See footnotes at end of table

TABLE A.—PROGRAM RESULTS: FEED GRAINS, WHEAT, SOYBEANS, AND COTTON, 1969 AND 1971 CROPS
(OCTOBER 1969 ESTIMATES)—Continued

Item	1969 crop	1971 crop set-aside program ¹	
		Low	High
Wheat:			
Acreage planted..... million acres.....	54.2	54.0	56.0
Acreage diverted or set aside..... do.....	11.5	14.9	12.4
Production..... million bushels.....	1,457	1,392	1,450
Utilization..... do.....	1,355	1,425	1,450
Loan rate..... dollar/bushel.....	1.25	1.15	1.15
Season average price..... do.....	1.25	1.20	1.18
Payment rate..... do.....	1.52	1.15	1.70
Farm value of production..... million dollars.....	1,821	1,670	1,711
Payments to farmers..... do.....	878	615	909
Gross income..... do.....	2,699	2,285	2,620
Soybeans:			
Acreage planted..... million acres.....	42.4	41.0	40.0
Production..... million bushels.....	1,070	1,052	1,025
Utilization..... do.....	1,025	1,115	1,100
Loan rate..... dollar/bushels.....	2.25	2.15	2.20
Season average price..... do.....	2.25	2.40	2.45
Farm value of production..... million dollars.....	2,408	2,525	2,511
Cotton, upland:			
Acreage planted..... million acres.....	11.9	12.3	12.3
Acreage diverted or set aside..... do.....		6.4	6.4
Production..... million bales.....	10.4	12.3	12.3
Utilization..... do.....	10.8	12.1	12.1
Loan rate..... cents/pound.....	20.25	18.25	18.25
Season average price..... do.....	21.50	19.00	19.00
Payment rate..... do.....	14.73	12.00	17.00
Farm value of production..... million dollars.....	1,118	1,168	1,168
Payments to farmers..... do.....	820	551	780
Gross income..... do.....	1,938	1,719	1,946

¹ The 1971 payment rates, loan levels and amount of set aside required used in this computation are for the purpose of this comparison. Actual rates used in 1971 would depend upon conditions confronting agriculture at that time.

MISSISSIPPI DELTA, 1,000-ACRE COTTON FARM ON SANDY SOIL: CHANGES IN LAND USE IN RESPONSE TO A "SET ASIDE" PROGRAM

Land use	1969 program extended to 1971	Set-aside ¹
Cotton.....acres.....	² 265	439
Soybeans.....do.....	325	81
Winter wheat.....do.....	50	17
Oats.....do.....	13	
Soybean-wheat.....do.....	(17)	(17)
Set-aside.....do.....		³ 116
Total, cropland.....do.....	653	653
Other land.....do.....	347	347
Total, land.....do.....	1,000	1,000
Net farm income:		
From operations.....	\$22,477	\$26,795
Price-support payments.....	22,807	
Set-aside payment.....		20,415
Total.....	45,284	47,210

¹ The 1971 payment rates, loan levels, and amount of set-aside required used in these computations are for the purpose of these comparisons. Actual rates used in 1971 would depend upon conditions confronting agriculture at that time.

² Cotton allotment, 265 acres.

³ Set-aside is 75 percent of the 1971 domestic allotment.

**GROSS VALUE OF CROPS AFFECTED BY PROGRAM ALTERNATIVES, 1,000-ACRE MISSISSIPPI DELTA COTTON FARM
ON SANDY SOIL**

1969-Type Program in 1971

Land use	Acres	Yield	Pro- duction	Price	Value
Cotton.....	265	780 lb. lint.....	206,700	\$0.21	\$43,407
		1,380 lb. seed.....	365,700	.019	6,984
Soybeans.....	325	24 bu.....	7,800	2.45	19,110
Wheat.....	50	26 bu.....	1,300	1.15	1,495
Oats.....	13	55 bu.....	715	.74	529
Government payments.....	(172)	780 lb.....	134,160	.17	22,807
Total value.....					94,332

Set aside program in 1971

Cotton.....	439	780 lb. lint.....	342,420	\$0.21	\$71,908
		1,380 lb. seed.....	605,820	.019	11,511
Soybeans.....	81	23 bu.....	1,876	2.45	4,596
Wheat.....	17	26 bu.....	442	1.15	508
Government payment.....	(155)	780 lb.....	120,900	.17	20,415
Total value.....					108,938

**MISSISSIPPI DELTA, 1,000-ACRE COTTON FARM: CHANGES IN LAND USE IN RESPONSE
TO A "SET-ASIDE" PROGRAM**

Land use	1969 program extended to 1971	Set aside
Cotton.....acres.....	¹ 250	² 375
Soybeans.....do.....	342	186
Winter wheat.....do.....	50	0
Oats.....do.....	13	0
Soybeans-wheat.....do.....	17	17
Diverted acres.....do.....	0	³ 94
Total cropland.....do.....	672	672
Other land.....do.....	328	328
Total land.....do.....	1,000	1,000
Net income:		
From operation.....	\$18,535	\$16,436
Price-support payment.....	19,278	
Set-aside payment.....		17,374
Other payment.....		
Total.....	37,813	33,810

¹ Two-hundred and fifty acres allotment.

² Assumes 50-percent increase above cotton allotment.

³ "Set aside" equal to 65 percent of 1971 domestic allotment.

GROSS VALUE OF CROPS AFFECTED BY PROGRAM ALTERNATIVES, 1,000-ACRE MISSISSIPPI DELTA COTTON FAR

1969-Type Program in 1971

Land use	Acres	Yield	Production	Price	Value
Cotton.....	250	700 lb.....	175,000 lb.....	\$0.21	\$36,750
Soybeans.....	342	26 bu.....	8,892 bu.....	2.45	21,785
Winter wheat.....	50	26 bu.....	1,300 bu.....	1.15	1,495
Oats.....	13	55 bu.....	715 bu.....	.74	529
Government payments.....	(162)	700.....	113,400 lb.....	.17	19,278
Total value.....					79,837

Set Aside Program in 1971

Cotton.....	375	700.....	262,500 lb.....	\$0.21	\$55,125
Soybeans.....	186	26.....	4,836 bu.....	2.45	11,848
Government payments.....	(146)	700.....	102,200 lb.....	.17	17,374
Total value.....					84,347

SAN JOAQUIN VALLEY (CALIF.) 400-ACRE COTTON FARM: CHANGES IN LAND USE IN RESPONSE TO A "SET-ASIDE" PROGRAM

Land use		1969 program extended to 1971	Set aside
Cotton.....	acres	¹ 115	187
Alfalfa.....	do	145	103
Barley.....	do	80	
Set-aside.....	do		² 50
Total cropland.....	do	340	340
Other land.....	do	60	60
Total land.....	do	400	400
Net income:			
From operation.....		\$981	\$1,921
Price-support payment.....		14,025	
Set-aside payment.....			12,529
Total.....		15,006	14,450

¹ Cotton allotment 115 acres.

² "Set-aside" equal to 75 percent of the 1971 domestic allotment.

GROSS VALUE OF CROPS AFFECTED BY PROGRAM ALTERNATIVES, 400-ACRE SAN JOAQUIN VALLEY COTTON FARM
1969-type program in 1971

Land use	Acres	Yield	Production	Price	Value
Cotton.....	115	1,100 lb. lint.....	126,500	0.22	27,830
		1,760 lb. seed.....	202,400	.019	3,846
Alfalfa.....	145	6 ton.....	870	24.00	20,880
Barley.....	80	62 bu.....	4,960	1.10	5,456
Government payments.....	(75)	1,100 lb.....	82,500	.17	14,025
Total value.....					72,037

Set aside program in 1971

Cotton.....	187	1,100 lb. lint.....	205,700	0.22	45,254
		1,760 lb. seed.....	329,120	.019	6,253
Alfalfa.....	103	6 ton.....	618	24.00	14,832
Government payments.....	(67)	1,100 lb.....	73,700	.17	12,529
Total value.....					78,868

ROLLING PLAINS (TEX.) 800-ACRE COTTON FARM:¹ CHANGES IN LAND USE IN RESPONSE TO A "SET-ASIDE" PROGRAM

Land use		1969 program extended to 1971	Set-aside
Cotton.....	acres	² 180	258
Grain sorghum.....	do	³ 210	210
Diversion or set-aside.....	do	210	⁴ 204
Idle cropland.....	do	72	
Total cropland.....	do	672	672
Other land.....	do	128	128
Total land.....	do	800	800
Net farm income:			
From operations.....		\$189	\$1,759
Price-support payment.....		8,543	
Diversion payment.....		2,245	
Set-aside payment.....			7,880
Total.....		10,977	9,639

¹ Assumes 72 acres of idle cropland not in the conservation reserve.

² Cotton allotment 180 acres.

³ Feed grain base 420 acres.

⁴ Cotton set-aside is 75 percent of 1971 domestic allotment. Grain sorghum set-aside is 30 percent of 1969 feed grain base.

GROSS VALUE OF CROPS AFFECTED BY PROGRAM ALTERNATIVES, 800-ACRE ROLLING PLAINS, TEXAS
COTTON FARM

Land use	Yield	Acres	Production	Price	Value
1969-type program extended to 1971:					
Cotton	325 pounds lint	180	58,500	\$0.165	\$9,652
	540 pounds seed		97,200	.019	1,847
Grain sorghum	33 bushels	210	6,930	.90	6,237
Diversion payment	do	(126)	4,158	.54	2,245
Support grain sorghum	do	(210)	6,930	.2968	2,079
Support cotton	325 pounds	(117)	38,025	.17	6,464
Total value					28,524
Set-aside program in 1971:					
Cotton	325 pounds lint	258	83,850	.165	13,835
	540 pounds seed		139,320	.019	2,647
Grain sorghum	33 bushels	210	6,930	.90	6,237
Cotton payment	325 pounds	(105)	34,125	.17	5,801
Grain sorghum payment	33 bushels	(210)	6,930	.30	2,079
Total value					30,599

Mr. ABERNETHY. Thank you very much, Mr. Frick.

Mr. Alexander?

Mr. ALEXANDER. No questions.

Mr. ABERNETHY. Mr. Burlison?

Mr. BURLISON. Thank you, Mr. Chairman.

Mr. Frick, I want to commend you for your forthright statement. I have a few very general questions, and then I will try to be a bit more specific.

It has been my understanding from our meetings with the Secretary and members of the Department, that the Secretary is presently committing himself—and you can correct me, if I am not stating this correctly—that the Secretary has committed himself for the year 1971, the first year of the program, the amount that is presently being expended for a Government farm program?

Mr. FRICK. He has committed himself to those expenditures; you say?

Mr. BURLISON. To roughly an amount equivalent to that, and I think we are speaking in terms of approximately \$3.5 million, so far as the payments program to the farmer?

Mr. FRICK. I believe what he has really committed himself to is to the fact that he wants to maintain total farm income. I believe that is the thing he is trying to commit himself to.

Mr. BURLISON. And he does not necessarily mean by that, by the favoring of maintaining farm income, he does not mean that he is going to maintain the outlays of the Federal Government to maintain that income?

Mr. FRICK. I think that he is saying that whatever is necessary to maintain the income, why, this is what should be done, but I do not think he is committing himself as to Federal outlays in the total picture, no.

Mr. BURLISON. Well, you and I disagree on the impression that has been conveyed by the Secretary up to this time on that question.

I want to commend you on your point 5 appearing on page 11 of your statement. I take it, from that, that the position of the Department is to retain the projected yield concept in computing payments in contrast to the actual yield concept that had been advocated?

Mr. FRICK. Yes, sir.

Mr. BURLISON. Is that so?

Mr. FRICK. Yes, sir.

Mr. BURLISON. And for the purposes of the record, let me ask you if the reason for, or if the major reason for, the Department having taken that posture is the tragic loss of income which would inure to the farmer in case of a disastrous weather year or disastrous year because of adverse weather conditions?

Would that be a fair statement?

Mr. FRICK. Mr. Burlison, it is one of the reasons for doing this. I think another reason is to be sure that we do not continue the practice of causing some uneconomical practices to increase yields simply for more payments rather than for the market price or for the actual price of cotton.

Mr. BURLISON. The reason I stated is the one that I am chiefly interested in because of the three successive disasters that occurred in my area of the country, and I have been disturbed by the overwhelming preponderance of testimony before this subcommittee that we embrace the actual yield concept.

And, again, I want to commend the Department on the position taken.

I am a little bit disturbed by the departure from the parity concept. I know that this is a position taken in the last paragraph on page 9 of your statement. I wonder if you would like to elaborate on how the income of the farmer would be maintained with this departure?

Mr. FRICK. Well, I think that, first of all, our trying to get off of the parity concept was to eliminate the rigid position that we were in respect to markets themselves in both our local market and our foreign markets. Secondly, the concept of the set-aside is that during the 1970's, or we hope not too many years ahead, that with the giving of more freedom of decision to the farmer, himself, he can work out his most economic pattern of planting and his most economic pattern of marketing, and with this in mind, why, he should be able to have a more profitable operation which would, in the long run, mean that he would be better off than he is today.

Mr. BURLISON. Does your table A illustrate or bear this out?

It looks to me that, according to your computations here, we could expect the cotton farmer to have a reduced loan, a reduced payment and come up with a rather staggering loss of income in 1971.

Mr. FRICK. I think there are two points on this. One is, of course, as you will notice, the low and the high, according to the payments. This can help make the difference in itself, but probably more importantly is that this is gross income. The thing that is trying to be worked out here is to increase the net income through the efficiency of an individual's own decisions.

Mr. BURLISON. And while we are on this table, I am a bit disturbed that, at least from appearances, less effort will be made by the Federal Government to maintain the income of the cotton farmer with respect to the other segments of farm economy, that is, the feed grains and wheat, as reflected here—and soybeans. Do you feel that there is less priority in the administration to maintain farm income of the cotton farmer than of the wheat or feed grain farmer?

Mr. FRICK. I do not think so at all, Mr. Burlison. There is every intention to maintain one as well as the other. We do have to recog-

nize some shifts that have to go on. Cotton consumption has gone down, sadly enough. Soybean consumption has grown. Each one is working differently, but there is no intention at all to reduce cotton income relative to that of any other commodity.

Mr. BURLISON. Mr. Frick, I cannot find the exact sentence now, but in the earlier paragraphs of your statement you mentioned the favorable comments that the Department has received since coming out with the set-aside concept, and that has given you one reason why this session is being devoted to that. Apparently, that statement is made to buttress the Department's decision to go along or to propose here a set-aside program. Can you tell me more specifically where you heard any support for the set-aside program from farm groups or farm organizations, or farmers.

Mr. FRICK. Well, I think specifically, in the informal working with the committee, that the one proposal that received the most attention was the set-aside. That is why, the specific reason, we are going ahead with this proposal.

Another is, that although we have not had a lot of publicity on the set-aside out in the country, we have received some interest in the set-aside compared with other changes that people would want. So, I think that mainly it has been that working with the committee and with some groups across the Nation that we felt that of all of the changes suggested this has received the greatest support.

Mr. BURLISON. Well, I would disagree with you there. I can find no support anywhere for this set-aside concept. I have talked about it throughout my district, to my farmers, and everywhere I have seen it mentioned or discussed, there is unalterable opposition to it.

I do not know of any organization—at least, we have not heard any testimony, as far as I can recall before this committee of any farmer that is embracing the set-aside concept. I am frankly very surprised that this program was presented this morning, because I have felt that over the past few weeks that the Department probably had received an awful lot of discouragement for this program, and I base that merely on what my experience has been; and, apparently, your experience has been different. But I want to say that if we have a set-aside program where our farmers are required to set aside 75 percent to 100 percent—or I think you said 50 to 100 percent in your statement this morning—where our farmers are required to set aside 50 to 100 percent of their allotment, while at the same time lowering the loan level, lowering the payments, maintaining allotments at basically the same level, plus increasing the cost to the farmer for research and merchandising, how in the world can you maintain present farm income is a mystery to me. I have very serious reservations about the set-aside program.

In conclusion, I do, however, want to thank you and commend you for your presence and your very articulate presentation this morning.

Thank you very much, Mr. Chairman.

Mr. MATHIAS. Mr. Chairman?

Mr. ABERNETHY. Mr. Mathias.

Mr. MATHIAS. I would like to compliment Mr. Frick on his fine testimony. I know this has come about between this committee and the USDA, plus other people. I think it is a fine program. Of course,

we know that it is not the final program that will come about, but I do compliment Mr. Frick on his fine presentation.

I do have one question.

Mr. Frick, on page 11, concerning the national acreage allotment and the national acreage reserve, your testimony states that these two things would be completely eliminated?

Mr. FRICK. Yes, sir.

Mr. MATHIAS. Now, down at No. 4, you also mention the release and reapportionment of allotments as authorized by current law would be eliminated, and that sale of allotments would be authorized within the State.

Now, if No. 2 were carried out, if all of the allotments were eliminated, how could you then assign allotments within the State?

Mr. FRICK. We would have, as I believe No. 1 suggests, a domestic acreage allotment, and that would be the allotment that would be set, and, so, there would not be the national acreage allotment as we know it today, the 16 million acres, but more of a domestic consumption allotment, if you will, or something along this line. And as far as the sale within the State, that is what could be sold.

Mr. MATHIAS. You would still have allotments?

Mr. FRICK. Yes.

Mr. MATHIAS. For States?

Mr. FRICK. Yes, there would be an allotment for State—there would be a national domestic allotment, and then this would be divided down to the States, counties and individual farms. And it is in relationship to what each individual has today, but we would eliminate the national allotment that we have today of 16 million acres, and only talk of it in terms of this domestic consumption, and this would be the part that a man would be receiving his payments on.

Mr. MATHIAS. In this set-aside program, say in 5 years, many of the least productive cotton acreages would go out of production?

Mr. FRICK. This is what we are expecting, yes.

Mr. MATHIAS. Is this not the whole idea, to let the people who can grow good quality cotton or good cotton eventually plant this cotton and make money out of it, and the people who cannot make money growing cotton will eventually lose their allotment.

Mr. FRICK. Yes. I am sure that farmers within each State would do this. There are farmers across the road who are more efficient than the ones on the other side, and the determination here is that cotton producers must in the coming years get as efficient as they can. It cannot afford to be otherwise, and one way to do this is to let those who can take advantage of all of the research that has been done in the past and will be done in the future to improve production techniques and to get the most efficient cotton production there is.

Mr. MATHIAS. Well, I certainly buy that concept.

That is all I have, Mr. Chairman.

Mr. ABERNETHY. Mr. Sisk?

Mr. SISK. Yes, Mr. Chairman.

Mr. Frick, I appreciate very much your statement this morning, and as I understand the proposal—and in line with my colleague from California's comments here that what we are actually proposing to do—and I have been led to think, as far as I am concerned—I support basically the program that you have outlined. It, of course, goes to a

domestic allotment, and we actually get away from this so-called national allotment from the standpoint of being a penalty. So, above and beyond the domestic allotment the grower may grow, subject to his willingness to, let us say, get out there and speculate or gamble, and then there will be no penalties, and he will be free, and that is the freedom we are talking about basically. Is that your general statement?

Mr. FRICK. Yes, sir.

Mr. SISK. I would like to examine with you two or three specifics, sir, if I could, this morning. Again, starting first on page 9, you state here—and this is in connection with what I want to talk a little bit about—about this loan rate, because I do think this loan rate is going to be important in our program. I certainly recognize that it is an important thing, and the Department recognizes its importance, and if we are going to be able to regain any of our foreign markets—and I know the Department is desirous of getting back into this foreign market as we are all desirous of—if we are going to continue to have an affluent cotton industry in this country.

You mention here with reference to making the loan rate—it is your suggestion, as I understand it—to be at not less than 80 percent or more than 95 percent of the average price for middling one-inch cotton in the designated spot markets in the 3 marketing years preceding the marketing year in which the loan level is announced, as a general formula for setting this loan rate.

Then, you say that the Secretary would have some discretion under this language, but far less than that provided in the current law.

I would agree with you—I am not necessarily disagreeing with your statement, but I do raise this question, and I may be alone in this position, but it is my firm conviction that if we are going to improve this situation in cotton, we are going to have to give the Secretary more flexibility. I think, in the final analysis, that he is going to have to have broad flexibility, not only in connection—and I want to discuss with you briefly the question of setting the payments on a domestic allotment which, I understand from your language here, would be pretty well free—he would have broad flexibility in setting this in order to try to be sure to get the production. Is that basically right?

Mr. FRICK. Yes, sir.

Mr. SISK. Now, getting back then to the question of the loan. Are you sure that this gives to the Secretary the flexibility he should have?

I am one of these people who, having gone through the many years and seen what has happened under so-called rigid regulations, is inclined to give him freedom and then he sinks or swims with it. You know, we all have to take the monkey on our backs and sink or swim with it, and I would be one of those people who is prepared to give him the broadest possible flexibility, and in this area of loan rates I am wondering if this proposal gives him the flexibility that is needed, if we are actually going to get back into the world market in cotton?

Mr. FRICK. Well, under the way the market has acted in the last few years, yes we think that 80 to 95 percent would give the flexibility to be sure that cotton would be marketed in the world. Now, these figures were put out for your consideration, and we know that the loan does bolster or back up the cotton economy for financing and various reasons to stabilize production.

Now, this would put the loan rate, I believe, taking the figures we have, between, somewhere between, 18 and 21 cents, which would be the loan rate with the figures used here.

And I believe, to answer specifically, we think this would do the job.

Now, positively, we have to admit that we do not know for sure whether the committee would want to go as low as 15 cents, for example, and I do not know.

Mr. SISK. Well, let me say right here, in connection with it, and, again, I may be completely alone in this position on the committee, I don't know about that, but I personally happen to believe basically that we probably would be better off without any loan. But I recognize the necessity of the practicalities of this world in which we live—the need, for example, particularly—and I think it is especially true among the co-ops for some kind of loan program, because today farmers are using it as a financing mechanism, and, therefore, I think it is unrealistic to attempt to completely eliminate loans.

But I am one of these low loan-rate people. I just believe that if we are going to get in and do the job that we are talking about trying to do and maintain a cotton industry in this country up to, say, 12 million bales and up. We would hope, of course, we are going to have to keep this loan rate down. As I view these figures and try to analyze them, I am inclined to agree with you. We are talking now of a 18 to 20.25, or twenty and a quarter, and I honestly feel, Ken, that that is unrealistic. Now, maybe I am wrong, but, again, I am wondering, if we set it at that, as a practical matter we will not still be furnishing the umbrella for, you know, various countries who were involved to simply continue to undersell us in the world market.

Mr. FRICK. I am sure that there are countries that produce cheaper than 18 cents in the world, but they become fewer than at 21 cents.

Mr. ABERNETHY. Would the gentleman yield?

Mr. SISK. Yes, I would be happy to yield.

Mr. ABERNETHY. In one of our Monday evening conferences, did you or someone from the Department not suggest that the loan rate might be as low as 17½ cents and as high as 21?

Mr. FRICK. This could have been, Mr. Chairman. I do not recall it at this time. Mr. Chappell, do you remember?

Mr. CHAPPELL. I do not remember that figure, myself.

Mr. ABERNETHY. That is what my memorandum shows. I am sure. I am not saying that that is what it should be. I am saying that you contemplated it might be 17½ cents. If you do not remember, that is all right.

Mr. SISK. Well, I will not dwell further on this, but I did want to explore this with you a little, because it is one of those things that I think we are going to have to give some serious thought to, and what I am saying is that I would give to the Secretary broader authority than what you propose here. I probably would give him authority to use a figure of maybe all the way down to 60 to 70 percent rather than setting it at a base of 80 percent, because, again, if he is going to have the responsibility, which he is, of trying to move the American cotton in a world market, he is going to have to be able to get in there and have tools and the wherewithal to fight in this game, and it is a tough, rugged, competitive situation. On this there is no question. In essence, what I am saying again—I want to give him whatever tools he needs, and I am wondering if you are not making it just a bit restrictive.

As I would interpret your language at the bottom of page 9 and the top of page 10, of the matter of the payments on the domestic allotment, are you proposing, say, a broad outline—or let us not say “broad,” minimum and maximums—within which he would use, say, 12 to 17 or 12 to 19, or do I understand it is a proposal to leave it more or less wide open?

And I would not be critical if it were wide open. I was just curious.

Mr. FRICK. We are proposing, again, as low as 12 and as high as 17, to give the opportunity to set this, both to be sure we get the production and to be sure the income of the farmer is maintained. In other words, at whatever level this is, in between those two figures.

Mr. SISK. Well, fine. Ken, I do not wish to take any more time. In fact, I have already taken too much time, Mr. Chairman.

On limitations, I would just conclude with this, though there are some other things that I would be glad to discuss with you, but I realize other members of the committee have questions. On this question of limitations, I would hope that the Department in their basic proposal does come out with some specific proposal in the area of limitations. I recognize, and I appreciate the fact, that the Department is desirous of our trying to work together in whatever, in the final analysis, the committee determines, and you would probably be inclined to go along with it. But, it seems to me that we are just operating with an our-head-in-the-sand attitude, if we feel that we have any chance of passing legislation in the Congress without some kind of a limitation. So, when the time comes we probably should take the bull by the horns and propose some kind of a program here, Ken.

Now, whether we propose the Sugar Act as a basis or whether we propose something like the Nelsen proposal of last year on a graduated scale, or a variety of other programs, I would urge that the Department give full consideration to some kind of a specific proposal in the area of limitations, and, of course, at least have a starting point, and then we will work from there, because I, for certain, feel that we just as well recognize—and in spite of the fact that I have always opposed limitations—and I think, basically, all of us do—have recognized what they would do to the cotton industry, and particularly I have opposed them, but, again, living in this world of today, I would hope that serious thought would be given to a specific proposal in this area.

Mr. FRICK. We are prepared to work with you on this.

Mr. SISK. Fine.

Thank you, Mr. Chairman.

Mr. ABERNETHY. Mr. Mizell?

Mr. MIZELL. Thank you, Mr. Chairman. Just one thing. On page 2, Mr. Frick, the fact that we have only been harvesting 10 million bales of cotton for the last couple of years—and we have had testimony before the committee that they anticipate the need to be 12 million bales next year—under your proposal, can you give us some assurance that we will have the necessary amount of cotton produced to meet the needs?

Mr. FRICK. I think that we have tried to lay this out, Mr. Mizell, in the testimony on page 8 to the point that there have been half of the growers, or half of the allotment, that has planted up to 100 percent of what they were allowed to do. And, for one thing, we are saying that it is really reasonable to assume that many of these grow-

ers will plant more if they have the opportunity, that they would not have just stopped at that point on their farm if they had been allowed their own decision. And, then, the points in the program of payments and also the size of domestic allotment, things of this nature, have to be worked in to be sure that there is adequate production, and I think there is within the set-aside enough room to assure production.

Mr. MIZELL. Thank you, Mr. Frick.

Thank you, Mr. Chairman.

Mr. ABERNETHY. Mr. Price?

Mr. PRICE of Texas. Mr. Frick, I regret I was late, because of previous commitments. I have read your testimony, however, and I want to congratulate you on your presentation here this morning. We have been having these hearings for some time now, but it appears to me that we are a long way apart—from the producers. Unless we or the Department get together with the producers and work out some kind of an agreement that is compatible between the producers and the Department, it is going to be very difficult for us to pass any kind of cotton bill. I think the points you mentioned in your testimony are a good basis to start from, but this in no way eliminates the necessity for achieving a meeting of the minds between the producers and the Department.

Turning to a different point, there has been discussion about synthetics taking over practically 50 percent of the market. I understand that 10,000 of these industries are spending \$60 million a year on research to sell their products versus the cotton industry spending \$10 million a year.

Would you care to comment on any recommendations you could give the committee regarding earmarking more funds for research?

Do you have any guidelines we might put into the bill?

Mr. FRICK. At this time, we do not have a specific figure. I do believe that the industry, itself, through their Cotton Producers Institute, is taking a complete relook at the operations they have in this area, and I am sure that when they have completed this study, which should be soon, that they will probably have one of the best figures that might be appropriate for such a suggestion as was made this morning.

In other words: We have left it flexible because I am sure the industry itself understands the needs and will know better the goals that they are out to achieve, and I understand that this will be known pretty soon.

Mr. PRICE of Texas. On this set-aside, are there any plans allowing for the production of livestock on the set-aside land?

Mr. FRICK. No, sir.

Mr. PRICE of Texas. What are your feelings regarding increasing crop insurance?

Mr. FRICK. Well, the crop insurance is with the payments being on the projected yield as laid out in 1970. This, within itself, is probably the best crop insurance that there is available anywhere.

Mr. PRICE of Texas. Is there a possibility that crop insurance can be increased, or is this in your area at all?

Mr. FRICK. I know it has been discussed that it needs to be improved and needs to be made available in a broader scope. Beyond that, I cannot say, except that we do feel that the payments that are suggested

here, based on a projected yield, for the man that has a poor crop, is good crop insurance.

Mr. PRICE of Texas. In regard to payment limitations, what effect do you think the payment limitation would have upon the cotton figures as projected? Do you think it would hinder or enhance the total number of dollars to the American farmer?

Mr. FRICK. Well, I am sure that arbitrary payment limitations would limit—make this program more difficult to operate.

Mr. PRICE of Texas. Once again, thank you for your outstanding presentation.

That is all, Mr. Chairman.

Mr. ABERNETHY. Thank you very much, Mr. Frick.

We appreciate your presence.

There are a few loose ends in the Department's presentation. I do not want to be misunderstood, but these loose ends are rather broad, such as limitations and other things. Would the Department be willing to put together a bill, which, heretofore, has been the custom, a bill from the beginning to the end, of the maximum that it would support in all phases of its recommendations?

Mr. FRICK. Mr. Chairman, we are certainly willing immediately to come and work together with you to come out with a bill, and we would work as hard as we can and do it right away.

Mr. ABERNETHY. Well, maybe this sounds a bit facetious: What you say sounds very nice, but that leaves us right where we are now. We have been working together here now since back in January. As of the moment, we are hardly together. There is not too much togetherness so far as cotton is concerned between the Department and the producers. You are rather widely apart. I know that you have at least either heard me or heard some comment that the members of this committee do not feel that they can act as arbitrators between the Department and the producers and at the same time take a bill to the floor of the House and sell it to the Congress. At the same time, it is rather difficult for us to put down in writing what the Department will support. You set forth what you support specifically in some instances, but in other instances you show some discretion, or you are not firm, and I was just wondering if you were willing to put together your own bill and let us have a copy of it so that we can go to work on it?

Mr. FRICK. Well, there are some areas in which we think the Secretary should have some discretion.

Mr. ABERNETHY. Yes, sir.

Mr. FRICK. And, so, within these, I would repeat that we are ready and willing to—write up a bill, but here, again, I have to say that we want to do this with the committee.

Mr. ABERNETHY. Yes, I understand.

Mr. FRICK. And, yet, we are ready and willing, and we know that time is running out.

Mr. ABERNETHY. Yes.

Mr. FRICK. And, so, we want to move ahead as rapidly as possible, and we are ready to do it.

Mr. ABERNETHY. Well, then, do I understand that you would rather not assemble a complete bill?

Mr. FRICK. I think to be real definite on this, that any bill that we assemble, we would like to work with you on it.

Mr. ABERNETHY. You leave us right where we started.

Mr. FRICK. Well, the only thing is, Mr. Chairman—

Mr. ABERNETHY. I think I understand.

Mr. FRICK. OK.

Mr. ABERNETHY. I do not mean this critically. I would have to assume that if a bill were drafted, we would be the ones to draft it. That is the way I see it.

Now, let me see if I can get some idea of what we are supposed to put in it.

What would be the maximum amount of payment that you would support, giving consideration to limitations?

What would be the maximum amount the Department would come to the Hill and fight for?

Mr. FRICK. Well, Mr. Chairman, as we have it laid out here the 17 cents is the high that we have indicated and, again, given discretion on this.

Mr. ABERNETHY. What are the payments now?

Mr. FRICK. The payments are 16.8 cents for 1970.

Mr. ABERNETHY. Sixteen—what?

Mr. FRICK. 16.8 cents for 1970.

Mr. ABERNETHY. 16.8 cents.

Now, that is for 1970?

Mr. FRICK. Yes, sir.

Mr. ABERNETHY. What were they for 1969?

Mr. FRICK. 14.73 cents.

Mr. ABERNETHY. 14.73 cents.

Now, it would be reasonable to assume, would it not, that with the difficulty we have had selling to the Congress a payment of 14.73 cents that it would be rather impossible to sell a 17-cent payment?

Mr. FRICK. I presume that payments will continue to be difficult to sell, yes, sir.

Mr. ABERNETHY. And more particularly if such are as high as 17 cents?

Mr. FRICK. Yes, except that in this there is the proposal which calls for slightly less total money that would be expended.

Mr. ABERNETHY. Yes, I agree with that. That is correct.

Now, do you anticipate any particular level of limitation from the Congress?

Have you given any consideration as to what level we might come to in the way of limitations?

Of course, maybe I am supposed to answer that, or the Members of the Congress, but I am sure you are familiar with the situation.

Mr. FRICK. Well, Mr. Chairman, we have worked up various examples of the types of limitations that might be imposed, and I think, beyond that—that is as far as we can go right now.

Mr. ABERNETHY. Yes, sir. All right.

Now, you have come to the 17-cent payment, because it is your feeling that you would have to make payments that high in order to maintain the Department's position which the Secretary made in his original statement not to reduce income; is that right?

Mr. FRICK. Yes. According to the example, this would not reduce income.

Mr. ABERNETHY. Providing there are no limitations?

Mr. FRICK. Yes.

Mr. ABERNETHY. Providing there are no limitations.

So, of course, we might as well face up to the fact, as Mr. Sisk and others have said, that there undoubtedly will be limitations. So, of course, there is going to be a reduction in income.

Mr. FRICK. For many farmers, yes. And we can work out figures, if you would like them, that would be more specific on the amount of the reduction in income if limitations were imposed.

Mr. ABERNETHY. And there will be further reduction in income, as the result of the set-aside?

Mr. FRICK. I do not believe we show that here.

Mr. ABERNETHY. Well, of course, if you set aside a portion of your land, there is bound to be a loss of income; is there not?

Mr. FRICK. Well, this, again, would be how a farmer reacts to the set-aside proposal. If he reacts that cotton is the crop that he can do best, or maybe some other crop that he can do best at, his net income could increase, and we have instances to show that this does happen.

Mr. ABERNETHY. Well, that is purely—with all deference—that is purely theoretical; is it not?

Mr. FRICK. At this stage, we do not know how any individual will be affected; yes.

Mr. ABERNETHY. I see. All right.

I certainly agree with the first point you make in your statement that your cotton situation is quite serious.

The object of the program, of a program, is to improve that situation.

Now, in order to have a desirable cotton economy, what size crop does the Department feel we ought to produce and put on the market?

Mr. FRICK. In the neighborhood of 12 million bales.

Mr. ABERNETHY. 12 million bales.

Your domestic allotment, I believe you now call that a base allotment, would be what portion of that?

Mr. FRICK. About 9 million bales.

Mr. ABERNETHY. Nine. When did it go to nine?

Mr. FRICK. I believe this was the figure that we put out to the group one of the Monday evenings we were up here.

Mr. ABERNETHY. I thought it was eight.

Mr. FRICK. Grover, do you have a different figure?

Mr. CHAPPELL. Nine would be quite close.

Actually, table A is calculated on the basis of a domestic allotment in 1971 being 10 percent less than the domestic allotment in 1969.

Mr. ABERNETHY. Well, did the adding of the million bales to the 1970 allotment have anything to do with that?

Mr. CHAPPELL. Well, it just means that the 1971 allotment we have assumed here would be 15 percent less than the 1970 domestic allotment.

Mr. ABERNETHY. All right. So, you anticipate a production of 9 million bales under the base allotment, and you anticipate a produc-

tion of 3 million bales from those who wish to plant over and above their so-called domestic allotment?

Mr. FRICK. Yes, sir.

Mr. ABERNETHY. Is that correct?

Mr. FRICK. Yes.

Mr. ABERNETHY. How did you arrive—and I must say now, Mr. Frick, that this has changed since the Monday night I heard it discussed, because it was 8 million and 4 million, and I think you will recall those figures. I do not think there is any question but what you will recall that it was eight and four, but now you say it is nine and three, which I accept.

How did you arrive at the fact that they would produce those 3 million bales?

Mr. FRICK. Grover, would you answer this?

Mr. CHAPPELL. Yes, sir.

In 1969, a little over half of our cotton producers—as we say here weighted by the size of their allotment—planted approximately 100 percent of their allotment. Actually, the figure I like best is 55 percent of the allotment in 1969 planted 100 percent of the allotment. Now, with the lower loan rate that is envisioned for 1971, we estimated that only about 40 percent of the base allotment would expand. As I recall, on the average, these people would expand about 25 or 30 percent over and above their 16 million acre allotment which has guided their planting patterns for so many years past.

Mr. ABERNETHY. And you estimate how many of them will expand now?

Mr. CHAPPELL. Forty percent would expand.

Mr. ABERNETHY. How did you arrive at that estimate?

Mr. CHAPPELL. Well, it is based primarily upon comparing the returns from cotton over and above direct costs relative to the next best crop.

Mr. ABERNETHY. Was this a part of the determination of the computer that you mentioned here one evening?

Mr. CHAPPELL. Yes, sir; we used a computer analysis.

Mr. ABERNETHY. What did you put into the computer?

Do you have with you a list of the information and the material that you put into the computer?

Mr. CHAPPELL. No, sir, but I think we could supply it.

Mr. ABERNETHY. Could you tell us offhand what these things were?

Mr. CHAPPELL. Well, the major components would be the things I mentioned before, the returns from cotton over and above direct costs, relative to the returns from the next best crop which, in your area, is generally soybeans; in the Carolinas and some other places, it is corn; in other places, it might be barley or even alfalfa.

Mr. ABERNETHY. Well, you had to put in there what they anticipated they would receive for the various crops; did you not?

Mr. CHAPPELL. Yes, sir.

Mr. ABERNETHY. All right.

Now, the limitation would be a factor in this; would it not?

Mr. CHAPPELL. Yes, it would.

Mr. ABERNETHY. I believe you stated on one of the Monday evenings that you did not put in any limitation upon payments; that did not go into the computer?

Mr. CHAPPELL. That is right. The figures that we are presenting here were based on an assumption that there would be no limitation.

Mr. ABERNETHY. Right.

That is a very important factor, is it not?

Mr. CHAPPELL. Yes, sir.

Mr. ABERNETHY. And more particularly, if it involves a farm that had been planting a thousand or 15,000 or even 500 or 600 acres of cotton?

Mr. CHAPPELL. Yes, sir.

Mr. ABERNETHY. And if the Congress is more or less now thinking of the limitation of \$20,000 which would be only a small amount compared to what the payment would be on a farm of a thousand or 15,000 or 2,000 acres, then you left out the most important dollar-wise item when you put that computer in operation; did you not?

Mr. FRICK. Mr. Chairman, I think that this is a great unknown——

Mr. ABERNETHY. Yes, sir.

Mr. FRICK. And there is no intent to leave it out if we knew what level of limitation to put in.

Mr. ABERNETHY. I agree with you. I understand that. I fully understand that, but the point I am making is that you left out the most important dollar item when you came up with the determination that you would wind up with 12 million bales of cotton?

Mr. FRICK. It is a big dollar item.

Mr. ABERNETHY. Right.

Mr. FRICK. I do not know that it is the most important dollar item, incomewise, when it comes to payments in the cotton program.

It is important for those that are in the high acreage classification, but dollarwise I do not know that it is the most important one.

Mr. ABERNETHY. Well, for 1969, or—Let me go back.

What else did you leave out that did not go into the computer for the things which have meaning here? Do you know of anything else?

Mr. CHAPPELL. Well, I might just say, Mr. Chairman, before this program was put into operation, we will have some additional very valuable data; namely, what farmers do in 1970.

Mr. ABERNETHY. Right. But we are talking about writing the bill now. We are not waiting until you get that information. You are asking us to write the bill now. That is true; is it not?

Mr. FRICK. Yes; and this is why we want some discretion here, dependent upon what farmers actually do as we go into the 1971 program. I mean, we can make use of that information if the bill has enough discretion.

Mr. ABERNETHY. Who managed the computer?

Who handled it?

Mr. CHAPPELL. That comes under Dr. Paarlberg's operation.

Mr. ABERNETHY. Dr. Paarlberg? He is not here this morning?

Mr. CHAPPELL. No, sir.

Mr. ABERNETHY. Who provided the material that went into the computer—Dr. Paarlberg?

Mr. CHAPPELL. Yes, sir.

Mr. ABERNETHY. And, so, of course, you are not in a position to answer for him and state what he did or did not put in?

Mr. CHAPPELL. That is correct.

Mr. ABERNETHY. It is true, is it not, sir, that the Department's determination on this subject rests very largely with the returns and the findings of the computer?

Mr. CHAPPELL. Well, you know, there are a lot of ways to analyze things. I personally use a desk calculator to great advantage and confer with some of my experienced colleagues, many of whom who are here in this room, and if you want to call this less scientific and sort of an armchair economic analysis, you can; but we also put a great deal of faith in the informed judgment of our experienced people, and we do not hesitate to look over the computer's shoulder, so to speak, if it disagrees with our judgment.

Mr. ABERNETHY. I understand that.

Now, for 1969 the national allotment was 16.2 million.

I believe that is correct; is it not?

Mr. FRICK. Yes, sir.

Mr. ABERNETHY. And actually when you took out the frozen acres and these other items, it amounted to 15.3?

Mr. FRICK. Yes.

Mr. ABERNETHY. That is correct; is it not?

And only 11.9 was planted. I believe that is right; is it not? 11.9? And 11.1 was harvested—11.1 million; is that correct?

Mr. FRICK. Yes, sir.

Mr. ABERNETHY. That is correct.

So, you have an underplanting of 4,400,000 acres.

Now, those were people who planted 65 percent or less of their allotment?

Mr. FRICK. I am sorry. I missed that.

Mr. ABERNETHY. Well, beyond the planting of 4.4 were people who held allotments that were planting 65 percent or less?

Mr. FRICK. Yes.

Mr. ABERNETHY. That is, the domestic allotment. And those who planted all of their allotment, you say they planted 7.5 million acres; is that correct?

Mr. FRICK. Yes, sir.

Mr. ABERNETHY. That is less than half; that is less than half of the total national allotment.

Mr. FRICK. Yes, sir.

Mr. ABERNETHY. We only came up with how much cotton?

Mr. FRICK. A little over 10 million bales.

Mr. ABERNETHY. Ten million bales.

So, if you only came up with 10 million bales under those conditions—Well, let me put it another way.

The payments under that program were at the higher level as compared to what they would be in 1971?

Mr. FRICK. Possibly.

Mr. ABERNETHY. And the domestic allotment—

Mr. FRICK. If the payments that were at the 14.7 and we do not know what the payment will be for 1971. It could be higher.

Mr. ABERNETHY. Well, you really do not think the payments for 1971 are going to be higher than they are for 1969 or 1970; do you?

Mr. FRICK. Well, I am only saying that on a per-pound basis it could be.

Mr. ABERNETHY. I am speaking of dollar return to the farmer.

Mr. FRICK. No. I do not think that they will.

Mr. ABERNETHY. All right.

And your base allotment for 1971 is going to be less than, percentagewise, than it is for 1969 as well as for 1970; even with the increase in your national allotment, it will be less; will it not?

Mr. FRICK. Yes, sir.

Mr. ABERNETHY. So, with a base allotment in 1971 smaller than it has been at any time since 1965, and with the payment—and when I say “payment,” I am speaking of income to the farmer—being less; how are you going to get 12 million bales of cotton?

Mr. FRICK. Well, I think very specifically that, again, there is half of the allotment that did plant up to 100 percent.

Mr. ABERNETHY. Right.

Mr. FRICK. And, again, we are saying that we do not think many of those would have stopped at the 100 percent. They would have planted over, and they will continue to do that. Secondly, we feel that opening this up would affect the more efficient producer. We do not know how far he will go with his planting, if he happens to have an efficient cotton operation, and that this, in itself, will mean more production, actually, probably, it will be the better producer who will produce more per acre than the average does.

Mr. ABERNETHY. Well, Mr. Frick, you answered my point with about six words in your statement that you have just made. You have just now said that “We do not know how far he will go.”

So, therefore, you really do not know whether or not you are going to come up with 12 million; although you and I agree, and also the industry agrees, that a 12-million bale production is a must.

Now, suppose we miss the 12 million bales and wind up with another 10 million bale crop as we have this year and last year?

What happens to cotton then?

Will we get the markets back? We certainly will not have the cotton to supply the market.

Mr. FRICK. Mr. Chairman, as stated in the testimony, any error that could be contemplated, we will do everything we can to make that error on the high side. There is every reason for this Department to protect as well as it can the cotton industry and its future. To do this, we wish to make errors on the high side, and we believe that this can be done with these provisions, because it is absolutely vital that we do not make errors on the low side. And, by opening this up, it is the belief again that this error will be on the high side.

Mr. ABERNETHY. Well, I do not know of anything you can do about that, Mr. Frick, with all due deference, and you have a fixed program. He gets his domestic allotment, and then thereafter everything is opened, and he either can or he cannot—I mean he will or he will not plant.

There is nothing you can do, as I understand it, to see that they do plant right to the point that we have 12 million bales or that they do not plant to the point of 12 million bales. What can you do?

Mr. FRICK. I think there are three or four things, Mr. Chairman, that can be done. One, the size of the set-aside; No. 2 would be the size of the payments; No. 3 would be the loan rate, and I do think that we must take into consideration here that—yes, we are not expecting

those that it is uneconomical for them to plant; we are not suggesting a program that would cause the continued uneconomic production of cotton. We are trying to look for a future for this crop.

This commodity, to have a future, must become economic.

If it is going to get along without the tremendous support that it has had to have to struggle through, it must look for the economic acres, and this is the proposal here, to find those acres and not wait for the continuous hopefulness that research can do it all.

It can only be done if those who do the growing will put this research into action.

Mr. ABERNETHY. Do you think there is any possibility of your getting too much?

Mr. FRICK. There could be, yes, sir.

Mr. ABERNETHY. What would you do with it?

Mr. FRICK. That is what the job of the Commodity Credit Corp. is, to be sure that there will not be too much of a lowering of the market, causing the industry to be oversupplied at the moment. It is the responsibility of the CCC to take that in and make it available as necessary.

Mr. ABERNETHY. If you get too much, would that mean a lowering of the domestic acreage or base allotment for the next year?

Mr. FRICK. It would mean a changing of one of the components or maybe a number of the components at the same time. It would be so much better to have too much in the beginning of the program, so that you assure the industry of enough cotton as they move into the 1972 program.

Mr. ABERNETHY. Will your base allotment from 1971 on and thereafter be based on a percentage?

Is it a fixed amount, or does it move up and down?

Mr. FRICK. We would be hopeful that it would be eventually tied to that which is consumed within the United States, and I would say that we are hoping that that goes up.

Mr. ABERNETHY. What are you going to tie it to?

Mr. FRICK. To domestic consumption.

Mr. ABERNETHY. Domestic consumption?

Mr. FRICK. Yes, sir.

Mr. ABERNETHY. I see. All right.

Now, this is a problem, and I think you have to consider it, and certainly we have to consider it. First, let me say that the producers in this industry—at least, a very high percentage of them—are pretty intelligent people. You are one of them, yourself. They have come here from Carolina, and Georgia, Alabama, Mississippi, Missouri, Louisiana, Arkansas, Tennessee, Texas, New Mexico, and Arizona. They have all said that your program will not produce the cotton. In addition, there have been responsible and informed people associated with the cotton trade who have testified that your program will not produce the cotton to maintain a normal cotton economy. This has not been said by a majority of them; it has been all of them, every one of them. There were two witnesses from your State who presented a statement, who said that we ought to emphasize the things we agree on and work out the things that we do not agree on. That was all I got out of that statement, and I am not being critical when I say that.

So, here you have this entire industry, from Arizona all the way to the Atlantic coast, on one side—and I do not mean on a side, I mean of one opinion—and you and the computer of another opinion—and I do not mean that facetiously.

Now, what are we going to do?

Mr. FRICK. Mr. Chairman?

Mr. ABERNETHY. Yes, sir.

Mr. FRICK. We have had the opportunity, of course, to visit with many of these people.

Mr. ABERNETHY. Now, they visited with you; is that not right?

Mr. FRICK. Yes, sir.

Mr. ABERNETHY. Yes.

Mr. FRICK. And I do understand that when you turn a program around somewhat different than it has been in the past that it is difficult to accept the concepts of the set-aside, and yet I do notice that when time is taken with producers—and I want to stress this, with producers—when they get the concept and understand it, I do get from many of them a feeling of “Yes, we would like to cooperate with this type of program. We know that cotton needs a change, a drastic change, if it is going to be a commodity of the the future.”

And, so, in talking with producers I do get the feeling that there are many that feel that this is a good concept.

Those, specifically—

Mr. ABERNETHY. All right, now. Would you name those from Arizona back to the Atlantic coast who think this is a good concept?

Mr. FRICK. You know, I am sure this is where I get into trouble.

Mr. ABERNETHY. I am the one in trouble; it is not you.

Mr. FRICK. But it is interesting to me: Organizations—and you mentioned Arizona. I talked to Jack Francis. I find that he agrees with this, but his organization does not. It is an interesting thing to me. Yes, he apparently could not convince his organization that this was a good concept. But he understands it, and he thinks it is good.

Now, apparently, it takes more effort than we have put into it, because we have continued to have this on an informal arrangement with the committee. We have not gone out into the country to sell this program or spend a lot of time with the producers trying to convince them that this is a great program. But it appears that we need to get this concept over to producers so that they do understand it as Jack Francis does.

Now, again, as the Secretary stated in his 24th of September statement, we are not suggesting that this is the great final answer for cotton, because we are not saying that and we know it, because it is apparent, because no one within the industry or ourselves has had that answer in the past.

Mr. ABERNETHY. Well, I think you never made a more accurate statement in your life, when you said that you have an idea here that has not been sold, and that, in order to pass it through this Congress, it has got to be sold to these producers. That is certainly correct, is it not?

Mr. FRICK. I am sure.

Mr. ABERNETHY. If they do not buy it, you know, I cannot sell it for you.

Mr. FRICK. Yes.

Mr. ABERNETHY. Off the record.

(Discussion was had outside the record.)

Mr. ABERNETHY. All right. Back on the record.

Then, Mr. Frick, I think it might be well, after we break off here today, that we start again with some meetings between the producers and the Department and see what you can come together on. I am sure you feel that is quite necessary.

Mr. FRICK. Yes; we are very ready to do that.

Mr. ABERNETHY. All right, sir. That will be fine.

Now, moving on to another point. Many witnesses have been before this committee, as they have been every year, and they properly have called attention to our exports having gone down; and also called attention to the tremendous imports in the way of textiles which are themselves replacing a million bales of cotton.

I think that is the estimate.

Has the Department of Agriculture been in any conferences with those who make the policy in the State Department and other departments in an effort to slow down this rapid increase in the importation of textiles, particularly those made of cotton?

Mr. FRICK. I cannot speak specifically, except that, within the quotas as they are designed, there has been this effort. Beyond that, I cannot speak specifically.

Mr. ABERNETHY. Do you anticipate that there will be conferences between the people in the Department of Agriculture and other departments in an effort to slow these imports down?

Mr. FRICK. I would anticipate that within the quotas as they are set, they will try to be doing this; yes, sir.

Mr. MATHIAS. Mr. Chairman?

Mr. ABERNETHY. Yes, sir.

Mr. MATHIAS. If I could add something here?

Mr. ABERNETHY. Yes.

Mr. MATHIAS. I have had the opportunity to listen to the Secretary of Commerce, Maurice Stans, and several months ago he did make a trip to the Far East, to the Orient, and discussed with various countries this very problem that you are talking about.

It is a difficult problem, but he has studied it, and he informed me and the other Congressmen who were involved in this hearing that he was doing all he could through the State Department and the Department of Commerce to do something about this problem.

Mr. ABERNETHY. The gentleman is correct.

I also sat in a conference with the Secretary of Commerce. This was back in the spring. When the conference was concluded I had the opportunity to make a brief statement. My statement was that I had served under six Presidents, and all of them—and this is not said in criticism—I do not want to be misunderstood—had come into office recognizing the problem of textile imports. Each had committed himself, or had made some commitments to do something—and that something to be done was to stop this burdensome level of imported textiles.

I do not know why; we never get anywhere with it. I understand that Secretary Stans has been frustrated on every move he has made up to

now. I wish the administration would recommend that we just adopt some legislation along these lines. I know that the general policy of the executive branch of the Government has been not to adopt legislation; but I think such is the only way we are going to get anything done. These farmers and textile people are very much upset about the continued quantity of textiles coming in. I am afraid that we will wind up right where we wind up every year, with a quota system that does nothing about it.

Now, Mr. Frick, I am sure you agree with me that the passage of a cotton bill in some form or another is very important, or else we return to the old law.

Mr. FRICK. Yes, sir.

Mr. ABERNETHY. I think you will agree, too—and maybe I am going over the same territory again—that unless there is agreement between the Department and the producers in order that they can come together to the Hill and fight together for a program, that we will not have a new program; we will go back to the old law?

Mr. FRICK. Yes.

Mr. ABERNETHY. So, the next move is, would you not agree, the next move is for the Department and producers to start burning the midnight oil to see if they can agree; is that right?

Mr. FRICK. Yes. We will do all we can to bring the producers together in this type of proposal.

Mr. ABERNETHY. All right. Have you made any suggestions to them as to when you would like to see them?

Mr. FRICK. In fact, I am seeing one of them this afternoon, the head of one of the important producer organizations.

Mr. ABERNETHY. I want to assure you that you will have my cooperation and you will have the cooperation, I am confident, of the members of this subcommittee. I am also quite confident you will have the cooperation of Chairman Poage. If there are times in these conferences you would like for some of us to sit in with you. I want to assure you that we are available.

Mr. FRICK. Thank you very much.

Mr. ALEXANDER. Mr. Chairman?

Mr. ABERNETHY. Mr. Alexander.

Mr. ALEXANDER. Mr. Chairman, may I ask one question of Mr. Frick?

A minute ago, sir, you talked about efficiency in production and your desires to achieve production and competitiveness through better efficiency among cotton farmers.

Sir, what is your estimate and the estimate of the Department as to what minimum cotton acreage would be necessary in order to constitute an efficient production, an efficient producer?

Mr. FRICK. Of a single farm?

Mr. ALEXANDER. Yes, sir.

Mr. FRICK. I have seen the figure—Well, I had better ask.

What have you seen on this, Grover?

Mr. CHAPPELL. I do not recall a specific figure. It seems to be, though, a couple of hundred acres.

Mr. FRICK. This is the figure I recall having seen.

Mr. ALEXANDER. A couple of hundred acres, meaning more than 100 acres of cotton?

Mr. CHAPPELL. Yes.

Mr. ALEXANDER. Did you not specifically take this problem into consideration when you made your calculations as to efficiency?

Mr. CHAPPELL. Yes, we did, and as a matter of fact we find that there is a pretty good correlation between the size of the farm and the percentage of allotment that is planted. Most of the large farmers do tend to plant 100 percent of the allotment. In your State, we find that there were 773,000 acres of cotton allotment that planted 100 percent in 1969. This was the third highest of any State and it amounts to almost two-thirds of the cotton allotment allotted to the State of Arkansas.

Mr. ALEXANDER. One other question, then. What percentage of the 100-percent-production planters—if I may refer to it in that way—I am referring to the item that you list on page 7 of your testimony where one-half of the cotton producers planted 100 percent of their allotment, that is, the 100-percent-producer figure I refer to—what percentage of those farmers would you consider to be efficient producers based on your calculations?

Mr. FRICK. Do you have figures on that, Grover?

Mr. CHAPPELL. Well, presumably all of these farmers expected to have a better return growing cotton on that 35 percent of their allotment that was over and above their domestic allotment, than they could for any other crop. They were free to plant soybeans on it if they so wished; or were free to plant many other crops on it.

Mr. ALEXANDER. Just a couple of other questions.

What would be the minimum acreage planted by the farm, that is, the the lowest number of acres that constitute this part of this figure right here (indicating)?

In other words, do you have any farms in here that are less than a thousand acres of cotton or less than 500 acres or less than 100 acres of cotton?

Mr. CHAPPELL. Yes. In fact, there are quite a few of our farms who have less than 10 acres who plant right up to the maximum allotment.

Mr. ALEXANDER. And they are figured in this calculation?

Mr. CHAPPELL. Unfortunately, the figures I was quoting to you happen to be just the so-called large farms, larger than 10 acres, but statistics are available for the others, too. I do not have them with me.

Mr. ALEXANDER. Have you or the Department made any study or attempted to make an analysis as to how they would reach any more specific conclusion as to the number of cotton acres necessary in order to constitute an efficient producer?

Mr. CHAPPELL. I would think "Yes."

Mr. ALEXANDER. Is this study available to the members of the committee?

Mr. CHAPPELL. Yes. Virtually, all of the research we do is designed for publication.

Mr. ALEXANDER. Could I have the information that you have along this line made available to me at your earliest possible time?

Mr. FRICK. Yes, we could make sure, Mr. Alexander, that you do have that.

Mr. ALEXANDER. Thank you.

Mr. ABERNETHY. I would like to ask one more question.

There is one thing in your recommendation that disturbs me very much, and it also disturbs a number of other people. You propose that

payments would be made to a farmer irrespective of whether or not he plants his basic allotment. The one thing that has been condemned most in this Congress is paying somebody for doing nothing, and that is what you propose here. Are you going to stick to that?

Mr. FRICK. Mr. Chairman, we think the proposal has merit, because if a man chooses to get out of cotton, why, this does give him some financing to change over to another crop or to put his farm in a better condition with which to compete in the future. So, we think that this may have merit as he changes his pattern of production, yes, sir.

Mr. ABERNETHY. Well, off the record.

(Discussion was had outside the record.)

Mr. ABERNETHY. On the record.

That is going to be awfully hard to sell to this Congress.

Mr. FRICK. I understand that. I think the proposal does have merit, if it will be looked at in the broad farming picture.

Mr. ABERNETHY. Yes, sir. Well, we have a lot of people that are not going to get out. They will plant—well, up to the x percent that you propose and still I believe you say up to within 20 percent a year?

Mr. FRICK. Twenty percent a year, and after 4 years there would be no payment.

Mr. ABERNETHY. Yes.

Mr. BURLISON. Will the gentleman yield?

Mr. ABERNETHY. Yes.

Mr. BURLISON. I want to go back just a minute, Mr. Frick, to something that I emphasized earlier, that I do not understand how we can take, under your calculations, 6 million acres out of production on set-aside, lower the loan rate from 20.25 to 18.25, lower the season average price, have the season average price lowered from 21.5 to 19, and the payment rate from 14.7 through this year and 16.8 in 1970, and lower that, and still come out with anything approaching the same income to the farmer.

Now, you do not agree with me on that? But let us just assume, let us just assume that my analysis—that after studying this thing, we determine that my approach is right, that there is no way under these facts to maintain this farm income, what would you think about allowing the farmer who owns the property that he takes out of production for the set-aside, what would you think about maintaining some of the expenses of that land, paying the taxes or the interest on the loan?

What comments do you have with respect to that as an alternative approach to help tide the farmer over, or at least maintain his expenses on this land on which he cannot produce?

Mr. FRICK. Of course, we are saying here that the payment he is receiving is in return for setting aside a certain acreage for his contribution to the overall, the too-many-acres-in-production concept here, and that payment would help him in the set-aside. This is what he is being paid for, his contribution to the set-aside acres, so that we will not have too many acres in production and the payment, again, is something that can be varied to be sure that he does have a net income. So, it will not be decreased.

Mr. BURLISON. Thank you, Mr. Chairman.

Mr. ABERNETHY. What are you going to do with this set-aside acreage? What is the farmer supposed to do with it?

Mr. FRICK. It is a noncropping acreage.

Mr. ABERNETHY. I know it is noncropping. But does it just sit there, or what?

What can he use it for?

Can he use it for anything at all?

Mr. FRICK. The idea was to not be able to harvest anything off of it. That is correct.

Mr. CHAPPELL. Well, sir, this would be the same program as we have had in the feed grains and the wheat acreages. We ask the farmer to take the acreage out of production, and maintain it in a non-soil-depleting use.

Mr. ABERNETHY. Yes, but a man can grow feed grain and wheat whether he has ever grown it before or it. He can get in the feed grain and wheat business, can he not?

Mr. CHAPPELL. Yes, sir.

Mr. ABERNETHY. He cannot in cotton, though; can he, under your quota?

Mr. CHAPPELL. Yes, sir.

Mr. ABERNETHY. He cannot have the domestic part of it. He cannot have a domestic allotment?

Mr. CHAPPELL. That is right. If he has no allotment today, he would not be able to earn payments; that is correct.

Mr. ABERNETHY. Now, there are many feed grain and wheat growers who cannot participate in the program at all; is that not correct?

Mr. CHAPPELL. That is correct, sir. They also do not earn any type of payment.

Mr. ABERNETHY. I know they do not earn any payment, but if a man has a cotton farm, he has got to participate in the program and set aside in order to carry on a cotton operation?

Mr. FRICK. I think we would say this, and I think that one of the men who did testify up here indicated that if he could just be free to plant that maybe this would be better than participating, and so there may be some people that feel their set-aside is too expensive, and they would prefer to not set aside any land and to grow cotton from fence-row to fence-row.

Mr. ABERNETHY. Then, he is out of the cotton business; if he does not set aside, he is out of the cotton business, although he may have been in it all of his life?

Mr. FRICK. I see what you mean, from a payment standpoint. He would not be out of the cotton business. He would really be on his own decision, in the cotton business, as he sees fit.

Mr. ABERNETHY. Well, let me ask you this: Let us assume that here is a farm that has never planted an acre of cotton. Does this program open up the planting of cotton in unlimited quantities on all farms from Carolina to California?

Mr. FRICK. I do not think that has been spelled out specifically; the concept is that that farm or that area in the United States, wherever it is, that can produce cotton economically be allowed to produce so that the cotton economy will be on a sound economic basis.

Mr. ABERNETHY. Well, of course, the farmer is the man who makes the decision as to whether or not he can produce it economically, but

aside from the economics of it, here is a farm over here that has never produced a stalk of cotton. Under this program, he can plant every acre of it to cotton if he wants to; is that not right?

Mr. FRICK. Yes, sir.

Mr. ABERNETHY. Have you taken into consideration how many will plant?

Mr. FRICK. We have. We do not think it would be too many that would start up new.

Mr. ABERNETHY. Well, can you give us some idea of how many you think would start?

Mr. FRICK. I do not think I can.

Grover, can you?

Mr. ABERNETHY. I think this is very important.

Mr. CHAPPELL. We have no estimates of the number of people. The number of acres that might be planted on farms that receive no payment at all would be very, very small relative to the expansion on the part of those farms that do have an allotment and would overplant.

Mr. ABERNETHY. Well, we had a man here the other day that had 50 or 60 thousand acres, who said he did not want to get into any program at all, that he just wanted to plant the entire farm in cotton.

Mr. FRICK. I think that my answer might be that today we do have export acres available, and, of course, it is only for export which does make it more restrictive, and we do not have a lot of farmers trying to do this.

Mr. ABERNETHY. Well, now, he would not be required to export this cotton.

Mr. FRICK. That is correct. He would have all of the markets available to him.

Mr. ABERNETHY. If I had a 1,000-acre farm upon which there had never been a stalk of cotton and it was capable of producing cotton and I want to plant cotton, when this program goes into effect I can plant every acre of it in cotton.

Mr. FRICK. Yes, sir. We feel that, in the light of the worry that there will not be enough production, it is essential that we do not put a restriction, then, upon any available production.

Mr. ABERNETHY. I never dreamed you were recommending such. We had better take a second look at this one.

(The following letters and statement were also received by the subcommittee:)

NATIONAL COTTONSEED PRODUCTS ASSOCIATION, INC.,
Memphis, Tenn., December 10, 1969.

Hon. THOMAS G. ABERNETHY,
Chairman, House Agriculture Subcommittee on Cotton,
Washington, D.C.

DEAR CONGRESSMAN ABERNETHY: The board of directors of the National Cottonseed Products Association have approved unanimously the following:

"The Board of Directors of the National Cottonseed Products Association urges Congress to recognize that the continued existence and prosperity of the American cotton industry is of vital significance to the national interest and requests the enactment of a sound, long-range price and production program for the crop.

"Such a program must permit cotton to be fully competitive in both domestic and foreign markets and thereby encourage expanded consumption; it must also provide for dependable supplies of American cotton which are adequate to meet the requirements of modern competition. To the extent that payments are involved in such a program, they should be made on the basis of cotton produced

and not on estimated yields and should insure equitable treatment for all who participate.

"The program must make maximum use of normal trade channels and provide, for the producer, a reasonable return on his labor, management and investment. An intensified program of farm research, to enable growers to reduce production costs, is essential to the realization of this objective."

We shall appreciate it very much if this may be included in the record of hearings on the cotton program.

Yours very truly,

FRED H. HUSBANDS, *Executive Vice President.*

STATEMENT OF JOHN W. SCOTT, MASTER, NATIONAL GRANGE

Mr. Chairman and member of the committee, I am John W. Scott, master of the National Grange, a rural community family organization, with headquarters at 1616 H Street NW., Washington, D.C.

We wish to thank you for calling additional hearings on the future cotton programs and express our appreciation for having this opportunity to present the views of the National Grange.

We also wish to thank members of the House Committee on Agriculture who have cosponsored or introduced the coalition farm bill, the Agricultural Stabilization Act of 1969: Congressman Purcell of Texas, Congressman Foley of Washington, Congressman Jones of North Carolina, Congressman Vigorito of Pennsylvania, Congressman Melcher of Montana, and Congressman Zwach of Minnesota. We appreciate the bipartisan support the coalition bill has received and realize that we must remain this way if we hope to have effective farm legislation during the 91st Congress.

The Grange's desire for unity in agriculture is deeply embedded in Grange philosophy and Grange policy. As early as the Sacramento, Calif., convention in 1889, the first policy statement from the Grange on unity and united agriculture was presented and adopted and has remained firm Grange policy since that time. At the 102d annual session of the Grange, held in Peoria, Ill., in November 1968, this policy once more was reaffirmed by the committee on co-op activities and adopted by the delegate body. The resolution states in part: "What farmers most need at the present time is a better understanding of such economic and political questions as relate to the material interests and a disposition to unite with others of the same class to put this knowledge into practical use. It is apparently an easy matter for farmers to theorize upon those questions and even to arrive at a definite conclusion, but in times past it has been about as difficult to unite their forces and apply the knowledge gained, as it used to be for a camel to pass through the eye of a needle."

This charge from the Grange delegate body and the call from this committee, Congress, and the administration for unity and a consensus farm program for agriculture, prompted us to call the early meeting of the farm organizations in February. From this first meeting has grown the strong, united front of agricultural organizations called the farm coalition.

The National Grange, at its 103d annual session, just concluded in Daytona Beach, Fla., reaffirmed its strong support for the continued effort to bring agricultural organizations closer together in seeking essential farm legislation.

The delegate body of the 103d annual session of the National Grange adopted the following agriculture policy on farm programs statement.

"FARM POLICY"

"The productivity of American agriculture is the envy of people around the world. The rapid adoption of technology and an efficient, well-organized and managed system of production provide consumers with a variety of products that requires the smallest proportion of disposable income of any nation. We believe that American farmers have the capability of meeting the needs of the growing population in this country and helping to feed the growing world population. This can become a reality only if the farmer receives the cost of production plus a reasonable return on his labor, management, and investment.

"All efforts should be continued to seek new cost-reducing methods. It must be recognized, however, that cost reduction alone does not guarantee an adequate level of income. Most gains from this source have, in fact, accrued to American

consumers. Greater efficiencies that lead to lower costs of production cannot be expected to solve the income problems of agriculture. There must be a continuation of farm programs to ease adjustments in this sector and to stabilize and improve farm prices and income.

"The year 1969 marks the close of the decade of the 1960's and the beginning of the 1970's. This year of transition also marks the end of the Food and Agriculture Act, due to expire after being extended for 1 year.

"This act provides price supports at near world market levels, greatly improving our competitive position in export markets. It provides payments to finance acreage and production adjustments as necessary. The absence of similar farm legislation in the 1970's could result in an unstable farm economy that would create chaos for farm families, rural communities, and the consuming public. It is therefore imperative that agricultural legislation be enacted which will provide parity prices, opportunity, and public service to rural people, while, at the same time, providing an adequate and stable supply of food and agricultural products necessary for the growth and prosperity of the Nation's economy.

"Over the years, parity prices have served as guidelines for measuring fair and equitable prices for agricultural commodities relative to the prices of things farmers buy. The ability of farmers to secure credit would be adversely affected if the parity price index were to be discarded. We cannot scrap the anchor of parity and retain fairness in prices to farmers.

"We recognize the importance of preserving and protecting the integrity of the owner-operator-manager farm as exemplified in the commercial family farm system, not only as very efficient in the production of food and fiber, but as the backbone of rural America.

"The commercial family farm of America has been the foundation of the most progressive and efficient agriculture the world has ever known. It has contributed to the economic growth of the Nation, provided an abundant supply of food for domestic consumption and relief of hunger over the world. We reaffirm our traditional support of the commercial family farm unit and urge that all programs and policies be constituted and implemented to protect and promote the well-being and continuance of the commercial family farm.

"FARM PROGRAMS

"The Agriculture Act of 1965, while not achieving the total objectives of the act, has aided materially in increasing gross farm income from \$44.9 billion in 1965 to \$51.1 billion in 1968. During the same period, however, farm production expenses rose, from \$30.9 billion in 1965 to \$36.3 billion in 1968, resulting in a decrease in net farm income for the period of \$0.3 billion thus making it appear that the act of 1965 has been, ineffective in increasing farm income.

"The most recent increase in the cost of production that can be readily seen and easily applied is the recent 6-percent increase in freight rates the ICC allowed the railroads. This will result in approximately a 3-cent decrease in the return to a Montana wheatgrower and 2½-cent reduction in the return to a wheatgrower in the Dakotas, and so forth. Is this the fault of the present commodity-by-commodity approach to solving farm problems? We think not.

"It was the provisions of the 1965 act that rescued American agriculture from a sea of surpluses that threatened the livelihood of every American. It not only reduced the high tide of mounting stocks in Government hands of food and fiber, it reduced the cost of the abundant supply of high quality food to the American housewife, to the lowest percentage of expendable income in the history of the world (estimated to be 16.4 percent in the last quarter of 1969), while at the same time increasing net farm income to \$15 billion, an increase of 28 percent since 1960.

"The record of accomplishments of the act of 1965 is encouraging; however, the American farmer has not shared in the rapid advance of economic growth of his counterpart in other segments of the society. Nor has he been adequately compensated for his contribution to efficient production, whereby he produces for himself and 45 others, while at the same time produces 1 out of every 4 acres for export, which produces 17 percent of the world trade in agricultural products, thus making the greatest single contribution to the United States' favorable balance of trade.

"Meanwhile, during the past two decades the hourly earnings of manufacturing workers have increased by 127 percent and corporate dividends are up 251 percent. During this same period of time farm prices have dropped 9 percent. The estimated net income of agriculture for 1968 is \$14.9 billion, compared to \$15.9

billion in 1948. National income reached \$713 billion in 1968, compared to \$244 billion in 1948. Thus, while the national income shows an increase of 218 percent, farm income is down approximately 6 percent.

"One other factor has had an important influence upon the public dissatisfaction with domestic farm programs. This can be best described as a blessing of the good things from Mother Nature, plus the American farmer's unselfish sharing of his techniques of modern agricultural production that has made exporters of many of the lesser developed countries, as well as an overproduction of farm products in our friendly neighbors of Canada and Australia.

"These factors have led to an overabundance of some agricultural commodities that are causing concern in world trade; however, the experience of our domestic farm programs in curtailing our own production is leading to the adoption in our rival countries of production controls. It is highly unlikely that such international developments would have been initiated had it not been for the Act of 1965.

"We would emphasize that the decrease in net farm income from 1965 to 1968 was due to factors unrelated to the Agriculture Act of 1965. Inflation has caused higher costs of agricultural inputs, which has resulted in a cost-price squeeze totally unrelated to farm programs.

"The National Grange believes continuation of the basic provisions of the Food and Agriculture Act of 1965 is the first step in securing effective domestic farm programs for the seventies. We must not be forced to return again and again to pass legislation already approved by Congress. Our main purpose is to improve the basic act, improvements that cannot wait because improvement in farm income cannot wait; therefore, we are proposing them this year.

"We specifically recommend for cotton the following:

"Cotton

"Extend present cotton program.

"Continue Public Law 86-172 which permits the release and reallocation of unwanted cotton allotment acreage.

"Adjustments in the regulations affecting the redistribution of cotton in each county and State which will accelerate movement of it on a permanent basis into the program of bona fide cotton farmers, yet without injury to any cotton allotment holder.

"In addition to these proposals for cotton, the National Grange recommends that the following programs be a part of new farm legislation. They are not specifically related to cotton but would have an effect on the eventual effectiveness of the cotton program, as they relate to the total farm program; the establishing of a consumer reserve and supplemental land retirement programs. All of these features were more fully explained when we testified before the full committee on farm legislation back in July. They are as follows:

"Reserves

"Establishment of consumer protection reserves of wheat, feed grains, soybeans and cotton. Consumers must be assured of stable supplies, despite crop failure at home and abroad. Reserves will make supply-management more workable by removing the threat of shortages. Production can be planned more accurately to fit market needs if we have a buffer reserve fully isolated from the market.

"Cropland adjustment

"We commend the Secretary for rejecting a massive cropland retirement program as a substitute for existing commodity programs, as we agree that programs must be tailored to fit individual commodities. Cropland adjustment programs should be supplemental and work in combination with commodity programs.

"We recommend the removal of the limit of \$245 million on amount of funds that can be appropriated for the cropland adjustment programs.

"In our efforts to improve farm income and therefore economic conditions in rural America, we dare not be misled by proposals and counterproposals that promise increased farm income, while at the same time a reduction in total cost of farm programs to the Federal treasury. This would mean total reliance upon the marketplaces for farm prices, therefore farm income, an economic situation that is unrealistic as long as the American farmer is called upon to supply an abundance of food and fiber, in excess of that needed to correctly match supply to demand. The amount produced over and above that needed to

match supply to demand is a sufficient amount to destroy the marketplaces as the sole source of fair and reasonable prices for the producer; therefore it is the opinion of the Grange that present farm programs, that supply a proper mix of public and private funds, must be continued if we are to have a viable family farm structure in American agriculture."

This, then, represents the National Grange's official position on future cotton programs, as it was overwhelmingly endorsed by the delegate body at its 103d annual session just concluded on November 18, 1969.

I fully realize that it does not recommend nor does it condemn the set-aside cotton program, as set forth in the summary of draft legislation submitted by the USDA on October 25, 1969. But such a strong position in favor of the continuation of the Food and Agriculture Act of 1965 can only be interpreted as a complete rejection of the set-aside cotton program, by the membership of the National Grange.

The agriculture committee of the National Grange did consider what little information they had concerning the new cotton program before recommending to the delegate body that the Grange support the coalition farm bill. The information the committee had was supplied to us by a member of the House Agriculture Committee and we have not had the privilege or the opportunity of being briefed on the set-aside cotton program by any members of the Department of Agriculture.

In light of the limited information available to us, it is rather difficult, if not impossible, to pass judgment on farm program proposals that have not been sufficiently and clearly explained by the Department and which have not reached a stage of development where one can judge the overall effect of such proposals on net farm income.

In all fairness to the Secretary of Agriculture and to the administration, it was the judgment of the National Grange's Committee on Agriculture that they were not in a position to pass final judgment on the "set-aside" program for cotton.

In studying the figures supplied with the set-aside cotton program, you have to use the optimistic column if you are going to improve farm income and with what little we know about the source of the figures or their meaning, the chart is useless in helping us to determine the net effect of the set-aside cotton program on cotton farmers and their real income.

It is for these reasons that we are unable at this time, knowing what little we know about the main "set-aside" proposals, to give National Grange support to such proposals or alternatives to farm programs.

LIMITATION ON PAYMENTS

The delegate body of the 103d annual session of the National Grange passed the following resolution pertaining to limitation of payments:

"FARM PROGRAM PAYMENT LIMITATION

"Supply management programs in agriculture must include producers of all acreage or unit levels to be effective. Payments under present programs to a few large producers has resulted in unfavorable publicity and creation of an unfavorable image of farm programs, through misunderstanding of the objectives and purpose of supply management farm programs.

"We must recognize the increasing pressure for limitation of payments that may arise in considering new farm program legislation. We therefore authorize and instruct the national master and executive committee to carefully review all proposals for payment limitations; their effect in the consideration and passage of farm program legislation; and the effect on proper administration and implementation of farm programs and take such action as will be in the best interests of agriculture as a whole.

"We urge that no payment limitation be imposed unless workable supply control measures be simultaneously developed and we further urge that any payment limitation that might be imposed be such that the constitutionality of the cotton and wheat certificate programs will not be jeopardized."

Please allow me to add that agricultural support and adjustment programs have been long recognized as a means of strengthening our national economy and of assuring consumers of an adequate supply of food and fiber to meet all essential needs plus an additional reserve supply to protect against shortages which might otherwise arise from short crops or other unforeseeable condi-

tions. Without such a program the additional reserve supply which is essential to protect the consuming public against food and fiber shortages would unfairly depress the price of agricultural products and destroy the productive capability of American agriculture and severely injure our national economy.

In the mid-1950's producer payments were adopted and used in varying degrees as a method of implementing the production adjustment program. The carrying out of price supports in part through the use of payments had as its objective and effect the lowering of the price of the commodities in the marketplace to a point substantially below parity or the fair market value which would have otherwise resulted from a loan or purchase-type program. This lowering of the price through payments had the effect of making our agricultural products more competitive in the export market and to a large degree eliminated export subsidies, but, of even greater significance, such payments served to reduce the price of agricultural commodities in the marketplace to the benefit of consumers. Thus the payments to farmers currently being made under the existing price support and adjustment programs clearly cannot fairly be categorized or analogized to gifts or welfare-type payments. They are, in fact, payments for the purpose of offsetting the price reductions which farmers are taking for their products in the marketplace. If, therefore, we are to obtain and maintain the production needed and an agricultural plant capable of supplying such level of production to constantly assure consumers of an adequate supply to meet their needs and reserves to protect against short supplies, we must maintain an adjustment-support program through loans, payments, or other operations which will assure producers cost of production and fair return for their products. Any attempt, therefore, to arbitrarily limit payments or price support, except in relationship to the quantity produced under the production adjustment program, would endanger the productive capability of American agriculture to meet consumer requirements and would rapidly impair our national economy by destroying the balance between agriculture and the other segments of our economy. If we have learned anything in the past, we have learned that the industrial and agricultural segments of our economy are interdependent and that one cannot prosper without the other.

I'm sorry that we cannot be more constructive in our support or criticism of the "set-aside" cotton program, but the National Grange has not been invited to the council tables in the Department of Agriculture. Most, if not all of the commodity groups have, on more than one occasion. We are glad that they have had this opportunity to learn firsthand the explanation of the new proposals for cotton, feed grains, and wheat. We have not been so privileged; therefore, our statement lacks the depth which we would like it to have and we cannot condemn too harshly that which we don't clearly understand.

We wish to compliment the efforts of the Secretary and the Committee on Agriculture for their long hours of work on new farm legislation and, as we told the Secretary, we hope the ultimate farm legislative package coming from this committee will be such that it can have the support of the National Grange.

We appreciate, Mr. Chairman, this second opportunity to present our views on cotton, and again express our thanks to you for your continued leadership in this area.

Thank you.

KANSAS STATE UNIVERSITY,
Manhattan, Kans., December 10, 1969.

Congressman THOMAS ABERNETHY,
Chairman, Subcommittee on Cotton,
Committee on Agriculture,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am submitting a summary of my views on needed cotton programs and payment formula amendments for 1970. I request that these be incorporated in the record of the hearings of your subcommittee. The following is a brief excerpt from my testimony last week before the Subcommittee on Livestock and Grains of the Committee on Agriculture of the House of Representatives:

"I am not sure I should comment directly on other commodities before this subcommittee. Yet all these programs are related, so I want to add a word on cotton. Of the programs for major commodities, the cotton program is most in need of

amendment from the standpoint of equity among commodity producers, flexibility on the farm, and total costs. The payment level is excessive if not exorbitant, and should be reduced sharply; cotton payments should be computed only on a domestic allotment; acreage allotments are ridged in contrast to the producer flexibility available on feed grain and wheat farms, and should be phased out.

"My views on payment limits are well-known. Details appear in the two papers submitted for the record. I strongly urge this subcommittee to act to limit farm program payments to \$5,000 per program and \$10,000 per farm."

Enclosed also, either for the record, or for the information of the subcommittee, are two papers which give my detailed views on changes needed in the cotton program.

Sincerely yours,

JOHN A. SCHNITTKER.

[From the Atlantic Monthly, August 1969]

THE FARMER IN THE TILL

(John A. Schnittker)

John F. Kennedy is reported to have remarked that he didn't want to hear about agriculture from anyone except John Kenneth Galbraith, and didn't want to hear about it from him either. As President, Lyndon Johnson nursed an incurable longing for the rustic pleasures of the LBJ Ranch, but he avoided farm-policy questions when he could. Public officials are alternately war and weary of agricultural policy. There is ample reason for both attitudes. Farm voters are notoriously hard to please, and farm-policy debates are seldom stimulating. Yet the need for agricultural policy will not go away simply because frustrated politicians wish it. Advanced technology on the farm assures plenty of food for consumers. It also requires stable prices, and there are far too many farmers to arrange such a result without Federal help.

Official lethargy on this score was shattered late in May this year when the House of Representatives, reacting against million-dollar payments to big farms, overwhelmingly approved a ceiling of \$20,000 on direct subsidy payments to any farm. This revolt against the old order in farm policy was a replay of a surprising House action in 1968, an action later reversed by the Senate.

Congressional advocates of a farm-payment ceiling have some good things going for them. Farm-program costs, at 4 to \$5 billion a year, are high and moving higher. In a careful survey made late in 1968, 85 percent of the farmers favored limiting farm benefits. City people are nearly unanimous in objecting to the big budget drain for farm programs when other priority needs beg for funds. Most important, advocates of farm-program reform in the House of Representatives and the poor people's lobby have skillfully contrasted giant Federal payments to a few farms with the hand-to-mouth budget granted Federal food programs by Southern-dominated Agriculture Committees in both the Houses of Congress, despite evidence of widespread malnutrition. Congressman Paul Findley—Republican, of Illinois—has reported to the House that the cotton and wheat areas with the largest number of big farm payments were doing least about hunger and malnutrition. Finally, a study prepared last year at the request of President Johnson has destroyed the claim of the agricultural establishment in both political parties that surpluses and economic chaos would inevitably accompany a ceiling on farm benefits. Budget savings of \$250 million per year are now anticipated by those who favor payment reform, and the savings could be doubled if the payment ceiling were set at \$10,000 instead of the \$20,000 that was proposed.

Those members of the Congress who opposed the ceiling on farm benefits claimed that such a plan could not be administered, that it was unworkable and unfair, and that it would not save money. Fortunately for the public, none of this is believed any more, at least not in the House of Representatives.

It helps to know some of the words and symbols, if one is to understand the need for change in farm programs. Parity, price supports, and direct payments are the key words.

Parity has been the battle cry of farmers since the 1920's. Public discussion of farm policy, however, has been clouded by three parity doctrines. Parity in the abstract is hard to argue with; it is essentially a fairness doctrine. The effort to find out what is fair for farmers, however, has spawned two competing statistical measures of farm parity.

Parity prices originated a generation ago out of what seemed to be a sensible notion: that farm-product prices should increase in step with the general price level; this would maintain the farmer's purchasing power. Conceived before the new technology revolutionized farming, the parity-price system has failed to account for recent rapid gains in productivity. If farmers were guaranteed 100 percent parity prices in 1969 (instead of the present 65 to 70 percent of parity), wheat, corn, and cotton prices would increase by about 50 percent. Crop surpluses would be inevitable, and the Agriculture Department budget would soon rival the Defense budget. Clearly, the parity-price doctrine is obsolete, although not quite dead.

Parity income is a more recent standard. Simply put, the parity-income doctrine says that a good farmer investing his capital in an operation large enough to employ him more or less fully should be able to earn as much farming as he would earn operating any other small business. A recent Department of Agriculture study showed that a half million of the biggest farmers producing two-thirds of our farm products are meeting this standard, at least on the average if not on every farm every year. Net incomes on the largest farms, thanks partly to big payments, are generally far above parity; rapid land-price escalation as farms are enlarged is a clear sign of this. In contrast, the smallest and poorest 2 million farms could not earn parity incomes on the farm even if market prices are doubled or tripled.

Farm prices left to themselves are notoriously unstable. Price support programs, begun in 1933, grew out of that fact and out of the general economic depression. The new programs were supposed to raise prices by reducing crop production and by removing surpluses from the market. But neither the farm programs nor pump-priming expenditures in the rest of the economy brought real recovery in the 1930's. World War II did that, pushing farm prices so high that price ceilings and consumer food subsidies were applied. After the war, the farm bloc in Congress succeeded for a time in maintaining the high wartime prices under peacetime conditions, even though agricultural prices around the world were declining as Europe recovered and began producing again. The results were predictable. By the late 1950's high market-price guarantees and half-hearted production control were creating huge surpluses. More than that, farmers were gearing their expectations to high prices and buying their land at inflated values. Thus they were generating their own cost increases to justify future demands for even higher prices. By 1960, every grain-and-butter storage structure in the United States was filled. The annual cost of simply owning and storing the \$9 billion farm surplus reached \$1 billion in 1961. "How to let go of the bear's tail" became the principal preoccupation of reform-minded farm officials and economists.

The answer was a system of direct payments to farmers in place of high-price supports. In the early 1960's, payments became the key instrument of farm-policy reform, cushioning the impact of an abrupt shift from high to lower price guarantees for wheat and cotton, and providing farmers the cash incentives required to reduce acreages and limit farm output. Big farmers, who had profited handsomely from high market-price guarantees in the 1950's, became identified in the 1960's as the recipients of huge Government checks. The stage was set for the present struggle to reduce the size of those checks.

Recent developments in farming have also helped to focus public attention on farm-program benefits. When farm programs were introduced in 1933, there were 7 million farms in the United States. A few were huge holdings, but most were small, one-family enterprises. Benefits were geared to production, and so farm aid was spread fairly evenly. By 1968, more than half of those farms had disappeared. Today there are 3 million farms, but 2 million of them are small, part-time, residential, or hobby farms. One million top farmers produce nearly all of the farm products marketed, and they get most of the money spent on farm programs. A new study just published by the Joint Economic Committee of Congress, for example, shows that the largest 5 percent of sugarcane and cotton growers get 63 and 41 percent, respectively, of all the direct benefits from those programs. The largest 1 percent of cotton growers in California and Mississippi get 25 percent of all the direct Federal benefits in those States. Under such circumstances, public concern is certainly understandable.

Clearly, the large payments are not going to the traditional American farm, still typically a one-family enterprise. Instead, they help insure financial security for such well-heeled enterprises as the J. G. Boswell Co. of King's County, Calif., which collected direct farm payments of \$3 million in 1968 and \$4.1 million in

1967. The Boswell Co. is a multimillion-dollar diversified cotton operation with good connections in Washington. Senators and Congressmen are not excluded from farming, nor do they always disqualify themselves when the Congress votes on big farm payments. Family interests of Senator James Eastland of Mississippi (the Eastland Plantation, Inc., and H. C. Eastland) collected payments totaling \$142,078 in 1968, down from \$189,050 in 1967. In October 1968, Senator Eastland voted against the payment ceiling which would have cut the Eastland farm payments to \$60,000 or \$20,000 on each of three farms. Campbell Farming of Big Horn County, Mont., often cited as the model of a modern wheat-farming operation, got \$162,897 in 1968. Garst Farms, run by Roswell Garst, the international seed-corn figure and one-time host in Iowa to Premier Krushchev, got \$70,923 in 1966, but only \$45,212 in 1968.

Nearly two and a half million farmers get Federal payments, but only 10,000 farmers get over \$20,000 per year. Most of the big payments go to cotton farmers in California, Texas, Mississippi, Arkansas, and Arizona. When Congressman Findley placed the names of all recipients of \$25,000 or more in the Congressional Record this year, the list from the five biggest cotton States filled 21 pages. Five leading grain States required only four pages. Concentration of Federal payments in a few cotton States makes them really ripe for reform, although sugar and wool, with powerful political support, are also involved.

Late this spring, when the House of Representatives voted a \$20,000 ceiling on farm payments, the majority and minority leaders were opposed, as were most committee chairmen. Understandably, the bulk of the opposing votes were from Texas, California, Mississippi, Arkansas, Kansas—the States with the biggest payments. The Senate could vote a ceiling this summer, if urban Senators and the leadership take the initiative. If the Senate fails, final action may have to wait until the farm program is reviewed in 1970.

The White House does not seem to have learned anything from President Johnson's 1968 experience in this matter. When the House voted a payment ceiling last year despite intense administration opposition, President Johnson began to have second thoughts about supporting his own farm bill, which continued the increasingly vulnerable big payments in a year when most budgets were being cut. Official embarrassment mounted after the poor people's march when the administration's expected assault on hunger fell before the tax surcharge, the \$6 billion budget retrenchment, and higher Vietnam spending. When the Senate-House conferees on the farm bill dropped the payment-limiting amendments, last year's official White House strategy was designed to get the conference report stalled or rejected, so that the entire farm issue would have to be reviewed in 1969. That failed in a parliamentary maneuver designed without the President's knowledge by the administration's own lobbyists. After that, President Johnson reluctantly signed the farm bill and directed "the Department of Agriculture to study the effect of a payment limitation on programs which require voluntary diversion of productive land."

That study was conducted in the Department of Agriculture and became public after President Johnson left office. Its findings flatly contradicted the principal argument the administration and farm Congressmen had made in recent years: That payment limits would destroy the production-control programs and would lead to new farm surpluses. The study also documented the potential budget savings associated with a payment ceiling. All this, even the potential budget savings, seems to have been lost on the new administration.

The advocates of unlimited payments are now left without any sensible arguments for their position. Previous opposition to the ceiling rested on the argument that big payments are needed to prevent too much corn and wheat production. This spurious claim had a limited validity in the 1961-64 period of heavy surplus removal, but it has none in 1969 when grain surpluses are down. The Department of Agriculture simply did not know the distribution of payments by size of farm until around 1965. Acting on faulty information, Department officials took an early stand against a payment ceiling, and never found a way to change their position. Now we know that only 2 percent of all feed grains and 4 percent of all wheat would be affected by a \$20,000 limit. Even a \$5,000 ceiling would not materially affect the stability of the feed-grain economy.

Cotton is more concentrated; one-third of the crop is grown on some 5,000 big farms (out of more than half a million cotton farms) which would be affected by a \$20,000 ceiling. Legislative leaders who had insisted that a payment ceiling would cause a grain surplus, now said it would cause a cotton shortage, an argument so symmetrical it seemed plausible. Senator Holland said last year that the

prospect of lower payments made "it appear very unlikely that such producers could continue to supply the mills with low priced cotton. . . ." This is a proposition that ought to be tested: If American cotton growers cannot compete on even terms in world fiber markets without unconscionably high Federal payments, it is not too early to discover it. Major changes in addition to a payment ceiling are required in the cotton program. The most important is to remove a provision of the 1965 act which ingeniously exempted cotton from any future payment ceiling. This must be repealed before the ceiling can be effective for the crop and the areas with most of the huge payments.

No firm principles have emerged to direct the Congress toward a particular maximum level for farm payments. Budget savings are the best guide. By that test the \$20,000 ceiling is too generous; the figure should be no higher than \$5,000 per crop or \$10,000 per farm, in order to save more money. Reduced payments will not undermine farm-price stability as long as top payments are not forced below those levels. Inevitably, the maximum payment level will be set somewhat arbitrarily: A \$20,000 limit will save \$200 to \$300 million a year; a maximum of \$5,000 per crop or \$10,000 per farm would save \$500 million or more. If farms are allowed to split up to circumvent the new policy, however, some of these savings will be lost. This will bear watching; Congress should give the Department of Agriculture firm directions against farm splitting.

These reforms will not silence the sharpest critics of farm programs, who have never accepted the policy of limiting farm production to stabilize prices while anyone anywhere is hungry. So long as the agricultural economy remains inherently unstable, with too many producers to combine effectively to set their own prices the way industrial combines do, the opponents of any farm stabilization effort will probably be disappointed. We need a farm policy as well as a responsive fiscal policy and a compassionate food policy. But a sensible farm policy does not require giant payments.

Farm payments and food programs will inevitably be paired off in the coming debate, although ending big payments will not automatically insure more food for the poor. The public can't help seeing tragic irony in Congress' tight-fisted approach to hunger, in contrast to its openhanded financing of farm programs. Budget pressures alone ought to encourage the administration to sense its interest in this matter, if principle does not, although White House help may never materialize, given Mr. Nixon's dependence on the South. Political advantage seems assured for those members who help drive farm-payment reform through the Congress. Big payments lack any legitimacy in real program objectives. It is right, therefore, to end them. Only the most twisted sense of priorities will let us continue to pay millions every year to a few big farms while we procrastinate about ghetto reconstruction, postpone remedial education, close Job Corps camps, and let poor people starve.

THE DISTRIBUTION OF BENEFITS FROM EXISTING AND PROSPECTIVE FARM PROGRAMS ¹

(John A. Schnittker ²)

SUMMARY

1. Most of the direct benefits of U.S. agricultural price and income support programs go to a small percentage of our farmers. Sugarcane, cotton, and rice program benefits are the most concentrated, with the largest 20 percent of the growers receiving, respectively, 83, 69, and 65 percent of the benefits in a recent year. Feed grain and wheat program benefits are also concentrated, but less so.

2. Small farmers get only a small share of total farm program benefits. The smallest 20 percent of sugarcane, cotton, and ricegrowers received, respectively, 1, 2, and 1 percent of direct program benefits in a recent year.

3. Program benefits are increasingly concentrated because farm production is concentrated on about one-third of all U.S. farms, and program benefits continue to be distributed in proportion to production.

4. Most people consider total farm program costs too high, taking other national needs into account; these costs will continue to increase unless major statu-

¹ Presented at the Symposium on Public Problems and Policies, Iowa State University Center for Agricultural and Economic Development, May 27, 1969.

² Research Consultant, Resources for the Future, Washington, D.C. and Guest of the Institute, Massachusetts Institute of Technology. Views expressed are those of the author only.

tory and administrative changes are made. The level of total farm program costs, and the prospect that costs will go even higher, not the overall distribution of farm program benefits among farmers, is the principal farm issue facing Congress and the administration.

5. Farm program costs can be reduced, in time, by a 5-point program including smaller payments for cotton and wheatgrowers, lower feed grain prices, long-term land retirement contracts, and a limit on direct payments. Even with those changes, relatively large farmers would continue to get most of the benefits. Gains in average income per farm and in the parity income position of full-time commercial farmers could continue, however, if the indicated changes were phased over several years.

Direct benefits arising out of price support programs for agricultural commodities go primarily to persons who have relatively large farms, enjoy a comfortable living out of current income, and have substantial equities in property. This is true also for the benefits of agricultural conservation programs, research, extension education, and probably, for higher agricultural education as well. This tendency is not limited to agricultural programs; it is evident also in certain education programs; many urban renewal projects stand convicted of displacing the poor for the convenience and edification of the rest of us; rapid snow removal and regular street sweeping often appear to be limited to the "better" neighborhoods. A complete list of regressive public programs would be a long list.

The incidence of program costs is relevant to any discussion of the distribution of benefits from public programs. One might find that those who get the greatest benefits also pay roughly in proportion to the benefits derived. In the case of agricultural commodity price and income support and production adjustment, however, program costs are paid principally out of general revenues, while the direct benefits go principally to farmers and to the owners of agricultural land. Costs and benefits are almost entirely disassociated.

I have chosen to set aside the claim made occasionally that it is not farmers but consumers who really benefit from farm programs. Occasionally when some less creditable aspect of existing farm programs is being questioned—like the sugar program or giant Federal payments to giant farmers—apologists tell us that big farmers only appear to benefit, and that the real gains escape the farmers and are harvested by consumers. There is an element of truth to this assertion; consumers have unquestionably benefited from the research and education which underpin agricultural productivity. The farm commodity price support programs also share in the credit for our efficient agriculture; without the prosperity and the stability provided by recent farm programs, farm prices and food costs may well be higher than they are. Even so, that farm programs have benefited farmers very substantially from year to year is seldom denied, although the longrun impact is certainly arguable.³

Who benefits?

From the start in 1933, direct benefits of farm price supports in the United States have been distributed almost exactly in proportion to the share of total production each farmer controlled. As agricultural production became increasingly concentrated, largely because of technological change, the concentration of benefits increased also.

A formidable paper prepared by Professor James T. Bonnen of Michigan State University for the Joint Economic Committee of Congress has been published on the concentration of benefits in farm commodity programs.⁴ We have known from the start how farm program benefits were distributed, so it may be asked just how important it is to have greater statistical precision to prove a point that is already accepted. I believe this new information can make an important contribution to further improvement in the farm programs in much the same way the National Nutrition Survey is improving the prospects for more adequate food programs. That study being done by the Department of Health, Education, and Welfare, by adding precision to already valid information regarding the incidence and the effects of malnutrition in the United States, has made denial of the fact

³ An excellent paper on this subject, entitled "An Examination of Past Farm Programs From the Standpoint of Equity", by Professor K. L. Robinson of Cornell University deserves broader circulation.

⁴ James T. Bonnen, "The Absence of Knowledge of Distributional Impacts: An Obstacle to Effective Public Program Analysis and Decisions." In *Economic Analysis of Public Expenditure Decisions: The PPB System*, Joint Economic Committee. U.S. Congress, May 1969.

of widespread hunger and malnutrition unbelievable if not quite impossible. Perhaps more precise information on the incidence of farm program benefits can have a similar result.

What is the distribution of benefits from farm programs? Bonnen provides the details for major commodities by size strata of farms and State by State. The tables attached are taken directly from his study (with the author's permission).

Table 1 (Bonnen's table 7) shows that:

Sugarcane, cotton, and rice have the greatest proportion of direct benefits concentrated on a few farmers. The larger 20 percent of these growers receive respectively, 83, 69, and 65 percent of program benefits. Benefits going to the largest 5 percent of all farmers were 63, 41, and 35 percent for sugarcane, cotton, and rice.

Wheat and feed grain program benefits are less highly concentrated. The largest 20 percent of the farmers receive 62 and 57 percent of the direct benefits. Tobacco and sugar beets are the least concentrated of the major crops. Even so, the largest 20 percent of all tobacco growers get 53 percent of program benefits, and the smallest 20 percent, 4 percent.

Differences among crops in the concentration of benefits, while large in absolute numbers, are not meaningful for policy. Small differences indicated in table 1 in the concentration of benefits from price supports compared with benefits from direct government payments, are also not important for policy. It is worth noting, however, that the relatively large proportion of total direct payments received by small wheat and feed grain producers is the result of "small farm provisions" in effect since 1961 for grains, and now also for cotton program—provisions which have provided helpful income bonuses to small farmers.

Table 2 (Bonnen's table 9) shows the State distribution of cotton program benefits. Differences among States are interesting but not meaningful for policy. The largest 1 percent of cotton growers in California and Mississippi get 25 and 23 percent respectively of total benefits; in Texas that select group gets only 10 percent of total benefits. If such a table were available for wheat or corn, it would show the same pattern but with less concentration.

Table 3 (Bonnen's table 10) shows that limiting direct payments to \$10,000 per farm would not alter the degree of concentration of farm program benefits in any revolutionary way, assuming the money thus diverted from the largest farms was not redistributed directly to the smaller farmers (and using the statistical indicator selected by Bonnen). This is a somewhat surprising, although undoubtedly valid conclusion. It does not, in my opinion, weaken the case for limiting payments—a case which rests primarily on potential budget savings to be diverted to other programs, not on a more equitable income distribution in agriculture. With a \$10,000 payment limitation, Bonnen's index of concentration of total benefits under 1967 farm programs declines only from 0.67 to 0.62 (on a scale where an index of 1 would represent a situation where all benefits went to one person).

One other point deserves mention in connection with table 3: The evidence that the smaller farmers who benefit little from price support and payment programs, benefit substantially from full employment policy. The smaller 20 percent of all farmers received only 4.5 percent of total national net farm income, but 26 percent of all the nonfarm income of farmers; the smaller 60 percent had 19 percent of farm income but 70 percent of nonfarm income. Farm program amendments suggested below would not assure greater attention to jobs and incomes for less advantaged farmers to improve that score further, but by increasing overall fiscal flexibility, they would surely improve the prospects for greater and more appropriate assistance for low-income people wherever they are found. There is no point at all in dealing with the income problems of small farmers primarily through farm programs.

What do we want from farm programs?

The principal objective of agricultural price and income support and production adjustment policies and programs is to stabilize the agricultural economy, to benefit those who produce and market agricultural products, and to help insure an adequate and reasonably priced food supply. I have no argument with those objectives. It is not essential that farmers benefit in direct proportion to their production, but that was a plausible way to begin 35 years ago when agricultural production was less concentrated than it is today, and it is not surprising to find the concept governing the distribution of benefits little changed, even though agricultural production methods have been transformed.

In the early years of modern farm policy, there was an element of truth to the rhetoric which insisted that farm programs were needed to help, or even to save the small family farmer. This meant most farmers in the 1930's, when there were nearly 7 million farms and a deep economic depression. It is different today. The United States has 3 million farms but only 1 million of them are serious producers and major beneficiaries of farm programs. It is increasingly acceptable, but still not quite accepted, to say this, and to insist that conventional farm programs can never help persons on small farms to the better life they want. Commodity-oriented agricultural policy must be designed principally for commercial full-time farmers. But programs and expenditures to help farm people need not be primarily commodity oriented. Only if we understand this can we design and finance future farm programs in accordance with other national priorities, and at the same time (strategically in the same bills) move on to the business of creating and financing better programs to assist low-income people on farms (as well as in other places).

Farm program costs

Once we see the real purpose of agricultural price and income support programs, we see also that it is not simply the concentration of farm program benefits which makes farm programs vulnerable; considerable concentration of benefits is almost inevitable in a concentrated agriculture. The most fundamental criticism of farm programs arises out of the total level of public costs and farmer benefits in relation to the level of public support for other pressing public needs.

Programs for the three major field crops now require direct payments to farmers of around \$3 billion each year. Price supporting operations (apart from payments) sometimes lead to further expenditures which are later partially offset by receipts from the sale of surpluses. The prevailing public opinion is that this is an indefensibly high level for farm program expenditures, especially in view of the distribution of benefits:

When family food program expenditures total only \$600 million a year and millions of Americans are publicly acknowledged to be malnourished and many are permanently damaged as a result.

When education and job training programs already poorly funded must be further stretched and postponed.

When pollution threatens the environment on every side with little authority and even less money to stop it or to clean it up.

In a time of intensive competition for Federal funds—a competition which will surely increase in the next decade even if the Vietnam disaster can be liquidated and the peacetime demands of the defense establishment restrained, the critical questions on farm programs (taking the Federal tax structure, the character of the agricultural economy, and other pressing national needs as given) are:

Are we spending too much on farm commodity programs?

If we are, how can we reduce farm commodity program expenditures to a level compatible with the financial needs of other public programs?

Two key points set out below, in addition to the urgency of other pressing national needs, lead me to the conclusion that we are spending far too much on commodity price support, production control, and direct income payments. Even more serious, farm program costs will increase unless major changes are made, and will preempt a part of the post-Vietnam dividend from other programs of far higher priority.

First, a large part of the farm program costs are not serving any important national purpose. The modern farmer (as distinguished from the landowner) values price stability and predictability within a limited range more than a high price level. Farmers resemble business in this regard. Federal farm spending does not need to be as great as it is in order to assure stable and remunerative market prices for farmers. Farm prices can be stabilized at present (or recent) levels with far lower Federal costs than we have incurred in recent years.

Second, I am persuaded that the American people want to spend less on farm programs and more on other programs, but are frustrated in this resolve by the unique open-ended, or back door financing of farm programs, by the impression that farm programs are too complex for a layman to understand, and by the continuing, although declining, agrarian bent of Congress. A Doane agricultural service survey showed last year, for example, that some 85 percent of farmers want to limit the size of farm program payments. City people are surely more

single minded on this score than farmers, yet the Congress had decisively rejected proposals to limit payments year after year.

Before going on to the means by which farm program costs could be reduced, I want to review farm program history briefly, for it bears on what can now be done to make policy for commercial agriculture more compatible with our overall national priorities. We have now been engaged for some 20 years in efforts to disengage from the post-World War II farm policy—a policy which set out to freeze wartime agricultural prices in peacetime. When it was clear that wartime prices could not be maintained, a second false start was made in the 1950's, featuring ineffective production controls and timid price support reductions. This ended in a round of commodity surpluses. By 1961 the public, the President, and the farmers told us it was time to try again.

Three related events finally determined the direction of the new effort in the 1960's. First, the House of Representatives in 1962 would not apply mandatory acreage controls to feed grains, sensing that feed grain producers would repudiate that approach, and would accept only a payment-based voluntary program to control production. Second, wheat farmers in 1963 also refused to accept mandatory acreage controls, after many years under such controls. Third, cotton producers at last discovered the high prices were giving their market to other fibers, and they determined to do something about it.

These three developments gave direct Government payments to farmers a new lease on life and led in 1964 and 1965 to enactment of long-term, payment-based, income support and acreage control legislation for feed grains, cotton, and wheat. Payments had previously been used, but they were by no means secure politically. Beginning in 1961, direct payments had been applied on an emergency basis as the incentive for feed grain acreage reduction; in 1962, direct payments (as wheat certificates) became a part of the wheat program. In 1965, cotton interests, with the greatest reluctance, accepted a "low price support-direct payment" program, but only after an unnecessarily costly payment formula for both the cotton and wheat programs had been placed in the law.

The shift to direct payment programs was important for three reasons:

It made the extent of agricultural production restraint and the related level of price support which can be sustained over time, a function of the public's willingness to spend Federal money on farm programs. Before direct payments became the chief instrument of production control, the level of price supports and of acreage allotments were looked upon as strictly the business of the agricultural community. Now these are budget issues.

By offsetting the income effect of lower prices, payments made it possible to reduce the level at which market prices were supported, and to guarantee approximately world-level prices for production intended for world markets. For the first time in nearly 30 years, farmers in the 1960's came to have a fairly clear view of the real value of U.S. agricultural commodities in peacetime world markets. It is one that is essential to sensible farm policy in a country which claims to be an efficient agricultural producer and a legitimate agricultural exporter.

By separating the income support techniques (payments), from the price support technique (loans), the new programs made it possible to limit direct benefits to individual farmers—to gear payments to an income standard rather than to total production. This is a result long advocated by economists and long feared by the really big farmers.

These three features of direct payment programs provide a great deal of leverage for influencing future farm program costs, if the Congress and the public are willing to take an interest in the next farm policy debate.

How to spend less on farm programs

There are five basic routes to reduced spending on agricultural programs, leaving aside the additional option of terminating them. None of these options would alter the distribution of benefits materially, although the absolute difference between those who benefit most and those who benefit least would be reduced if total farm spending is reduced.

1. The cotton program requires the greatest changes, and offers the largest potential savings—compared with present spending levels. Total payments could be reduced by at least one-half and perhaps by two-thirds (\$400 to \$500 million) from 1968 or 1969 levels without any important adverse effects on the cotton growers or the cotton economy, although the value of cotton land might stop increasing for a few years. Cotton payments should be made on only a por-

tion of the crop (like wheat and feed grains), with the balance of the crop being produced for world prices not supplemented by payments. I believe U.S. cotton growers will produce for world markets without a big subsidy, but if they will not, it is not too early to find out about it, and to forget about being a major cotton exporter. The public interest in paying a large subsidy to produce cotton for export would be most difficult to establish.

2. For wheat, processors (and eventually consumers) finance about \$400 million of direct cash payments to farmers. Another \$400 million comes from the Treasury (as required by law, based on the difference between the parity price for wheat and \$2 per bushel, times the amount of wheat milled for domestic food). Budget costs will increase over time as the parity price of wheat, now \$2.75, follows a rising general price level. The Treasury-funded payment feature was not in the wheat program proposals in 1962 or 1965, but was added by Congress along with the expensive cotton payment formula noted earlier. Neither stability, nor prosperity, nor production control in the U.S. wheat economy requires wheat program payments as large as \$800 million per year. One payment formula or the other, but not both, appears to be needed to provide an incentive for limiting acreage and existing surpluses. Beyond that, additional payments in cotton or wheat simply add to the capitalized value of resources used in production, to the costs of the program, to the tendency for growers to produce more than is needed, and to the certainty that grower demands in the next round are going to be greater than in the last round of farm policy debate.

3. The only way to reduce feed grain program expenditures sharply over time is to support feed grain prices at lower levels, unless farm costs increase more rapidly than productivity in the years ahead. Feed grain program expenditures have been around \$1.5 billion per year recently. This level of spending was required to keep surpluses in check, given the level at which market prices were supported and the existing state of production technology. A feed grain program operating under existing laws extended into the 1970's could require total annual expenditures as low as \$1/2 billion per year (if price support was reduced from the present \$1.05 for a bushel of corn to perhaps 90 cents per bushel) or it will require annual expenditures of \$2 billion or \$2.5 billion per year if the present support guarantees are maintained in the face of rapid increases in corn yields. Even to hold the line on spending will almost certainly require a lower price support level. This is a fundamental and difficult choice which must be faced soon, unless drought slows the rapid rise in feed-grain output per acre, or unless unexpected export demands materialize out of a world market now glutted with grain.

4. Changing the method of diverting acreage, principally out of feed grains, from annual contracts to long-term contracts, can also produce important savings in program costs. This prospective change has far less leverage on public spending, however than does the price support level for feed grains and the payment formulas for cotton and wheat. Long-term land retirement may be one-fourth more efficient than annual contracts (other things being equal), and can lead to direct savings of several hundred millions of dollars per year after a few years. This approach has the additional merits of diverting some land out of crops permanently, which annual contracts are less likely to do. Long-term land retirement is eminently worthwhile, if we are going to continue to support grain prices. By itself, however, it is neither a major departure in farm policy nor a major source of budget savings. Its prospects are still clouded politically by the soil bank experience of the 1950's.

5. Limiting direct payments is a fifth potential source of farm program savings. I favor a limit of \$5,000 per program or \$10,000 per farm. A limit at \$10,000 per farm would have affected only 31,845 producers in 1967, but since so many of those farmers get payments only slightly above \$10,000 per year, roughly half that number, principally in cotton, sugar, and wheat areas, would have been substantially affected. Applied to 1969 payment formulas, this feature would save more than \$500 million per year if firm rules were enforced to prevent farm splitting to circumvent the limitation. Applied to the scaled-down level of payments discussed above for the major commodities, payment limitation savings would be smaller but still sizable. The rationale for payment limits is not a difficult one. Clearly it would save Federal funds now going principally to those farmers who are already doing very well financially. It would slow but not stop the rapid increase in farm size. It would slow the rise in farmland values, but would not threaten the present asset structure. Large farmers have

always benefited the most handsomely from agricultural research; they remain the principal clients of the agricultural extension services; their sons make up most of the student body in the colleges of agriculture. They need not get most of the benefits of direct payment programs, too.

It will be objected that such a limitation would make the voluntary payment-based production control programs inoperative. That claim is false. So little grain (especially feed grains but also wheat) is grown on really large farms that the effect of greater production from payment limits as low as \$5,000 per program can be ignored. Large cotton payments, on the other hand, have been justified, not to reduce output but to increase it. No one will argue that limiting payments will lead to a cotton surplus.⁵ No one needs to take seriously the claim that a payment limit will lead to a new grain surpluses.

TABLE 1.—DISTRIBUTION OF FARM INCOME AND VARIOUS PROGRAM BENEFITS: PROPORTION OF INCOME OR BENEFITS RECEIVED BY VARIOUS PERCENTILES OF FARMER BENEFICIARIES¹

	Percent of benefits received by the						Gini concentration ratio
	Lower 20 per-cent of farmers	Lower 40 per-cent of farmers	Lower 60 per-cent of farmers	Top 40 per-cent of farmers	Top 20 per-cent of farmers	Top 5 per-cent of farmers	
Sugar cane, 1965 ²	1.0	2.9	6.3	93.7	83.1	63.2	0.799
Cotton, 1964 ³	1.8	6.6	15.1	84.9	69.2	41.2	.653
Rice, 1963 ³	1.0	5.5	15.1	84.9	65.3	34.6	.632
Wheat, 1964:							
Price supports.....	3.4	8.3	20.7	79.3	62.3	30.5	.566
Diversion payments.....	6.9	14.2	26.4	73.6	57.3	27.9	.480
Total benefits ⁴	3.3	8.1	20.4	79.6	62.4	30.5	.569
Feed grains, 1964:							
Price supports.....	.5	3.2	15.3	84.7	57.3	24.4	.588
Diversion payments.....	4.4	16.1	31.8	68.2	46.8	20.7	.405
Total benefits ⁴	1.0	4.9	17.3	82.7	56.1	23.9	.565
Peanuts, 1964 ³	3.8	10.9	23.7	76.3	57.2	28.5	.522
Tobacco, 1965 ³	3.9	13.2	26.5	73.5	52.8	24.9	.476
Farmer and farm manager total money income, 1963 ⁵	3.2	11.7	26.4	73.6	50.5	20.8	.468
Sugar beets, 1965 ²	5.0	14.3	27.0	73.0	50.5	24.4	.456
Agriculture conservation program, 1964: ⁶							
All eligibles.....	7.9	15.8	34.7	65.3	39.2	(7)	.343
Recipients.....	10.5	22.8	40.3	59.7	36.6	13.8	.271

Source: Except as noted all figures are from a 1968 study by Bonnen [4].

¹ This table presents portions of 2 Lorenz curves relating the cumulated percentage distribution of benefits to the cumulated percent of farmers receiving those benefits. Cols. 1 through 3 summarize this relationship cumulated up from the lower (benefit per farmer) end of the curve, and cols. 4 through 6 summarize the relationship cumulated down from the top (highest benefit per recipient) end of the curve.

² For price-support benefits plus Government payments.

³ For price-support benefits.

⁴ Includes price-support payments and wheat certificate payments as well.

⁵ David H. Boyne, "Changes in the Income Distribution in Agriculture," *Journal of Farm Economics*, vol. 47, No. 5, December 1965, pp. 1221-1222.

⁶ For total program payments. Computed from data in "Frequency Distribution of Farms and Farmland, Agricultural Conservation Program, 1964," ASCS, U.S. Department of Agriculture, January 1966, tables 3 and 8.

Not available.

⁵ Walter W. Wilcox, "Large Farm Program Payments and Implications of Proposals for Limitations." Legislative Reference Service, Library of Congress, Washington, D.C., Feb. 19, 1969.

TABLE 2.—DISTRIBUTION OF 1964 UPLAND COTTON PRICE-SUPPORT BENEFITS: PROPORTION OF U.S., REGIONAL, AND STATE BENEFITS RECEIVED BY VARIOUS PERCENTILES OF FARMER BENEFICIARIES¹

State	Percent of total benefits received by the—										Gini concentra- tion ratio
	Lower 10 percent of farmers (1)	Lower 20 percent of farmers (2)	Lower 33 percent of farmers (3)	Lower 50 percent of farmers (4)	Top 50 percent of farmers (5)	Top 33 percent of farmers (6)	Top 20 percent of farmers (7)	Top 10 percent of farmers (8)	Top 1 percent of farmers (9)		
Alabama.....	2.1	4.3	8.0	17	83	73	60	45	15	0.546	
Florida.....	2.7	5.3	8.8	19	81	69	54	37	10	.483	
Georgia.....	1.2	3.0	8.0	16	84	71	58	42	11	.531	
North Carolina.....	2.5	4.9	8.2	13	87	76	64	47	15	.577	
South Carolina.....	1.7	3.3	5.6	13	87	77	63	48	13	.594	
Virginia.....	5.2	10.4	17.3	26	74	65	52	37	11	.401	
Southeast.....	1.9	3.7	6.2	15	85	75	61	47	14	.571	
Arkansas.....	.8	2.6	5.2	11	89	80	70	56	20	.652	
Illinois.....	1.2	2.4	4.9	11	89	83	71	53	12	.650	
Kentucky.....	1.5	3.0	5.0	11	89	80	66	47	10	.613	
Louisiana.....	1.0	2.8	6.4	12	88	79	69	54	16	.628	
Mississippi.....	1.0	2.1	4.9	9	91	84	75	64	23	.701	
Missouri.....	1.3	3.0	6.5	14	86	74	61	44	14	.565	
Tennessee.....	2.4	4.8	9.0	18	82	72	58	42	13	.515	
Delta.....	1.2	2.3	5.9	11	89	81	70	58	21	.657	
Oklahoma.....	1.1	3.7	9.6	21	79	65	50	31	7	.446	
Texas.....	.4	2.0	6.4	15	85	71	56	37	10	.530	
Southwest.....	.5	2.0	6.3	14	86	73	56	39	11	.542	
Arizona.....	.5	1.5	4.1	10	90	80	65	47	15	.628	
California.....	.7	1.9	4.2	8	92	84	72	57	25	.686	
New Mexico.....	.8	2.4	5.7	14	86	75	60	42	11	.565	
West.....	.5	1.6	3.9	8	92	84	72	56	22	.682	
United States.....	.9	1.8	4.9	10	90	80	69	53	21	.653	

Sources: (a) "1964 Upland Cotton: Final Planted Acres and Number of Farms Planting Cotton by Size of Effective Acreage," USDA, ASCS/Policy and Program Appraisal Division, mimeo, Nov. 6, 1964 (2 pages); (b) "Agricultural Statistics, 1966," USDA, 1966, p. 62. Prices from this source were used in computing State value of production figures for use as weights in combining the distributional data from source (a); (c) "Crop Production, 1965 annual Summary," USDA, SRS, Dec. 20, 1965, p. 84. Yield and acreage data from this source were used in computing State value of production figures for use as weights in combining the distributional data from source (a).

¹ This table presents portions of 2 Lorenz curves relating the cumulated percentage distribution of benefits to the cumulated percent of farmers receiving those benefits. Cols. 1 through 4 summarizes this relationship cumulated up from the lower (benefit per farmer) end of the curve, and cols. 5 through 9 summarizes the relationship cumulated down from the top (highest benefit per recipient) end of the curve.

TABLE 3.—DISTRIBUTION OF 1967 GOVERNMENT PAYMENTS AND FARM INCOME: PROPORTION RECEIVED BY VARIOUS PERCENTILES OF FARMERS ¹

1967	Percent of income received by the—						Gini concentration ratio
	Lower 20 percent of farmers	Lower 40 percent of farmers	Lower 60 percent of farmers	Top 40 percent of farmers	Top 20 percent of farmers	Top 5 percent of farmers	
1967 total Government payments:							
With no limitation on size of total payment ² -----	1.1	5.7	13.3	86.7	69.0	42.4	0.671
Assuming \$25,000 limitation ³ -----	1.1	6.0	14.1	85.9	67.2	39.0	.652
Assuming \$10,000 limitation ³ -----	1.2	6.5	15.3	84.7	64.4	33.8	.623
Various measures of farmer income in 1967:							
Gross receipts from farming ⁴ -----	1.6	3.3	10.1	89.9	72.3	40.4	.693
Realized net farm income ⁵ -----	4.5	9.0	19.3	80.7	50.0	26.2	.541
Nonfarm income of farmers-----	25.5	51.0	70.1	29.9	15.6	5.6	.125
Total income of farmers-----	14.9	29.8	44.5	55.5	37.0	16.0	.211

¹ This table presents portions of 2 Lorenz curves relating the cumulated percentage distribution of benefits to the cumulated percent of farmers receiving those benefits. Columns 1 through 3 summarize this relationship cumulated up from the lower (benefit per farmer) end of the curve, and columns 4 through 6 summarize the relationship cumulated down from the top (highest benefit per recipient) end of the curve.

² Government payments to farmers as actually distributed in 1967. Total payments were \$3,100,000,000.

³ Assumes all 1967 beneficiaries continue to participate in programs and are eligible for payments. Under the \$25,000 limit payments would total \$2,800,000,000 and under the \$10,000 limit \$2,600,000,000.

⁴ Including Government payments and imputed nonmoney income from farm products consumed at home and from the rental value of the farm dwelling.

⁵ Net of farm production expenses and changes in farm inventories of livestock and crops.

Sources: Computed from data in "Farm Income Situation." USDA. FIS-211. July 1968, pp. 68-69, except direct payment data which are from the Congressional Record, July 31, 1968.

Mr. ABERNETHY. The committee will stand in recess.
(Whereupon, at 11:55 a.m., the hearing was recessed to reconvene at the call of the Chair.)

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G.

GENERAL FARM PROGRAM AND FOOD STAMP PROGRAM (FEED GRAINS AND WHEAT)

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON LIVESTOCK AND GRAINS

OF THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

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FEED GRAINS

THURSDAY, NOVEMBER 20, 1969

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND GRAINS OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 1301, Longworth House Office Building, the Honorable Graham Purcell (chairman of the subcommittee) presiding.

Present: Representatives Purcell, Foley, Jones of North Carolina, Lowenstein, Rarick, Melcher, Mayne, Zwach, Kleppe, Price, and Sebelius.

Also present: Christine S. Gallagher, chief clerk; Lacey C. Sharp, general counsel; Hyde H. Murray, associate counsel.

Mr. PURCELL. The subcommittee will please come to order. We begin this morning the hearing before the subcommittee on matters concerning feed grains; any witness who is here to testify in regard to feed grains, if they desire to cover the wheat situation, that will certainly be permissible so we won't have a duplication of more than one appearance before the subcommittee. I am not speaking to the Department representatives when I say that.

Our first witness is Mr. Roland Stelzer, who is Assistant to the Administrator, ASCS, in the U.S. Department of Agriculture. We will be glad to hear from you at this time, Mr. Stelzer.

Mr. ZWACH. Mr. Chairman, I have a question here. Is this gentleman going to be speaking for the Secretary? Or is this a division, is it a division of the Department? Is he going to be speaking officially? For whom will he be speaking?

Mr. PURCELL. Well, he will be speaking for the Department. I am glad you brought this up. I think the announcement had been made but let me say it again for the record and for the witnesses and then for the members. Our idea in having Mr. Stelzer here and having representatives of the Department is to have them answer any questions that we might have on the set-aside type program. They are not here to speak for policy. I have assured them and have assured the whole Department that there would not be a challenging of a philosophy at this time.

Mr. ZWACH. I see.

Mr. PURCELL. The Department will be asked—they have already indicated this is the way that they would like to come before the subcommittee as the last witnesses in regard to policy matters. We have asked these gentlemen to come here so that we might better understand just what the set-aside approach is. I would hope that we don't

get into a policy discussion because the Department has been assured that is not what we are here for.

Mr. ZWACH. Thank you, Mr. Chairman; further clarifying, does that mean that the witness is going to confine himself pretty much to the technical workings, how these various proposals would work from a technical standpoint?

Mr. PURCELL. Yes. And our discussion has not been very deep but probably some of us plus the public who might be interested in this possibility have not had the opportunity to study just how this program would work if it were the law. So that is what I hope will take place.

Mr. Stelzer, do you have a statement that you want to present to us to start with, please, sir?

STATEMENT OF ROLAND STELZER, ASSISTANT TO THE ADMINISTRATOR, ASCS, U.S. DEPARTMENT OF AGRICULTURE

Mr. STELZER. Mr. Chairman, I am glad you made these clarifying statements with respect to the reasons why I am up here for the Department of Agriculture.

It is further my understanding that you did not want any prepared statement from us at this time, so I have no prepared statement.

What I was hopeful could be done is that you people would have your copies of your prepared legislative proposals on feed grains to discuss this morning, and we could go through that and primarily I would spend my time in attempting to answer questions you may have with respect to the technical aspects of the entire legislation.

Mr. PURCELL. Yes. This is perfectly satisfactory. That is in light of what I had taken the privilege of assuring these people what we would do.

Mr. KLEPPE. Mr. Chairman, wouldn't it be proper that we hear the witnesses first and if any questions arise along the lines of technicalities that we could then ask Mr. Stelzer at such time as we are ready to go into some details of the draft itself?

Mr. PURCELL. Well, I will certainly be governed by whatever the desire of the subcommittee is. I was maybe assuming, maybe hoping that we could get clarity by having some examples given. I realize most of us here today are those who have been present during the meetings maybe have more of an understanding than some of the other members of the committee have and we might not accomplish as much as I hoped we would. So we can be governed by what the desires are and handle it anyway you wish. Would that be the desires of the members, to wait until questions came up to call on the representatives of the Department?

Mr. KLEPPE. It would seem to me to be, Mr. Chairman.

Mr. ZWACH. I would prefer that.

Mr. MAYNE. Well, I notice that some of these witnesses have come from a great distance and it might be well to let at least some of them testify so they can be on their way.

Mr. PURCELL. All right. We will, if you don't mind, Mr. Stelzer, we will hear the other witnesses. It might be that you could be present and listen to the statements of the other witnesses because from those statements might come questions that we would have and then later in the

morning we would ask you to answer whatever questions we have developed.

Mr. STELZER. Mr. Chairman, I am here at yours and the committee's pleasure, and I would be very happy and willing to proceed on that basis.

Mr. PURCELL. All right, sir; thank you very much. And we will call Mr. C. H. DeVaney, who is assistant legislative director, American Farm Bureau Federation. And Mr. DeVaney does have a statement, I believe, that touches on both feed grains and wheat and I have assured Mr. DeVaney it would be satisfactory with the subcommittee.

STATEMENT OF C. H. DeVANEY, ASSISTANT LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION, WASHINGTON, D.C.

Mr. DeVANEY. Thank you, Mr. Chairman.

I would like to ask that the prepared statement be included in the record and I won't cover all of it, especially some charts that are in here.

Mr. PURCELL. Without objection, it is so ordered.

Mr. DeVANEY. We appreciate this opportunity to appear before this Agriculture Subcommittee on Livestock and Grains. Mr. Shuman and eight of our State farm presidents presented our recommendations for amendments to the Food and Agriculture Act of 1965 on August 5, 1969 to the full Committee on Agriculture.

These recommendations covered all commodities affected by the act of 1965. Even though this subcommittee is considering only wheat and feed grains at this time, we feel sure its findings will be part of an overall program for all commodities. We would request that our remarks today be considered only a part of such an overall program.

The farm program proposal supported by the Farm Bureau—the Agricultural Adjustment Act of 1969—has been introduced by over 40 Members of the House, including two members of the Agriculture Committee, Mr. Teague of California, and Mr. Goodling of Pennsylvania.

Briefly, this overall proposal would (1) provide a 5-year transitional period during which acreage controls, base acreage, marketing quotas, processing taxes, and direct payments for wheat, feed grains, and cotton would be phased out; (2) it would limit the total funds that may be spent on all direct payments for wheat, feed grains, and cotton under the Food and Agriculture Act of 1965 to 80 percent of the amount spent on 1969 crops in 1971, 60 percent in 1972, 40 percent in 1973, and 20 percent in 1974; (3) reduce the cost of wheat certificates to processors to 80 percent of the 1969 level in 1971, 60 percent in 1972, 40 percent in 1973, and 20 percent in 1974; (4) effective with 1975 crops, discontinue all acreage allotments, base acreages, marketing quotas, processing taxes, and direct payments (annual land diversion, compensatory, and certificate) for wheat, feed grains, and cotton; (5) continue the cropland adjustment provisions of the act of 1965 with amendments:

A. To require that programs be operated on a competitive bid basis with emphasis on whole farms, and

B. To direct the Secretary of Agriculture to retire at least 10 million acres per year in 1971, 1972, 1973, 1974, and 1975.

The Secretary would announce in advance the maximum acreage to be contracted for each year. If accepted bids do not exhaust this acreage, high bidders could be offered the opportunity to negotiate contracts at the accepted bid level. (Grazing would be prohibited on this retired acreage, and the Secretary would be authorized to limit the total acreage that may be retired in any county or local community to avoid adverse effects on local economies.)

(6) Provide that loan rates for wheat, feed grains, cotton, and soybeans, shall be set at not more than 85 percent of the previous 3-year-average price, beginning with the 1971 crop year.

(7) Prohibit the sale of CCC stocks at less than 150 percent of the current loan rate plus carrying charges, except when sales are offset by equivalent purchases in the open market.

(8) In addition to and conditional on the adoption of items 2, 3, 4, 5: Authorize the Secretary of Agriculture to offer a special transitional program in 1971, 1972, 1973, 1974, and 1975, which would be open to any farmer who has had average gross annual sales of farm products of not more than \$5,000 and off-farm income of not more than \$2,000 per year for husband and wife for the immediately preceding 3 years. Such farmers would be eligible to receive one or more of the following:

A. Compensation for acreage allotments and base acreages surrendered to the Secretary for permanent cancellation. (This would apply to all commodities having acreage allotments or base acreages. Such compensation would be in addition to land retirement payments under the cropland adjustment program and would also be available to eligible farmers who wish to surrender their acreage allotments or base acreages without participating in the cropland adjustment program.)

B. Restraining grants of not to exceed \$1,000.

C. Adjustment assistance of not to exceed \$2,500 per year for 2 years.

D. Loans under existing credit programs to further facilitate the transition of eligible farmers to more gainful employment.

(9) Authorize the appropriation of such funds as may be necessary to carry out the programs enumerated in the bill.

Looking directly to wheat and feed grains, reductions in carryover stocks have been due to expanded markets—not reduced production. Grain production actually has been higher under Government supply-management programs than in the immediately preceding 5 years. While a substantial acreage of land has been diverted under current programs, much of this land would have produced little or no grain in the absence of these programs. Furthermore, the diversion programs have had offsetting effects. It is well known that payments received for diversion are often used to finance yield-increasing practices, especially higher fertilization rates, on land remaining in production. It is also well known that noncompliers not only sought to improve yields but also increased grain acreages in the expectation that reductions by compliers would strengthen markets.

Thus, while feed grain acreages have been cut by diversion programs, and wheat acreages also have been reduced except for a sharp increase in 1967 and 1968, wheat and feed grain output has been higher than before these programs became operative. This is evidenced by the following comparisons of acreages and output of these grains during the

years preceding and following adoption of the Government supply-management approach.

(The table follows:)

SELECTED CORN AND WHEAT DATA—AVERAGES FOR 1956-60 AND 1961-68

Period	Harvested acreage (thousands)	Yield per acre (bushels)	Production (million bushels)	Utilization (million bushels)		
				Domestic use	Exports	Total
Corn:						
1956-60 average.....	67,001	51.4	3,442	3,046	227	3,273
1961-68 average.....	57,061	70.2	4,006	3,598	529	4,127
1961-68 compared to 1956-60...	-9,940	+18.8	+564	+552	+302	+854
Wheat:						
1956-60 average.....	50,033	23.5	1,178	598	513	1,111
1961-68 average.....	50,504	25.9	1,309	655	732	1,387
1961-68 compared to 1956-60...	+471	+2.4	+131	+57	+219	+276

Note particularly from the above that during the years after Government supply-management type programs became operative, corn acreage averaged 9.9 million acres less, but corn production averaged 564 million bushels more, and corn utilization averaged 854 million bushels more than during the 1956-60 period.

Wheat acreage averaged only 471,000 acres more, but wheat production averaged 131 million bushels more, and wheat utilization averaged 276 million bushels more than in the 1956-60 period.

The fact is that feed grain and wheat stocks have been reduced by market growth—not by production control under Government supply-management programs. Furthermore, carryover stocks increased in both 1968 and 1969 due to overproduction in the 2 preceding years of 1967 and 1968.

In 1967, corn production reached 4.8 billion bushels and wheat production totaled 1.5 billion bushels—both new alltime highs. While corn production declined slightly in 1968, sorghum grain and oats production increased, and wheat production increased, and wheat production rose to a new high of 1.6 billion bushels. Thus, the carry-over showed a substantial further increase of 278 million bushels.

While factors other than Government programs were responsible for most of the reductions in commodity stocks, let us assume for the sake of discussion that the programs were responsible and then look at the fantastic per-unit costs of these reductions.

If we include only the cost of price support and diversion payments, the cost of reducing the wheat carryover since the certificate plan went into effect with the 1964 crop has been \$37.50 per bushel.

The cost of reducing the feed grain carryover since the feed grain program went into effect in 1961 has been \$246 per ton, or \$6.89 per bushel of corn equivalent.

(The table follows:)

WHEAT

Fiscal year	Estimated cost of wheat program in millions ¹	Change in carryover during year in millions of bushels	Cost per bushel of reduction in carryover
1965.....	\$442.3	-84.1	\$5.26
1966.....	508.8	-282.1	1.80
1967.....	679.0	-110.2	6.16
1968.....	726.4	+114.4	-----
1969.....	782.0	+278.3	-----
Total.....	3,138.5	-83.7	37.50

¹ Diversion payments, fiscal years 1965-67; plus certificates issued to producers, fiscal years 1965-69.

FOUR FEED GRAINS

[Millions tons]

Marketing year ¹	Carryover	Change from previous year
1961.....	85.0	-----
1962.....	72.2	-12.8
1963.....	64.4	-7.8
1964.....	69.3	+4.9
1965.....	54.8	-14.5
1966.....	42.1	-12.7
1967.....	37.1	-5.0
1968.....	48.3	+11.2
1969.....	50.2	+1.9

¹ October 1 for corn and sorghum grains; July 1 for oats and barley.

Crop year	Estimated cost of feed grain program in millions ¹	Change in carryover in million tons	Cost of reduction in carryover	
			Per ton	Per bushel of corn equivalent ²
1961.....	\$782	-12.8	\$61	\$1.71
1962.....	843	-7.8	108	3.02
1963.....	846	+4.9	-----	-----
1964.....	1,171	-14.5	81	2.27
1965.....	1,382	-12.7	109	3.05
1966.....	1,295	-5.0	259	7.25
1967.....	867	+11.2	-----	-----
1968.....	1,369	+1.9	-----	-----
Total.....	8,555	-34.8	246	6.89

¹ Diversion payments, 1961-68; plus price-support payments, 1963-68.

² 1 ton equals 35.714 bushels of corn.

Source: Cotton and wheat program costs from "Department of Agriculture Appropriations for 1970," pt. 3, hearings before a subcommittee of the House Committee on Appropriations, 91st Congress, 1st session. Feed grain program cost from "Feed Situation," FS-227, 219, 213, 203, and 200, Economic Research Service, U.S. Department of Agriculture. Stocks of Grain in All Positions, Crop Reporting Board, Statistics Reporting Service, U.S.D.A., Oct. 24, 1969.

WHEAT

[Million bushels]

	Carryover	Change from previous year
July 1:		
1964.....	901.4	-----
1965.....	817.3	-84.1
1966.....	535.2	-282.1
1967.....	425.0	-110.2
1968.....	539.4	+114.1
1969.....	817.7	+278.3

The act of 1965 has put wheat and feed grain farmers in a most vulnerable position with a Congress strongly oriented to other priorities. Government payments amounted to approximately 20 percent of net farm income in 1966 and over 23 percent in 1968. However, considerably more than 20 percent of net income from the production of feed grains and wheat now comes from Government payments. In fact, almost 30 percent of the total receipts received by farmers from these commodities in 1968 came from payments. This is shown in the following table:

CASH RECEIPTS FROM FARM MARKETINGS AND GOVERNMENT PAYMENTS, 1968

[Dollar amounts in millions]

	Cash receipts from farm marketings	Direct payments	Total receipts	Payments as percentage of total
Feed grains.....	\$3, 586	\$1, 366	\$4, 952	27. 6
Wheat.....	1, 815	747	2, 562	29. 2

Source: "Farm Income-State Estimates, 1949-68," A Supplement to the July 1969 Farm Income Situation, August 1969, Economic Research Service, USDA. Farm Income Situation, July 1969, FIS-214.

Government payments are an unreliable basis for the income that is necessary for a healthy agriculture because they can be cut or limited at any time.

The proposed Agricultural Adjustment Act of 1969 has been carefully designed to correct the difficulties that have arisen under existing farm programs including the cotton program.

The transition to the market system would be gradual. Substantial payments would be made during the transition period to help farmers make needed adjustments.

The acreage retired from production under the cropland adjustment program would be increased as existing programs are phased out. Increases in the acreage required under the CAP would tend to offset reductions in the acreage diverted under annual diversion programs.

The use of a bid procedure to select the land that is to be retired would hold down Government costs and insure the retirement of the land that farmers themselves most want to retire.

The special transitional program provided by the Agricultural Adjustment Act of 1969 for low-income farmers would help farmers who do not have the resources needed for a successful farming operation to make a transition to more gainful employment. This program would be entirely voluntary. Producers who wish to participate would have a number of alternatives. This gives the program the flexibility that is needed to solve individual problems.

At the end of the proposed phaseout of acreage allotments, marketing quotas, base acreages, certificates, and Government payments for feed grains, wheat, and cotton each producer would be free to plan his wheat, feed grain, cotton and soybean production as to make the best uses of his resources in the light of the market outlook. Thus, the way would be clear for farmers to earn and get higher incomes in the marketplace.

In short, Farm Bureau is recommending a broad-based program to help individual farmers make needed adjustments, increase prices,

expand markets, cut costs, and thus provide the basis for increased net farm income.

I thank you, Mr. Chairman.

Mr. PURCELL. Thank you, Mr. DeVaney. You and I have known each other for a long time and our differences in philosophy I hope haven't affected our friendship. I guess I was naive; I was hoping that you might have said something other than what you did say on this occasion. Do you have any comment that you want to make in regard to the Department's proposals particularly pertaining to the set-aside idea in a program.

Mr. DEVANEY. We have some reservations on certain parts of it. For instance, the idea that all of the payments that would be made would be termed income support payments, it seems to me, would immediately wave a red flag in front of those who want to limit payments, who are opposed to income support payments to farmers.

Another is we don't feel like they go far enough in the land retirement program and that on an annual basis as it will be, the cost to bring the needed retirement will be much more than it would than if it was a long-term program.

Another thing that worries us is that there is apparently no phase-out at all in this, that it would be a continuation of payments forcing farmers to depend on payments from the government for a big portion of their income.

Mr. PURCELL. Well, I think there may be a breakdown in, or a lack of mutual understanding. You are concerned about phasing out the programs. Some of us feel that to do what you propose would phase out the farmers even more rapidly than is happening anyway. And so I hope I happen to fall on the farmers' side as far as my own philosophy is concerned. Now, could I ask you, under your proposal and not arguing with the figures that you give in relation to the percent of net income to the farmers as a result of Government programs, what is your best estimate as to what would happen to the net income of farmers under your program during the first year or the first few years, or any other time for that matter?

Mr. DEVANEY. We believe that by going through this transitional period if enough land is taken out under the cropland retirement program that the farmers' income could easily go up. A study that we made in Texas a few years ago indicated that every time we have stopped a support program under farm programs that the price of commodities have gone up in the next year following it. And we think this would happen if there is enough land under the CAP program, in this case.

Mr. PURCELL. Well, what programs have we stopped that you are talking about?

Mr. DEVANEY. Well, like back in 1936, and then there was another period there where we—I haven't looked at that study in the last week or two, but it covered I believe three programs. I would be glad to furnish that for you, the findings of that.

Mr. PURCELL. Well, one of those times I guess would be about the time the war came on, and I think you are right that World War II did cause some increases in prices and we didn't need some programs we now have. Is that one of the programs you are talking about?

Mr. DEVANEY. I think it probably was. I think it was in 1941.

Another one was when the old AAA Act was called unconstitutional and we had to get out of that program. I believe one other time but offhand I don't remember when it was.

Mr. PURCELL. I don't want to use up all the time here, but would you give me any estimate that you have as to the projected cost of your program just in relation to page 2, part B under (5) when you are going to retire 10 million acres a year for 5 years setting aside 50 million acres. Now, what does your cost estimate show that this would cost?

Mr. DEVANEY. This would be cheaper—you see, at the present time we are retiring under the annual acreage diversion program approximately that many acres annually, somewhere in that neighborhood. And the Department's figures show that when we had the soil bank, the program where they had it on a bid basis and taking it out for long terms, the cost was about two-thirds as much to do it that way as the annual diversion programs do. So we would estimate—I don't know what the dollar figure would be but it would be somewhere in the neighborhood of two-thirds or 75 percent of what the annual diversion program is costing us now.

Mr. PURCELL. Well, have you made a detailed cost analysis, or are you just assuming some of the rather small land retirement or diversion soil bank type things have done that in years in the past?

Mr. DEVANEY. No; we have not made a detailed financial statement or projection of what the actual cost would be on that.

Mr. PURCELL. Well, in the interest of not taking up all the time here, I would ask Mr. Mayne, do you have any questions?

Mr. MAYNE. Mr. DeVaney, as I understand the set-aside program, after the farmer has set aside a certain number of acres there would then be complete freedom on his part to do whatever he wished with the remaining acres. Now, does this draw any commendation from you? Do you think that that is a step forward, giving the farmer greater flexibility and freedom of decision?

Mr. DEVANEY. Yes, sir; I do. I think it would be helpful to let him be free to plant what his particular type of operation could produce most economically.

Mr. MAYNE. Well, this is a pretty fundamental part of this alternative proposal; is it not?

Mr. DEVANEY. Yes, sir.

Mr. MAYNE. I am a little disappointed that you wouldn't think it was significant enough even to comment on when invited by the chairman to comment on this. As I understand the philosophy of your organization, it has been to stress individual freedom and flexibility by the farmer and here you don't even recognize that this exists in your comment.

Mr. DEVANEY. Well, I didn't answer his question right, Mr. Congressman. I took his question to mean the things that might not be in line with our policy. Certainly we would think this would be a step in the right direction.

Mr. MAYNE. Would it not also result in less need for policing and less administrative work by the Department?

Mr. DEVANEY. Yes, sir. The cost of administering it should be reduced considerably.

Mr. MAYNE. Why would that be?

Mr. DEVANEY. Well, the measuring of the various crops and checking compliance. As I understand it from what I know about the set-aside program all the compliance they would have to check is to see whether you complied by setting aside a certain number of acres and then they wouldn't be worried about what you planted on the rest of your land.

Mr. MAYNE. Would you think that if such a program were adopted with this provision that we might even hope to approach the millennium when we would start to have less employees rather than more in the Department of Agriculture?

Mr. DEVANEY. I would hope so.

Mr. MAYNE. Now, I would also like to ask you, Mr. DeVaney, one of the things that we are considering as a part of the feed grain program is a type of payment limitation to be included in this legislation. Now, what type of payment limitation would you favor?

Mr. DEVANEY. Traditionally our position has been to oppose any type of limitation.

Mr. MAYNE. Well, if we do have one, which one would you prefer? Let me say to you that this is a very definite issue which I think this subcommittee is prepared to come to grips with.

Mr. DEVANEY. I wouldn't have an answer on that. I expect we will have in about 10 days or 2 weeks. Our annual convention is coming up—well, the resolution committee starts meeting the first of December and by the 15th we will have a position on this specifically I believe. I know that it is being talked about a lot now out in the State farm bureaus and county farm bureaus. But I couldn't specify any preference here. The thing about the type of approach we have, we say we wouldn't want any type of limitation on our approach because they would all be phased out in 5 years.

Mr. MAYNE. Thank you, Mr. Chairman.

Thank you, Mr. DeVaney.

Mr. PURCELL. Mr. Rarick.

Mr. RARICK. Mr. DeVaney, I notice from your testimony on page 2, paragraph 6, that Farm Bureau feels loan rates be set at not more than 85 percent of the previous 3-year average price. Had you given any consideration to the loan rates, on parity rather than on market price?

Mr. DEVANEY. Our members—I forget now how many years ago it was, Congressman, 3 or 4 years ago anyway—took the position of getting away from parity and going to the 3-year average market price. It is considered at every convention. But that is the position that they have taken on this.

Mr. RARICK. I realize that the theory of parity has in experience become a dream world but market price can be artificially manipulated one way or the other, too.

Mr. DEVANEY. The reasoning, if I may, that they use on this is that basing it on the 3-year average market price would bring about the use of CCC, merely an instrument for orderly marketing and not as a market for your crop. There would be very little going into CCC stocks under a program like this. They would be going in the marketplace.

Mr. RARICK. I was not talking about creating a market. If we use parity as a loan basis instead of average market reducing the percentage to maybe 40, 45, to 50 percent of parity.

Mr. DEVANEY. Well, the arguments that I have heard on that is that they feel that parity is outmoded. I mean that is what the members have said on that.

Mr. RARICK. You have given up obtaining parity for farmers?

Mr. DEVANEY. I imagine so.

Mr. RARICK. I have no further questions, Mr. Chairman.

Mr. PURCELL. Mr. Zwach.

Mr. ZWACH. Mr. Chairman.

Mr. DeVaney, do you make your living in the main from farm operations?

Mr. DEVANEY. Yes, sir.

Mr. ZWACH. Where is this farm?

Mr. DEVANEY. It is in west Texas. Well, you might—it is right at the foot of the Plains area close to Big Spring, Tex. I have a cotton, little grain sorghum and cattle operation there.

Mr. ZWACH. I like your last statement. The only thing that I can understand about your presentation is your last paragraph where you say that this should provide the basis for increased net farm income.

Mr. DEVANEY. Yes, sir.

Mr. ZWACH. Now, that is a statement that I think is commendable and worthy. But you think retiring 50 million acres of land is going to result in increased farm income?

Mr. DEVANEY. Well, the minimum of that would. We say a minimum. It might take a few acres more. It is our belief that when you cut this agriculture machine down to where it is the size that can produce what the market can absorb at a fair price, then it will increase the net income of farmers.

Mr. ZWACH. How much do you think of the good Panhandle area would go into retirement if you passed this legislation?

Mr. DEVANEY. I think that would depend on several things. It would depend on the type of land. It would depend on the age and the desire of the farmer to continue in farming. It would depend on his financial setup, whether he can get the credit or the financial backing, and then as I say the desire to stay in farming. That is what it would depend on in any area, and I think you would have them going in in all areas.

Mr. ZWACH. You believe that that would result in the end statement you make here, that that would result in increased farm income.

Mr. DEVANEY. Yes, sir.

Mr. ZWACH. Well, I didn't like to hear the Farm Bureau say that they are abandoning the parity concept for farm income. I don't know where you are going to get a substitute for a parity concept. For instance, let me point this out to you. You talk about a moving average price. How will an average reflect these things?

Last week my son said, "I ordered the seed corn, Dad, and all the seed corn is up sharply."

Now, how will an average of 85 percent of something reflect this cost as parity does today?

I know my taxes are going up sharply. How will this reflect that factor in its relationship to all others?

My interest rates have skyrocketed in my operation. How will anything but parity reflect this actual factor of cost in relationship to all of the other facets in the agricultural business?

How will it reflect increased costs of machinery? My labor costs are going to go up again. They have gone up each year very steeply. They are going up again.

Now, how will this 85 percent of some previous years, how will this reflect to anybody these increased costs? These are four items: labor, taxes, seed, and interest. How will they be reflected? And interest rates. How will this be reflected?

Mr. DeVANEY. Well, we would hope it would be reflected in a higher price for the commodities or a better price for them and that would absorb it.

When we say we abandoned the parity concept or the idea of parity, I don't think there is any farmer who wouldn't like to receive parity.

Mr. ZWACH. Any what?

Mr. DeVANEY. Any farmer who wouldn't like to receive parity of income, or parity prices for his commodities. But my statement was that the Farm Bureau felt that in developing farm support programs that it would be better to use the market instead of the parity concept as a basis for that.

Mr. ZWACH. Because the market wouldn't really mean a thing. It wouldn't really reflect farm input costs, would it? It would just cover over the actual true relationships; wouldn't it?

Mr. DeVANEY. In that sense it would; yes, sir.

Mr. ZWACH. Now, I have been a Farm Bureau member for many years. I also belong to some other organizations, some farm organizations. But I don't think our Farm Bureau people agree with your dropping the parity concept, and I am very sorry to see a Farm Bureau representative, Mr. DeVaney, come up here and say that they have abandoned the parity concept, which I think is a true reflection of relationships of the farm industry with all other facets of the U.S. industry.

I differ sharply with my fine colleague that the parity idea is something in a dream world. It is in a world of reality. And if you live it every day as I do out there on my farm there is just no dream or joke about having a measuring stick that truly reflects the relationships of inputs with receipts. I hope that you are not speaking for the rank and file of Farm Bureau members when you say that you ought to drop the parity concept.

Mr. DeVANEY. Congressman, they are the ones who told me to say that.

Mr. ZWACH. Who told you to say that?

Mr. DeVANEY. Our membership.

Mr. ZWACH. Your membership?

Mr. DeVANEY. Right, sir.

Mr. ZWACH. Your membership in Texas?

Mr. DeVANEY. The American Farm Bureau at our annual meetings.

Mr. ZWACH. They told you to say that?

Mr. DeVANEY. Yes, sir.

Mr. ZWACH. Thank you, Mr. Chairman.

Mr. RARICK. Would the gentleman yield?

Mr. ZWACH. I certainly yield.

Mr. RARICK. Thank you, Mr. Zwach. I am a member of the Farm Bureau, too. I haven't been a member for 40 years but probably 20 or 25 years.

Mr. DeVaney, I don't believe, said he abandoned completely the idea of parity. It was only in response to my question about the loan rates. All the farm people, I believe, would like to retain parity, and yet over the many years that we have been seeking to achieve parity, I don't believe they have ever attained the goals—more like living in a dream world. Most have become disillusioned, they have tried and worked and strived to reach parity and yet it always was beyond reach. My thinking on the question was that if we use parity rather than the market prices for the loan, that the loan rates would be more stable. During one season the market price might actually be at parity, while the next season the market might fall below parity. Of the two cases, it would appear to me that parity would be the more dependable base.

Mr. ZWACH. It is a true measure, a true measure of relationships between income and costs.

Mr. RARICK. Yes. I thank the gentleman for yielding.

Mr. ZWACH. I do want to say that it is correct that his position on parity was in response to a question of yours, but it carried just as much weight coming that way as if it would have been in the same statement and I can't sit here and not oppose this when it's presented.

Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Foley.

Mr. FOLEY. Thank you, Mr. Chairman.

Mr. DeVaney, I represent that little white space on your map there that represents the upper righthand quarter of Washington. As your map shows, ours is not one of your most active membership areas. I am perplexed as some other members are by the presentation of the Farm Bureau Federation. The Farm Bureau people I know who are involved in actual wheat production disagree with the national position much of the time so it strikes me as rather strange when I sit as a subcommittee chairman and we hear testimony on potatoes, or feed grains or wheat, which does not seem representative of the membership. One witness recently testified following the Farm Bureau representative and stressed that as a former Farm Bureau State President he disagreed strongly with the Farm Bureau position and that it did not represent a realistic national position. I do not know how we are to evaluate presentations that come before us from the Farm Bureau when members have so many constituents who do not agree with these presentations. But we are not going to resolve that today.

Let me just ask you a couple of questions. I don't want to take up too much of the time.

You mentioned that you farm yourself for a living and you have a farm in west Texas, and that among other things you said you raise cotton. Do you have a cotton quota?

Why haven't you opted to get out of the program and plant unlimited cotton for world production?

Mr. DEVANEY. Well, there is a penalty on that.

Mr. FOLEY. No, sir. The law permits you to plant all the cotton you wish without penalty as long as you are planting it exclusively for the export.

Mr. DEVANEY. Well, yes, that's right.

Mr. FOLEY. Could it be fair to say that you do not feel you can make a better living that way?

Mr. DEVANEY. No, sir.

Mr. FOLEY. How would your proposal be much different from that at the end of the 5-year period? Do you feel you would have a better domestic market for cotton.

Mr. DEVANEY. Yes, sir. That is our feeling, that the domestic market would be better and that cotton or wheat or feed grains, whatever the commodity is, would be grown on those farms that could provide it the most economically and profit the best by whatever market we have.

Mr. FOLEY. Do you know of an industrial nation in the world that does not provide some support for its agricultural setting.

Mr. DEVANEY. I didn't get your question, Congressman.

Mr. FOLEY. Do you know of any industrial nation in the world that does not provide some support for its agricultural sector?

Mr. DEVANEY. Not that I know of. I am not familiar with all of them, but I couldn't name one off hand.

Mr. FOLEY. I was hoping you might give us an example of a country that has followed a policy of disestablishing all agricultural support—thus relying on the domestic market and export trade without controls or support—that has found that program successful?

Mr. DEVANEY. Well, I can't give you an illustration of that, but nearly all that have programs like that get in trouble with them. The EEC is in trouble now on their farm programs and some of the other countries are.

Mr. FOLEY. Are the French farmers having problems in wheat?

Mr. DEVANEY. I believe it is the livestock folks that are in the biggest trouble over there right now.

Mr. FOLEY. Livestock?

Mr. DEVANEY. I believe it is. I know they were just a short time ago. I believe their poultry production is hurting them, too.

Mr. FOLEY. Poultry is not supported here.

Mr. DEVANEY. No.

Mr. FOLEY. I am talking about feed grains or wheat.

Mr. DEVANEY. Well, I was thinking about any type of support like a tariff or anything that way. That is the method they use for supporting in some countries.

Mr. FOLEY. But they all do something in the way of support, don't they?

Mr. DEVANEY. As far as I know they do.

Mr. FOLEY. Thank you.

Mr. PURCELL. Mr. Kleppe.

Mr. KLEPPE. Thank you, Mr. Chairman.

Mr. DEVANEY. I wish somewhere along the line I could get the feeling that the American Farm Bureau has that if we adopt their recommended program that it would improve income for farmers. Somehow or another the Farm Bureau members that I know in North Dakota, I think I can honestly say, feel as I do that we are very, very skeptical of this—as a matter of fact, don't believe that that is the case. I think it would be a fair statement to say that we could admit that the farmers are in trouble economically, and this is a great part of the basis of the presentation for a change from the American Farm Bureau. But the question is, as I see it, how much worse would it be had we not had some Government support of something like \$3.5 billions through the certificate and diversion payments. That to me is

the question. And another thing, of course, comes home loud and clear in my area is the proposal of massive whole farm land retirement. There is a well-accepted fact that if this were to become a reality, this is the demise of agricultural America, as it exists in my area anyway; not only would the little farmer be unable to succeed and progress but all of the little towns that live on servicing of farmers are just out of business. And this is about all I have, a bunch of little communities that service agriculture.

Some of your county organizations in my State have passed resolutions opposing the concept of whole farm retirement very strongly. I talked to one of the directors of the State organization in North Dakota just 2 weeks ago, and I believe the convention is on in North Dakota right now or else it just finished, and I indicated that there might be a move to pass resolutions that would be completely contradictory to the American Farm Bureaus' position, and I suspect you know that this might happen.

Mr. DeVANEY. Yes, sir.

Mr. KLEPPE. The only reason I am saying this is because what has been expressed here by other members of the committee, that we do sense a tremendous difference in the attitude of individual members of the Farm Bureau from the position taken by the American Farm Bureau.

Well, having said this, I would like to get down to one specific question. It is on page 5 of your statement, if I could. You are reciting the costs based on the wheat situation of \$37.50 a bushel to take care of reducing the wheat carryover.

I know you used that figure to implant in our minds the bad part of the program we have and the terrible costs of it. But I wonder if you are not applying it improperly here when you are using the evils, so to speak of the wheat certificate program to reduce a surplus that was created prior to the introduction of the wheat certificate program. I wonder if that isn't an unfair figure to use in justifying your position. Could you add some further light or comment on that question?

Mr. DeVANEY. I don't understand your question.

Mr. KLEPPE. Well, if we just read this paragraph:

If we include only the cost of price support and diversion payments, the cost of reducing the wheat carryover since the certificate plan went into effect with the 1964 crop has been \$37.50 per bushel.

You are making no reference to what the size of the carryover was when the wheat certificate program went into effect but you are assessing all the troubles and problems and the cost of reducing that surplus to the wheat certificate plan and I think unfairly so. This is my point.

Mr. DeVANEY. Yes, sir. Well, the table following that gives the carryover.

Mr. KLEPPE. Yes, I am looking right at that, 1964 it was 901 million bushels and it got down as low as 425 million bushels and I suspect that is where your \$37.50 figure came from. But the wheat certificate program did not go into effect until 1966. So why should the wheat certificate program be assessed all the blame, if you please, for the creation of the large surplus that we had at the beginning? I think

that is an unfair figure. And if you disagree with me I would like some more explanations or comments.

Mr. DEVANEY. Well, our reasoning on presenting this is to try to bring the point to you that our organization is aware of the situation we are in as far as farm programs are concerned in getting the support of all the Congress to continue programs of this type, the tremendous cost. This is the reason that our delegates take the position they do on this program. When they come in from all of the States and they are looking at all of the commodities and looking down the road ahead they feel that they can't depend on this type of program because Congress won't keep giving them the money.

Mr. KLEPPE. I suspect that one of the easiest things to do politically would probably be to run against any kind of a farm program because it costs so much and because it has done such a poor job, our surpluses are so high. But to my way of thinking that is not the answer to the individual farmer. And again I go back to my original comment. I wish I could have some of the obsessional faith that you and your organization have presented about the fact that income for farmers would go up if we followed your approach. I just don't have that feeling. I don't have that faith. As a matter of fact, I am concerned seriously that it would go the other way and that we would see the demise of much of agricultural America. And, of course, I represent nothing but a large group of small family farmers basically. I just don't want to be a part of chasing them onto welfare rolls because we are not meeting an obligation of keeping agriculture healthy.

Mr. Chairman, I guess I have taken enough time.

Thank you, Mr. DeVaneY.

Mr. DEVANEY. Thank you.

Mr. PURCELL. Dr. Melcher.

Mr. MELCHER. Thank you, Mr. Chairman.

Mr. DeVaneY, is this the same testimony that was made by President Shuman before the full committee?

Mr. DEVANEY. It is the same.

Mr. MELCHER. Basically, the same?

Mr. DEVANEY. The figures, I believe some of these charts are the result of some updating from some other figures from the Department of Agriculture that we have.

Mr. MELCHER. Will the proposals that you have made for the fiscal year, if it were adopted, in the first fiscal year, would your proposals cost more or less out of the Treasury than the current fiscal year expenditure?

Mr. DEVANEY. I think probably the first year it would be very close to what it is now.

Mr. MELCHER. About the same.

Mr. DEVANEY. Yes, sir. When you consider the crop-land adjustment and the continuation of the present program as 80 percent of what it is, I think it would be pretty close to the same thing.

Mr. MELCHER. I find a statement on page 7 that I certainly agree with and I think most people in Agriculture agree with. That is that Government payments are an unreliable basis of the income that is necessary for healthy agriculture because they can be cut or limited at any time.

I think this is the crux of it.

How many farmers and ranchers does your organization feel that there are in the United States? I know we use the figure of 3 million.

Mr. DeVANEY. Well, our estimate is based on USDA figures.

Mr. MELCHER. 3 million.

Mr. DeVANEY. Yes.

Mr. MELCHER. Right, and I have been reading the press releases of President Shuman as he addresses the State organization meetings, and I think in every press statement he refers to the fact that the American Farm Bureau has a million and a half farm family members. Does that mean that your membership then is roughly one-half of the total farm and ranch operators of the United States?

Mr. DeVANEY. Yes, sir. I think so. We have some members other than farmers.

Mr. MELCHER. But they are not part of the one and a half million?

Mr. DeVANEY. They are counted in that, some of the others are counted.

Mr. MELCHER. Would I be counted? I am a veterinarian when I am not here, and if I were a member I would be counted as a farm family?

Mr. DeVANEY. Yes.

Mr. MELCHER. My family would be—

Mr. DeVANEY. You would be counted as a member family.

Mr. MELCHER. And that would be one of the one and a half million?

Mr. DeVANEY. Yes, sir. It is about 1.8 million now.

Mr. MELCHER. What I am trying to arrive at is the real operators, if you represent about half of them.

Mr. DeVANEY. Yes, sir. We don't know exactly. We are in the process now of a program with the State of classifying every member as to his occupation, whether he is a farmer or a land owner or a producer and whatever commodity he produces.

Mr. MELCHER. Well, I wanted to make it clear that I think all of us that are in agribusiness have a very definite stake in the structure of farm prices and the community programs in all phases of agriculture. So I am not trying to look down my nose at including members in the Farm Bureau people who are not truly farm operators, but I want, I am just trying, to arrive at the impact of your membership who are truly farm operators or ranch operators.

Mr. DeVANEY. The only figures I could give you on that—and these are probably 4 years old—in Texas we have 116,000 members as of now. We have them classified as to farms and nonfarmers. Just a fraction over 20 percent of our membership were nonfarmers, and the rest of them were farmers.

Mr. MELCHER. I notice on the map that most of your membership is in the East. In my area the Farm Bureau does not operate cooperatives, but in much of the United States the Farm Bureau is involved with the cooperatives, operating cooperatives.

Mr. DeVANEY. This is especially true in the Midwest and to some extent in the Northeast. It is not true to the same degree in the South. We have some Farm Bureau-operated cooperatives there. We thought that was the answer in the early twenties and went all out on this, but it didn't solve our problems there then. And as a result we don't have the Farm Bureau cooperatives in the South that we have in the Midwest.

Mr. MELCHER. Now, there have been views by the Secretary of Agriculture suggesting that possibly 400,000 ranch and farm operators would go on the new family welfare program that has been proposed. You have a section in our testimony similar to this. Does this fit in with your estimate of what might happen if we had a new family welfare-type program?

Mr. DEVANEY. Well, it seems to me it would be possible—our figures are, I believe, that there are around 450,000 families that would come under our smaller farmer program, that is, less than \$5,000 gross income, less than \$2,000 of farm income. I mean gross sales. And our figures are that—we got this from the census, the last census and it was around 450,000 farmers on this.

Mr. MELCHER. Well I have, of course, some concern for these operators, but I also have a great deal of concern for the operators with sizable spreads, whether it is farming or ranching, that I am intimately connected with and know their operation. I am also concerned about whether or not they are going to survive another year, how many of them might be out of business next year or the year after for lack of income or lack of credit. And I am also aware that there is quite an increase in farm sales in our State of Montana this fall. I have to view this with a great deal of concern especially since if we are going to accept the 3 million farm operators, which is about one-half of what it used to be, now we are still having a high percentage of farm sales. My question is this. Do you feel that since many farmers are right on the edge now of making it or going broke and being forced to liquidate; forced to sell out, can they stand not to have, or to have any drop in their income next year and the year after?

Mr. DEVANEY. I think there is a big group of them that come in that category.

Mr. MELCHER. I am not talking about ones that have gross sales of \$5,000. I am talking about well-equipped operators that might be in the gross sales of \$30,000 to \$50,000 or more per year.

Mr. DEVANEY. Well, there are several hundred thousand farmers going out each year and I don't think it is just the little ones. I think it is the ones that you are talking about that gross more than \$5,000—I believe our figures show that there are a million farmers that gross \$20,000 in sales or more. They produce about 85 percent of the food and fiber. And then the other 2 million gross less than \$20,000 and produce about 15 percent of it. But there are a lot of people in that area there under \$20,000 that are having to go out. I know that is true in my country, just every year. You either get bigger or you get out. That is the way it is going in my country.

Mr. MELCHER. Well, have I misinterpreted your testimony here that you are not projecting an increase in farm income for next year or the first year after your program goes into effect, or are you?

Mr. DEVANEY. It would—we would hope so, but it might take 2 or 3 years to get an increase.

Mr. MELCHER. Well, you are projecting that increase on the basis of what, then, improved markets?

Mr. DEVANEY. Right, and taking some of the land out of production and leaving the rest to move toward producing in the areas where a commodity, whether it might be wheat, cotton, or what it is, can be produced most economically.

Mr. MELCHER. Well, I understand this movement, but I interpret your moving toward a more favorable marketing situation to mean over a period of 2-, 3-, 4-, 5-year program, is that correct?

Mr. DeVANEY. That's right.

Mr. MELCHER. Well, then, if there were going to be an increase in net farm income in the first year or two of your proposal it would be on the basis of how much land was taken out of production and the Government paying for taking it out of production, is that correct?

Mr. DeVANEY. Yes, sir. You see, under our proposal your present annual diversion would continue at 80 percent of what it is now, and then in addition to that, the Secretary would be directed to take out 10 million additional acres more, which would be pretty close to about the same amount. But it would be those going out of farming who didn't have the capabilities or the desire to stay in the farming and give them a way out and then let those who do have the desire and capabilities and the resources to do the producing on areas where it can be done at the market price.

Mr. MELCHER. Well, then, the added farm income would be to those operators who went out of business then.

Mr. DeVANEY. Well, the rental on the land; yes, sir.

Mr. MELCHER. Those would be the ones who would have a net increase in their income then.

Mr. DeVANEY. Not necessarily. It could happen to those who stayed, in the marketplace.

Mr. MELCHER. Well, you mean in the first year or two?

Mr. DeVANEY. Yes, sir; it could.

Mr. MELCHER. Well, I interpreted your remarks previous to this to mean that the improvement in the marketplace would be a gradual thing that would build up at least from the second or third year beyond that, but not in the first year.

Mr. DeVANEY. I wouldn't anticipate a big buildup the first year.

Mr. MELCHER. My concern is—I think I made myself clear—what happens the first year for those operators who want to stay in the business?

Mr. DeVANEY. Right. Well, that was the point that I made, that they are getting out now. They are having to, these same people that you are talking about, they are having to get out because they can't stay even under the present program.

Mr. MELCHER. I am afraid we are to buy your theory that the market prices would improve quickly simply on the basis of your testimony that after the period 1936 to 1941, there was some improvement in farm commodity prices when some programs were dropped, but that is a long time back and there was a war building up, and we did get into a war in 1941. And I am very skeptical that what you are projecting has nothing to do with improved markets within the first year or two if your program were in effect. I find that very treacherous grounds to be on.

Mr. DeVANEY. Yes, sir.

Mr. MELCHER. Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Price.

Mr. PRICE. Mr. DeVANEY, I just want to thank you for bringing your testimony to the committee and taking the time to come up here and present the Farm Bureau position on this program. I know any-

time there is change a person has to go through the criticism of the public and I want to thank you for your presentation.

Mr. DEVANEY. Thank you, Congressman.

Mr. PURCELL. Mr. Sebelius?

Mr. SEBELIUS. No, sir.

Mr. PURCELL. Thank you, Mr. DeVaney. We are not really through with you. We are just quitting.

Mr. DEVANEY. Thank you, sir.

Mr. PURCELL. And so as I quit, let me just say that my impression of your statement that all over the world the commodities that have programs are in trouble is like saying that all sick folks going to doctors, if you just quit doctoring them they would all get well. Perhaps at some time in the millenium, the Farm Bureau and most of the rest of us can have a philosophy more parallel to each other's.

Mr. DEVANEY. I hope so, Congressman.

Mr. PURCELL. The next witness that we will call is Mr. Earl L. Strong, president of the Nebraska Feed Grain Growers Association of Aurora, Nebr.

Mr. Strong, we will be glad to hear from you at this time.

STATEMENT OF EARL L. STRONG, PRESIDENT, NEBRASKA FEED GRAIN GROWERS ASSOCIATION, AURORA, NEBR.; ACCOMPANIED BY TED REGIER

Mr. STRONG. Mr. Chairman, I am Earl Strong, president of the Nebraska Feed Grain Growers and I have with me Mr. Ted Regier, one of our directors and also a Hamilton County ASCA committee chairman. He might be able to help me answering questions or things like that.

I have a very brief statement here, so if you permit me, I would as I go through make a few clarifications so we might not come back and change it.

Mr. Chairman and members of the committee, the Nebraska Feed Grain Growers welcome this opportunity to testify before the committee on the draft for feed grain legislation that you have before you. The Nebraska Feed Grain Growers, from the beginning, have had as one of their primary goals legislative action to improve farm programs.

We believe the present feed grain program has worked well for most farmers and, with proper funding and a few amendments to remove some of the inequities could still function to improve the farmer's income. We realize that a new administration would most likely use a new approach to our continuing farm problem of the ability to produce more than we can consume or export at a fair price. We have studied the draft before us to see what changes have been made and how they affect the feed grain growers. We can see only three significant changes and will proceed to discuss them separately.

I would like to say right here that we didn't realize that you were considering the set-aside program and the ability to plant what you want on the rest. We know that that has been proposed but we didn't see it in the draft so we didn't take that up in here.

The price support would be changed from a percent of parity to a percent of the average price received by farmers in the three market-

ing years preceding the marketing year for the crop in which support price is announced. We feel that this is not an improvement and could lead to a gradual decline in the support price and therefore in the market price. Except for a few years of relative short supply, the market price has risen and fallen along with the support price. Therefore, we oppose this change. As has been said before, it is probably a hundred percent parity which would be about a dollar seventy for corn which is probably a dream but we do want to keep it tight because that is the only thing that we have, it is the best thing we have, if you have your cost of production and your price. So we would like to see the parity.

We note also that the payment rate might be adjusted down by not more than 50 percent. We do not understand this provision fully, but we believe it would discourage participation in the program. We oppose this change. We know when the farmer signs up in the spring he figures what his payment is going to be, how many acres he is going to have to lay idle to get the payment. He decides whether he is going to go with the program or not. Well, if that could be cut 50 percent in the fall, I don't believe we would get very good participation. It just wouldn't encourage them.

On the payment limitation we would suggest a flat cutoff at 50,000. Now, I know that 20,000 has been mentioned and it wouldn't hurt too many feed grain growers right now. It is only a small percentage that would go over the 20,000. But this is an expanding economy and inflation and it isn't going to be too long until there will be a lot of feed grain growers who would be affected by this 20,000 limitation. So we would like to see it at least higher than the 20,000.

We can see no other significant differences in the proposed draft and the current feed grain program. We would like to suggest some changes we think would improve the present program. We would like to change from the present feed grain base, wheat allotment and conserving base to a cropland base and a conserving base. The conserving base to consist only of permanent pasture and the average cropland devoted to summer fallow. All of the rest of the farm would be considered as the cropland base. This would eliminate the so-called free acres which at present must be left idle or planted to some such crop as popcorn or soybeans or something like that. It would have to be a definite crop. And also many farmers—it would also eliminate the 4- or 5-acre conserving base. Many farmers who had a few acres in alfalfa in 1959 and 1960 would rather not have any alfalfa at all now. Many farmers leave these few acres idle and receive no income from them.

In lieu of payment we would recommend that a farmer be eligible for price supports in relation to the amount of crop land he sets aside. For instance: for a 10 percent reduction he might receive 65 percent of parity; for a 20 percent reduction, 75 percent of parity; and for a 30 percent reduction, 85 percent of parity. In addition he should be guaranteed a certain amount above market price. This price might be 5 cents a bushel for 10 percent reduction up to 20 cents per bushel for 30 percent reduction. These are only example and could be set annually by the Secretary of Agriculture according to the supply situation.

We would like to see a buffer or market reserve established to stabilize the market and assure an ample supply of grain to meet all

our needs. In times of surplus the reserve could be expanded in times of short supply the reserve could be drawn upon to meet our needs. We know you considered the reserve a couple years ago but then it was more or less of a merger reserve and this would be a market reserve to help our farm program operate. In other words, the Secretary of Agriculture would have a little more freedom to move if he had a reserve back there that if he overshot or undershot it would work either way to help stabilize it.

Briefly then, we oppose price supports based on: (1) Price supports based on a percent of the average price received by farmers in the 3 preceding years; (2) a reduction in payments after the signup.

We recommend: (1) A crop land reduction program with payments based on percentage of reduction in crops; (2) a market reserve to stabilize the market.

Thank you, Mr. Chairman.

Mr. PURCELL. Thank you very much, Mr. Strong.

Are there questions members have of Mr. Strong at this time? Mr. Rarick, do you have any questions?

Mr. RARICK. Thank you, Mr. Chairman. I have no questions. I certainly think that Mr. Strong presents a different approach. I compliment the gentleman for a most enlightening statement.

Mr. PURCELL. Mr. Mayne.

Mr. MAYNE. Thank you, Mr. Chairman.

Mr. Strong, I understood you to say in the interpolations to your testimony here, although it is not in your prepared statement that you believe the \$20,000 limitation would be acceptable as far as feed grain producers are concerned.

Mr. STRONG. At the present time.

Mr. MAYNE. Well, if you feel that way why do you suggest a cutoff at \$50,000?

Mr. STRONG. As I said, I feel that this—we know that operations are expanding and within a few years' time—of course I suppose that could be brought up again, but you would cut out quite a few of the larger operators.

Mr. MAYNE. Then you weren't suggesting the \$50,000 with other crops in mind but as it would apply to feed grain production?

Mr. STRONG. Yes. That is primarily what we are in central Nebraska is feed grain growers.

Mr. MAYNE. Do you have any feeling that payment limitations should be the same for all groups.

Mr. STRONG. Possibly not. I mean if there could be—there might be extenuating circumstances where other crops could have a higher payment.

Mr. MAYNE. And you think that would be acceptable to the members of your organization.

Mr. STRONG. I would feel so, yes.

Mr. MAYNE. Thank you.

Mr. PURCELL. Mr. Zwach.

Mr. ZWACH. Mr. Strong, you believe that the parity concept as a goal should be retained?

Mr. STRONG. Right. Yes, sir.

Mr. ZWACH. Well, I think that is a very basic concept because I know of no other measuring stick that shows true relationships.

You throw out one idea here that looks pretty good to me. You say the crop land production program with payments based on percentage of reduction in crops. You believe that this might be a practical approach.

Mr. STRONG. Yes, I believe so. At the present time you either go in 20, 30 percent or whatever the Secretary sets or else you are out. And here you could go in anywhere from 10 to 30 percent and it would give the farmers a little more freedom of choice of operations.

Mr. ZWACH. Under the present program they can divert from 20 to 50 percent.

Mr. STRONG. Yes, that's right.

Mr. ZWACH. You would work in some consideration because the one that retires the most land will be helping the most to bring production in line with demand.

Mr. STRONG. That's right, sir.

Mr. ZWACH. That is all, Mr. Chairman.

Mr. PURCELL. Dr. Melcher.

Mr. MELCHER. Thank you, Mr. Chairman.

Mr. Strong, just one question. What are your estimates on how much costs are increasing?

Mr. STRONG. We don't have a large staff, but I do feel that this idea of tying the payment in with the percentage of support could very well reduce it. Now, we have no figures to show that it could.

Mr. MELCHER. I think perhaps you misunderstood my question. I mean the cost of the individual farmers and ranch operators, are they going up year by year?

Mr. STRONG. Oh. Just for instance our taxes went up 40 percent on the average in Hamilton County this year. Now, that is probably a little above the average.

In talking about this parity I just can't quite understand why it doesn't reflect our increases in costs as much as I think it should because parity has stood for corn somewhere in the \$1.60 range for almost 10 years. Can anybody explain to me why parity hasn't gone up a little more than that? I believe our costs have gone up—of course I realize the increased efficiency has something to do with it but our costs have definitely gone up in the last few years and it seems like it increases.

Mr. MELCHER. Is about 5 percent per year a fair figure?

Mr. STRONG. I think that would be a very conservative figure.

Mr. MELCHER. In your estimate it would be higher than 5 percent per year.

Mr. STRONG. I would think so.

Mr. MELCHER. Thank you.

Mr. PURCELL. Mr. Kleppe.

Mr. KLEPPE. Thank you, Mr. Chairman.

Mr. Strong, I agree with your concept wherein you state that generally the market price rises and falls with the price support level established. Second, the fact that we would produce more feed grains in this country than we consume domestically, we are then subject to having to sell some of our feed grains in export. Do you believe that we can keep up our level of export sales or expand them in feed grains if the price support is lowered, or do you believe—maybe I should put the question the other way. Do you believe we can keep up our level or expand it if the price support level is kept the same on feed grains?

Mr. STRONG. To me this whole foreign trade business is really a complicated thing, and I have here the guaranteed price supports of wheat in the other countries. I wish I had one for feed grains. But we see here France has a price support of \$2.46 and yet they are selling wheat in competition with our feed grains.

Mr. MELCHER. So we know then that the Government is picking up a tab there for the difference, don't we?

Mr. STRONG. Yes, and it looks like——

Mr. MELCHER. Specifically, on my question I would like to get your own personal opinion. I realize that's what it will be. Do you think we can be competitive in the export market, keeping our price support level on feed grains where it is today?

Mr. STRONG. We may have to have a small export subsidy. I can't see any other solution to compete with the others as long as they are going to subsidize their exports.

Mr. MELCHER. Thank you.

Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Jones, do you have any questions?

Mr. JONES. No questions.

Mr. PURCELL. Mr. Sebelius.

Mr. SEBELIUS. I have one, Mr. Strong. I note on the second page at the top of your statement you are stating a cropland base and conserving base. What would be wrong with just using tillable acres on a farm?

Mr. STRONG. The only thing about that, the conserving base we are thinking about, you will notice I have permanent pasture and summer fallow. There are people who have this summer fallow in their rotation, and if you allowed those to have that as a separate base they could just put in their idle acres and then the next year they could go back and they really wouldn't be laying anything idle. Otherwise if it wasn't for that I think the tillable acres would be fine.

Mr. SEBELIUS. Doesn't a man summer fallow for purposes of getting a better crop the next year?

Mr. STRONG. That's right.

Mr. SEBELIUS. Then why should he be penalized by having a separate base for it?

Mr. STRONG. Well, do you know through the years he has always summer cropped?

Mr. SEBELIUS. Well, they have since they discovered it back several years ago, but doesn't it tend to penalize the man who adopts this practice?

Mr. STRONG. I can't see why it would because otherwise if he was allowed to put his set-aside acres, put it back into wheat the next year, he wouldn't actually be making any reduction in the crop.

Mr. SEBELIUS. I think so. If he gets hailed out one year, he loses what would be the basis of—he won't get another group for 2 more years, for a 4-year base on it. I think the summer fallow people have been penalized in all farm programs, and I would hope that somewhere if I stay here long enough I can do something about it, and I appreciate your presentation this morning.

Mr. STRONG. Personally, I wouldn't object to it. I mean as far as that goes I wouldn't object to it. I mean as far as that goes I would object to it.

Mr. SEBELIUS. Thank you.
Thank you, Mr. Chairman.

Mr. PURCELL. Thank you very much, Mr. Sebelius.

I will now call Mr. Elton Berck, president of the Nebraska Farmers Union, who is speaking for the National Farmers Union, so if you will, please, come around.

STATEMENT OF ELTON BERCK, PRESIDENT, NEBRASKA FARMERS UNION, REPRESENTING NATIONAL FARMERS UNION; ACCOMPANIED BY REUBEN JOHNSON

Mr. BERCK. Mr. Chairman, members of the committee, I am Elton Berck, representing the National Farmers Union in this instance. I come from Nebraska.

First, Mr. Chairman, I would like to commend the leadership which you have exercised in introducing and influencing other Members of Congress to cosponsor the coalition bill, H. 14014 which embodies the recommendation of the 22-member, or more I believe, general farm and commodity organization groups. And in addition, Mr. Foley of your committee who has also joined in the introduction of this bill, and I believe Mr. Melcher who has introduced a companion bill, and Mr. Jones.

To a considerable degree also, Mr. Chairman, you may find personal satisfaction in your efforts to bring unity to agriculture because it is largely in response to the call for unity by Members of Congress, Secretary of Agriculture Hardin, and others that we have been able to develop such a high degree of unity in agriculture.

Nebraska is a feed grains and livestock State. Our economic lifeblood relates directly to the prices of these commodities. Producers of feed grains and livestock almost universally recognize the economic interlock between these commodities. The success of the feed grains program in managing of feed supply, bringing a reasonable balance between production and utilization, is a major contributing factor in increasing returns from livestock.

We recognize that there are other factors, such as increasing consumption of livestock and livestock products and the dropoff in numbers of cattle resulting from the depressed livestock price situation for several years. However, in spite of the fact that livestock prices have not been as high as they should be, livestock producers would have undoubtedly suffered even greater economic hardships in the absence of a feed grains program that has had as its objective the management of feed supply. We doubt if it will ever be possible to perfectly balance supply with demand in any commodity. Be that as it may, Mr. Chairman, we in Farmers Union are strong defenders of the feed grains program.

But the worsening of the price-cost squeeze brought on by increasing prices for almost everything farmers buy, calls for immediate improving amendments to increase the income of feed grains producers and to help underpin recent increases in cattle and hog prices. We recommend improvements in the program as follows:

(1) The feed grains program should be extended permanently.

(2) Price support loan rate on corn should be increased from \$1.05 to \$1.15 per bushel with the loan rate on grain sorghum increased in the same ratio from \$1.61 to \$1.76 per hundredweight.

(3) The payment for corn and grain sorghum should be so increased that together with the price support loan program, participants will receive 90 percent of parity. If this were done, the corn payment would be increased from 30 to 40 cents per bushel and grain sorghum payment would be increased from 53 cents to 71 cents per hundredweight.

(4) The payment should be made on the full amount of the projected yield on base acres.

(5) The farm projected yield for any crop of feed grains for any year should not be reduced more than 5 percent lower than it was for the crop year immediately preceding, if the actual yield from such farm was reduced as a result of drought, flood, or other natural disaster.

If these improvements were made, participants in the feed grains program would receive \$1.55 per bushel of corn on the full amount of their projected yield and \$2.52 per hundredweight on grain sorghum for their full projected yield.

Corresponding price support loan benefits would be afforded producers of barley, oats, and rye and would raise the income of producers of these commodities.

We do not know whether some of the "leaks" of an administration program are serious proposals. However, in response to a rather widespread press accounting program details attributed to the administration, we should like to state our views on some of the proposals.

We are opposed to any budget cut in expenditures on commodity programs. We are opposed to the abandonment of the concept of parity and the basis on which parity price levels for various commodities are calculated. We are opposed to dropping the term "price support" from existing farm legislation. We are opposed to a sliding scale means of setting price support loans whether it be related to a moving average of the market prices or any other criteria.

We are opposed to giving discretionary authority to the Secretary of Agriculture to set price support loans or payments and we do not want any tampering with minimums and floors set in the 1965 Agriculture Act. We are opposed to eliminating authority for the wheat export certificates.

Mr. Chairman, we in Farmers Union believe that the existing farm program is working well and that with some increase in the amount of funds, as the coalition has recommended, it will work even better.

This closes the testimony as you have it before you.

Mr. PURCELL. Thank you very much, Mr. Berck. Are there any questions of Mr. Berck.

Mr. Kleppe.

Mr. KLEPPE. Mr. Berck, just one question. I notice in your statement that you have made no mention of a proposition for payment limitation of any kind. What is your organization's feeling on payment limitations? And I ask you this question with knowledge of the fact that I assume you are aware of the mood of the House. Would you comment on that, please?

Mr. BERCK. We appreciate the spirit in which you ask the question. This is one of these iffy questions I might say, and I am going to turn to Mr. Johnson, who is our technical adviser here who represents the national position more frequently than I before committee.

Mr. JOHNSON. Mr. Kleppe, we have opposed a flat payment limitation, and we have opposed the efforts of those who would impose a limitation if they didn't have pure motives, and by pure motives I mean if they were hostile to farm programs we have not supported their efforts.

In an attempt to deal realistically with this, our delegates did enact at the most recent convention a recommendation in regard to this matter. Looking at the need to set a payment limitation at a rather high level in order to protect the supply-management features of farm programs, our delegate body put together this kind of formula: 25,000 would be the starting point. Anybody that had 25,000 would not be cutting back. The next, \$10,000 from \$25,000 to \$35,000, payment of \$7,500 would be provided. And from \$35,000 to \$45,000, \$5,000 of that \$10,000 would be provided, which would mean a payment recipient who would normally get \$45,000 under our formula would receive \$37,500.

Mr. KLEPPE. Is that the maximum, then?

Mr. JOHNSON. The maximum would be \$37,500.

Mr. KLEPPE. That would be the maximum?

Mr. JOHNSON. Now, let me make it very clear, and what a lot of people in cities apparently don't understand is that when you are talking about \$37,500, you are not talking about that much home free, in other words, free of any incumbrance or liability. Farm expenses today are such that if a farm operator can get 25 percent of his gross in the form of net, he is doing pretty good, and there are a lot of farmers who don't do that well. So I think we ought to make the record very clear for our city friends that this is not an unreasonably high level.

But I want to say again that we do not intend in the Farmers Union to support the efforts of those who attack farm programs, who are opposed to farm programs, who want to see farm programs come to an end and attempting to use the device of a payment limitation in order to bring them to that objective.

Mr. KLEPPE. Thank you.

Thank you, Mr. Chairman.

Mr. PURCELL. Any other questions?

Mr. Zwach.

Mr. ZWACH. You make this statement:

We are opposed to the abandonment of the concept of parity and the basis upon which parity provides levels for various commodities are calculated.

Now, you are aware that for several years there has been an effort to get away from this term. Would you give us your concept of the fairness and the real measuring stick of that term parity?

Mr. BERCK. Sir, it would probably be impossible with exactitude to state what we imply in the term "parity." However, this is a term that farmers understand. They are accustomed to working with it over a period of years. It is very doubtful whether any other kind of a term could be used which would be any more readily acceptable, any more readily understood. What we are trying to spell out is a relationship of farm income from crops to farm costs and a fair return. So that is why we have taken this position.

Mr. ZWACH. You would like to see it retained——

Mr. BERCK. Exactly so.

Mr. ZWACH. Thank you, Mr. Chairman.

Mr. PURCELL. Any other questions?

If not—

Mr. RARICK. Mr. Chairman, may I ask one question?

Mr. PURCELL. Excuse me. Yes, Mr. Rarick.

Mr. RARICK. I noticed from your testimony that you oppose giving discretionary authority to the Secretary to set price-support loans. Who do you feel should retain the authority, or should there be statutory measures enacted by Congress, or do you feel we of the Agriculture Committee should maintain control?

Mr. BERCK. Well, again, on this particular point, I am going to turn to Mr. Johnson because he is more familiar with the working of this particular authority and the reason for our position in this regard.

Mr. Johnson.

Mr. JOHNSON. Well, Congressman Rarick, that is a very interesting question and we are happy to respond. We, in the Farmers Union, feel like we are part of the Government. Now, not all people and not all organizations take this attitude, but we are part of the Government because we conduct ourselves in such a way that we become a part of the Government. We feel very kindly toward this committee because we feel welcome here. You always listen to our comments, even though you may not act on them. At least we get a cordial reception.

Well, I am taking too much time to build up to what should be a relatively short answer. We would feel much more comfortable having the elected representatives of the people make decisions about the minimums and floors that should be established in legislation. And I must say that while we have some Members of the Congress who don't understand farm programs we believe that the Congress as a whole, and this includes this committee and all the members, believes that there ought to be equity among economic sectors in our economy and that when the dust all settles and we have a farm bill we would much rather ride with the congressional directives in regard to these price-support levels than with a Cabinet officer, with all due respect to Secretary Hardin, who is appointed and not an elected official.

Mr. RARICK. You are saying that you would much sooner trust the destiny of the farm people to the will of the elected representatives than to an unelected bureaucrat. Is that substantially correct?

Mr. BERCK. Mr. Rarick, if you put that word bureaucrat and use it in its finest sense, I will agree with you, sir.

Mr. RARICK. Thank you, sir.

Mr. PURCELL. Dr. Melcher.

Mr. MELCHER. Thank you, Mr. Chairman.

Mr. Berck, on page 2 you are stressing the price-cost squeeze brought on by increasing prices for almost everything farmers buy.

Now, I know how true this is, Mr. Berck, but I think that it is not generally understood. In my State of Montana, and in many other areas that I have spot checked, I have found that there are an increasing number of farm and ranch sales, not because the people want to retire and move off the land but because their credit has not been extended or the squeeze has been so tough that they just cannot continue their operation. Is that true in your State of Nebraska?

Mr. BERCK. This is very true. I was interested in this question because of a very recent publication that perhaps I am sure the members

of the committee are aware of, a publication by the USDA, "Economic Research," and they have gone into this thing of the increases in costs of operations for various types of agricultural pursuits. And I turn to just one here on table 5 and this has to do with hog/beef raising farms in the Corn Belt, and we have here a comparison of costs, an average of 1957-59 figures compared to 1968, and the gross farm income for those same periods. Now, we are referring to gross farm income first. The average gross farm income in this group of farms in the Corn Belt, this type of production, the 1957-59 year average was \$8,623. We come down the road to the 1968 period, and each year of the years 1967, 1966, there was an increase. For 1968 it was \$17,838 gross farm income as compared to the \$8,623 gross income in 1957-59.

Now we turn to the total cash expenditures and we begin there with 5,000-some-odd dollars of total cash expenditures in the 1957-59 period and we come up to \$11,048 for the 1968 period. So we have here—and I will not burden the committee further with quotations, but we have in this study a very accurate picture of what has happened to farm costs over this era of time.

In response to your question, certainly, Nebraska, the Cornhusker State, has experienced this same thing, and it has had a very great effect on the total economy of the State since our State is so largely agricultural depending so much on livestock, livestock products, and farm products generally for its income.

Mr. MELCHER. Last week the the Interstate Commerce Commission granted to the railroads a 6-percent increase in freight rates. Mr. Berck, who is going to pay the 6 percent in farm commodities?

Mr. BERCK. Those people who use the railroads most in freight shipments, and this will be the farm people who pay not only on crops shipped out but on supplies shipped in.

Mr. MELCHER. To ship cattle or to ship grain the farmer or rancher pays the total freight bill; is that correct?

Mr. BERCK. He will; yes. He will.

Mr. MELCHER. It will be reflected back in a lower net price to him.

Mr. BERCK. This is very true.

Mr. MELCHER. Thank you, Mr. Berck.

Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Jones.

Mr. JONES. Mr. Chairman, one quick question. I direct your attention back to this word parity. As I recall your testimony you said you didn't believe you could define it. I asked Secretary Freeman some 3 years ago to give me an interpretation or definition and he said he wasn't quite sure he had one.

With that in mind, would you agree, sir, that perhaps this committee and others should start seeking a new level of support, for example, cost of production as it varies from year to year for support prices?

Mr. BERCK. Well, we are dealing pretty much with the same subject here which is a fair return to the farmer for his investment.

Mr. JONES. Parity has not provided that.

Mr. BERCK. Well, this is true, it has been short in this, but it has provided in some measure a standard—imperfect, this is true. And certainly there is need of improvement. But this will not be accomplished by abandoning the concept of parity or changing the term.

Mr. JOHNSON. Mr. Jones, we don't have parity. We don't have parity prices——

Mr. JONES. I just said that, sir; yes.

Mr. JOHNSON (continuing). To these commodities. In other words, the Congress has authorized much higher prices than we have. The reason why we don't have these higher prices, we haven't had the money to fund the programs to the point that we could raise prices up to the parity level. Now, without belaboring the point here, I wonder, Mr. Chairman, if I might be permitted to submit the level of prices in terms of the parity level, percentage of parity, that we are receiving currently?

Mr. PURCELL. We have a member of this subcommittee who can tell you hourly what that ratio is.

Mr. ZWACH. Mr. Chairman, I have it in my pocket at all times. And I use it regularly.

Mr. PURCELL. So in order to just verify Mr. Zwach's figures, you may submit yours.

Mr. JOHNSON. Mr. Chairman, I will check with Mr. Zwach.

Mr. PURCELL. All right, then, gentlemen, we thank you very much.

We have two more witnesses who are scheduled to be heard, Mr. Lloyd Reeser, United Grain Farmers, from Weldon, Ill., and I have noticed that Mr. John H. Butterfield of Hanna, Ill., is here. He is vice president of the National Corn Growers Association. And I understand Mr. Butterfield just wants to make an oral statement. And Mr. Reeser, if you will kind of honor us with realizing what our time problem is here, and that is that we are going to go into session in about 10 minutes, we will appreciate very much hearing from you, please.

STATEMENT OF LLOYD REESER, UNITED GRAIN FARMERS, WELDON, ILL.; ACCOMPANIED BY CLEO A. DUGAN, CHAIRMAN, UGFA, GERALD CAIN, AND JAMES M. HALL

Mr. REESER. Thank you, Mr. Chairman, members of this committee. We are, too, going to make just an off-the-cuff statement realizing the delicate situation you have here from the standpoint of time. I would like to introduce the gentlemen with me. This is Jim Hall, our legislative representative, and to my right is Cleo Dugan, chairman of our organization and Gerald Cain, a member of our organization.

Now, we are here in behalf of presenting our views in support of the coalition bill. Very briefly, we would like to point out that we feel that it is necessary in order to improve and to get from here to there that we have to start from here, and here is the 1965 Act. And the coalition bill incorporates this with some improvements. We realize that this bill is not the ultimate but it is definitely a step in the right direction, and we support it fully.

We are aware of the fact that there is much that can be considered in the economic aspects as I have listened to these other presentations here this morning, and I regret that I have not drawn this up ahead of time to present to you, but if Mr. Hall would hold this up so you could see it I would like to define our concepts of what is involved in the economics here.

If it is of interest to you, we will have those prepared and sent to you, but what we have designed here, we also are listening to a supply and demand situation as far as economic situations are concerned referring to our agricultural production.

In this graph we also represent another economic law, the law of diminishing returns which indicates that as a supply of a product increases in relation to its demand that the profit increases up to an optimum point at a decreasing rate. And after it reaches this optimum point, the profit decreases at an increasing rate until we are in the loss area again. So you can see from that little graph to the complete left that when you don't have production that will meet the demand situation you are at a loss operation. When those curves intersect is the only time that we can have profit.

Now, if we raise the costs or lower the prices, you will see that those curves tend to separate so that there is no profit level involved. And this is the area in which we find many farmers today. And as we go to the right in excess production we are again into the loss area. And we definitely feel that we must tie ourselves to a parity concept to justify the price of our products or we will be in this loss area. And the only way you can have a parity concept, whether you call it parity or whether you use other nomenclature, is a fact that we must introduce the costs of production as all other segments of the economy do. Thank you, sir.

Mr. PURCELL. Thank you very much. If there are no questions, then we really do appreciate all of you gentlemen being here. I am sorry, as so often happens, we get into this situation late in the morning. Our lack of asking questions is not an indication of lack of interest in what you say. Most of us I think will find what you have said more aligned to our thinking than some of the other witnesses' testimony has been but due to the pressing time we will excuse you at this time. Thank you, sir.

Mr. REESER. Thank you very much, sir.

Mr. PURCELL. Now, is Mr. Butterfield in the room at this time?

STATEMENT OF JOHN H. BUTTERFIELD, VICE PRESIDENT, NATIONAL CORN GROWERS ASSOCIATION

Mr. BUTTERFIELD. Thank you, Mr. Purcell. I was going to be visiting with you people individually while I was in town, but I thought I might like to put two or three things in the record.

Mr. PURCELL. All right, sir.

Mr. BUTTERFIELD. I just came from the IA convention. I have been active in farm organization work clear back to Marvin Jones being chairman. I have been visiting with you since. I would like to share with you some of the things that were discussed in the meetings which I came from last night. There are some real questions being asked today from the press and the kinds of things that are talking about the future of agriculture. I am not going to get into limitation of payment because you don't have time and I could spend a good long time telling you that you can't do anything about cutting production if you don't have it taken out by the people producing it. You can't get anything done on this.

But the things that are coming to the head very much are two matters. One is the stability of agriculture, whether you call it parity or not, of tying to some kind of price that we can try to talk about starting with. And then we get into talking about not using a loan, a nonrecourse loan, but proceeding to have this left entirely at a level that nothing would go into commodity credit stocks.

Well, this can have nothing to do with stability and we find in the halls in which we talked this week that the thing people are talking about is how can we keep from having to go way up and down. We think if it hadn't been for the loan level in the last 3 weeks when all of a sudden 92 million bushels of corn was found in the November crop reports that we would have had the Board of Trade using this method to say we run the price down, that we would have lost 10 to 15 cents a bushel. Nothing else would have prevented this from happening. And we also find as we listened to a speaker from the Fats and Oils Division speak before about a thousand people the night before last, it was interesting in the hall to hear the people talking economics, and that, if you will pardon my language and you put in the first word but the second was "fool"—tried to tell us it was good to increase exports 5 million bushel and we did it by cutting the price 30 cents. Now, 5 million of these bushel to these people who are not bought with professional degrees but with only having to pay their bills pointed out that a 5 million increase in exports of soybeans that he was talking about was one-half of 1 percent of the crop, and that a cut to do this and he took only credit that he was able to do this because he had the price cut 30 cents.

Well, now, the University of Illinois has just put out some report on this that a 30-cent cut in soybean prices is a 27 percent in net farm income, the thing we were just relating to. So it was just common in the halls to hear people say how can somebody brag about, by having a price war, reducing farm income 27 percent, you got rid of one-half of 1 percent more stuff. Well, gee, I don't have any answers to those guys when they come up and talk to me, do you?

Well, the other stability of course is the fact how do you help the stopside, and this is the thing that our people are getting awfully tried of as we talk to them in Illinois. I happen to be from a county that is the most intensive soybean producing county in the United States, that has the highest corn yield in the last 3 years of any non-irrigated county in the State, and that is a sizable wheat operation. I individually am wheat, corn, and soybeans so that I am in the middle of all three planes. I have served many years on the American Soybean Association Board before they became enamored with lower prices. And the interchange of these commodities that we have on the farm, it is an acre planted a year or an acre to soybeans is our problem. And when we find that people are talking about the level of loan prices hurting the sales of soybeans overseas and do not tell you the fact that in 1966 or 1967 and this is what I want to get in the record. Mr. Chairman, that people out in the country remember the price of soybeans 2 years ago being up to \$3.60 and that this was the effect on the people buying overseas, not a 250 loan but it was the fact that we did not have adequate stocks in commodity credit hands in the fall of 1966, when we not only had a shortage in this country, but we had considerable droughts in other areas and we had the hysteria

that took place on the Board of Trade and they run the price of soybeans to almost \$4 on the Board of Trade. And you can put the same thing I am saying into my corn or wheat. It was not the number of credit stocks on hand that caused a lot of aberrations in the soybean sales and helped them to buy from other sources like Iran with sunflower oil coming from Russia. It was not the level of price support. And it would seem to me very important to get in the record, Mr. Chairman, the prices we had projected to our potential customers overseas in 1966, 1967 instead of crying about the price support level having the total effect.

Thank you.

Mr. PURCELL. Thank you very much, Mr. Butterfield.

The subcommittee will stand adjourned until 10 o'clock in the morning when we will have further testimony on this same subject.

(Whereupon, at 12 noon the subcommittee recessed, to reconvene at 10 a.m., Friday, November 21, 1969.)

FEED GRAINS

FRIDAY, NOVEMBER 21, 1969

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND GRAINS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:05 a.m., in room 1301, Longworth House Office Building, the Honorable Graham Purcell (chairman of the subcommittee) presiding.

Present: Representatives Purcell, Foley, Melcher, Kleppe, and Sebelius.

Also present: Christine S. Gallagher, chief clerk; Lacey C. Sharp, general counsel; Hyde H. Murray, associate counsel, and John A. Knebel, assistant counsel.

Mr. PURCELL. The subcommittee will please come to order.

Today, we are continuing hearings on feed-grain matters. Any witness that needs to may certainly deal with wheat also.

We have as our first witness Mr. Fred Heinkel, president, Midcontinent Farmers Association.

Mr. Heinkel has been here many times.

And we welcome you back, Mr. Heinkel, and we will be glad to hear from you at this time.

STATEMENT OF FRED HEINKEL, PRESIDENT, MIDCONTINENT FARMERS ASSOCIATION, COLUMBIA, MO.; ACCOMPANIED BY L. C. CARPENTER, VICE PRESIDENT, MIDCONTINENT FARMERS ASSOCIATION

Mr. HEINKEL. Thank you, Mr. Chairman. My name is Fred Heinkel, Columbia, Mo., president of Midcontinent Farmers Association, and I have with me Mr. L. C. Carpenter, vice president of the Midcontinent Farmers Association.

Unfortunately, I was not in a position to prepare any statement, and I will just make a few extemporaneous comments.

We appeared here on July 29 on H.R. 12430, introduced by Chairman Poage. We appeared before the chairman and the full committee and supported that piece of legislation.

Of course, we suggested a number of improvements. We, at that time, were working with the coalition group made up of 17 organizations' commodity groups. It did develop that some recommendations culminated into a piece of legislation or were incorporated in a bill introduced by you, Mr. Chairman, on, I believe it was, September 25, known as H.R. 14014, and that was developed—and the coalition at the time you introduced the bill had grown to 22 in number.

It met yesterday and now has 24 organizations' commodity groups in the coalition.

We, in MFA, support H.R. 14014. We think it is a good bill, because it is based upon experience and upon what we have now.

The bill, as I see it, has as its objective the continuation of what is working satisfactorily, with changes for what we think improvements being made where we believe they are needed.

It is designed, as we see it and as our people see it, to maintain and improve farm income.

It is a package approach. It recognizes that while the fundamental problem of agriculture is price and income, the agriculture problem is made up of many problems, because there are many crops and commodities involved, and each one has its own peculiar set of characteristics and circumstances, production and marketingwise; and this bill recognizes those differences and treats them differently where they need to be treated differently, but in one package, in one piece of legislation.

It also recognizes the need of continuity by not providing for termination dates. Of course, the farmers plant and grow a crop of wheat or corn or cotton or whatever it may be each year, but there is also the matter of some long-range planning, and the farmer's banker is a lot easier to deal with if he knows that there is a continuing program and that the farmer can have his plans made not just for 1 year but for a number of years in advance.

So, we think that this is also good, that this bill recognizes all of these important factors.

I do not think I need to quote a lot of figures. You are familiar with them.

I would just say that farmers have provided and are providing an abundance of food for the people of this country and a lot for export, but during the past 20 years, while our gross income has gone up some \$17.5 billion to \$18 billion, it has all been soaked up by increased production costs. So, we wind up with no more, probably just a little less net income than we had 20 years ago.

That, in brief, is our reason for supporting this piece of legislation. I mentioned that, on yesterday, this coalition group met—and I am not proposing to speak for the group, each organization speaks for itself, but we did agree upon, unanimously agreed upon, a news release and it is being given to the press this morning.

We have a copy of it here, and we have permission of the group to read it to you, if you are interested in hearing it. It is rather short, but it does state a position on some other matters not contained in your bill.

Mr. PURCELL. Well, we have the statement before us, Mr. Heinkel. I have not read it. Does this contain any statement with regard to the set-aside proposition the administration has been talking about?

Mr. HEINKEL. It does not deal with the set-aside as such but it does deal with the matter of price supports and parity bases, and parity and some of those things that I think are in that package.

Mr. PURCELL. Well, I think that, inasmuch as we have this matter before us, we will have a chance to read it and there is no use to just read it and put it in the record and make us pay for it two or three times that way.

Mr. HEINKEL. It is all right.

Mr. PURCELL. Does that conclude your statement?

Mr. HEINKEL. Yes, sir.

Mr. PURCELL. Well, thank you very much, Mr. Heinkel, for your statement.

Would you please, sir, comment or make any comparison that you might have thought out about the set-aside operation, relating it to the present program or to anything else that you want to?

Mr. HEINKEL. Well, I have not really had a chance to study it thoroughly, but I have seen some tables with examples of the application of it, and to the best of my knowledge it does not use the commodity-by-commodity approach that has been working quite successfully, and we fail to see where we can get the kind of adjustment in production with any degree of accuracy as we now do under this type of approach.

The name does not bother me; I am not prejudiced as to what we call this adjustment in production, so that does not enter into it with me, but as to the mechanics of it, we just cannot see how it will produce the desired results: to maintain and improve farm income.

We dislike the idea of discarding the parity formula or parity as a base for arriving at supports and loans. It has been in use for many years; it has been modernized a time or two, but it is an acceptable and recognized principal base, and I think, and we think, and our people think, the members of our organization, would not like to see it discarded.

Then, our people are not favorable—in fact, they are opposed—to using a 3-year moving-market-price base to arrive at supports. They think this is one by which we have every chance to lose and none to gain.

Mr. PURCELL. Well, again, I thank you very much, Mr. Heinkel.

Mr. Foley, do you have questions?

Mr. FOLEY. I appreciate Mr. Heinkel's statement. May I just ask, Mr. Heinkel: Are you a member of any farm organizations besides the one you represent?

Mr. HEINKEL. No.

Mr. FOLEY. Thank you.

Mr. PURCELL. Do you have any question?

Mr. KLEPPE. Yes, sir.

Mr. PURCELL. Mr. Kleppe.

Mr. KLEPPE. It is nice to see you, Mr. Heinkel and Mr. Carpenter.

Mr. HEINKEL. Thank you.

Mr. KLEPPE. I can well understand, I think, the statement you have orally made to us and the release that you have here—I am very much of the opinion, as you are, that there are many good provisions in this coalition farm bill. There are two areas I would like to ask you about.

I notice in this statement that was released yesterday that you have agreed now that a limitation on payments in the Government part of the program would be disruptive and not in the national interest. That is a coordinated effort, I suspect, on the part of the group that belongs to the coalition.

Do you believe, Mr. Heinkel, that we can pass a farm bill here in the House that does not have some limitation-of-payments provision in it?

Mr. HEINKEL. I certainly would not be in nearly as good a position to make a statement on that as you, Mr. Congressman.

Mr. KLEPPE. Well, I am sure you are aware of some of the votes we have had on this question.

Mr. HEINKEL. Yes, I am.

Mr. KLEPPE. And this is a very emotional thing here in the House, and my own opinion is that we cannot come close to passing the bill without limitations of payment of some kind in it, and this is why I was wondering why this was developed yesterday. It may make it more difficult for us, I do not know. But I really wanted to get your opinion on it, as to what you thought about it.

Mr. HEINKEL. Well, we felt—and this is my own personal feeling—that if the Congress puts it in there, we would not be any worse off than we came up here and advocated it. We have not had any position in our organization on this matter. We have never gone on record on it one way or the other.

Mr. KLEPPE. It is true that the coalition farm bill does not have a section on limitation of payments in it?

Mr. HEINKEL. Yes.

Mr. KLEPPE. And, as far as you are concerned, the group is still staying with the same position, that it would be disruptive and we should not have it?

Mr. HEINKEL. That is right. However, if we get to counting noses in the Congress and we just have to have one to get a farm bill, I would say we must have a farm bill.

Mr. KLEPPE. Well, those noses have been counted twice and it is pretty overwhelming in favor of a limitation of payments, and this is why I bring it up.

The last two times that question came up was, of course, for different reasons, and being very practical is the reason why I am asking this, because I want a farm bill, and I want one very badly. I think we need one very badly, and it bothers me to think that we have one item here that can be objected to which has already been reflected by the vote of Congress, and this is why I wonder if it would be wise for us to proceed without recognizing it. I think you have commented on it, so far as you are concerned.

So, let me get to the second question.

Our export sales on—well, wheat specifically is what I was going to mention now, was down something over 200 million bushels this year.

Why did we lose some of this export business?

Well, I guess the No. 1 reason is because price, that we were undercut; we were undercut by some of the other nations. Do you think that we can hold our own in the export market and yet hold our price-support loan levels approximately where they are today?

Mr. HEINKEL. Well, that depends on whether we can—partially, I think, depends on whether we can maintain some kind of a semblance of order in a world-grain arrangement. Now, we made one just a year or two ago, and it seems to have broken down to some extent. It has not worked as we had hoped it would, but I am fearful of our getting into an international price war.

Mr. KLEPPE. Are we not in an international price war of sorts right now?

Mr. HEINKEL. Well, I think we are, and I am wondering whether we ought to intensify it. Some people seem to think that we can pro-

duce more efficiently than anybody else in the world. I think we are the most efficient producers in the world, based upon our standards, but these people in some of these other countries have different wage scales, different implement costs, different cost factors all across the board, and they can get to foreign markets at a lesser price per bushel than we can. So, I do not know whether we are going to win or not in an international price war over the long range.

I would like to think that maybe this is a skirmish, that by some astuteness and statesmanship we can get around.

Mr. KLEPPE. But while this has been taking place, it is true that our exports of wheat, for example, are something over 200 million bushels down this year?

Mr. HEINKEL. We recognize that.

Mr. KLEPPE. And I suspect that we might look for some of the same thing next year, unless we are able to meet the competitive price situation throughout the world.

Now, this leads me to subparagraph (a) of my question which has to do with the coalition farm bill, and that is the export certificate arrangement.

There is a provision in there for an export certificate to take up the slack so that we can be competitive, and this situation has, I think, a great deal of merit. There is one problem behind it, as I see it, from the practical standpoint of getting it passed. That provision of your coalition farm bill, basically, would require an extra appropriation of something in excess of \$1 billion above and beyond what we are spending today. Being very practical, I do not know where we are going to get the votes to do that. Would you comment on this?

Mr. HEINKEL. I am sure your figures are better than mine. The figures I had were that it would increase it about \$600 million and it is hoped to save about a comparable amount on the cutback in the wheat acreage and in the lowering of the soybean price support which should not, on the basis of the figures I have, really, increase the need for money.

Mr. KLEPPE. Oh, is that right?

That seems to be somewhat different than the figures we have had presented to us previously, both formally and informally, that the additional costs would be something in the area of \$1 billion.

Mr. HEINKEL. Well, assuming there was no reduction in the cost of the wheat program or the soybean program, that might come near being true, but, I am just giving you the figures I had. Maybe they are not correct, but they are the best I have been able to get hold of.

Mr. KLEPPE. Well, let me just get back, if I might, to your own personal view on this price-support loan rate. It seems to me that we would encounter a great deal of difficulty in agricultural America if we were to lower those price supports.

Mr. HEINKEL. I think we would.

Mr. KLEPPE. I think, historically, we can all look back and see and know that the market has generally tended to follow the loan rate, so if we are going to lower it, then we are going to give ourselves some additional difficulty here, and, yet, we must be competitive in a world market, because we sell almost two-thirds of our production, in the case of wheat, in the export market. So, I was wondering if you had a specific thought along the lines of being able to hold our price-support

loan rates and yet give us an answer so we can compete in the world market without going the route of the export certificate which would cost an extra \$1 billion under the provisions of that bill.

This is my dilemma, and this is the reason I am asking you for your views, if you will give them to us.

Mr. HEINKEL. Well, this is the best solution that we have been able to come up with. Rather than to engage and to intensify an international price war on these grains, I think we have everything to lose and not too much to gain. We might get rid of some more wheat, but I am not so sure how the farmer is going to fare in the end. I think a lot of them will not be here after a year or two. I think that is about all it would take at a lower loan rate and a lower support rate before a lot of them would fold up. I think we need to work on trying to stabilize our foreign price situation. It is my information that some of these other countries are about as sick of this rat race in grain prices, particularly wheat, as we are, and are ready to try to do something about it. It is also my information that our wheat exports have started to pick up in the last 60 days, which is some indication that there is some stability starting to come back in the international price situation.

Mr. KLEPPE. Mr. Heinkel, I appreciate your comments and appreciate your statement, and I thank you.

Thank you, Mr. Chairman.

Mr. HEINKEL. I appreciate what you said about the budget matter. I served on some committees that helped to develop some of these programs, and I have always heard that, or we have always heard it every-time we had a meeting and figured out a program.

Mr. KLEPPE. One thing that I would like to have the record show is that I am in favor of this. I just wonder and hope and plan and think: Where can we get 218 votes to put it on the books, on this side? This is my concern, and the reason for my questions.

Mr. HEINKEL. Well, I think we are going to have to scrounge around.

Mr. KLEPPE. Yes, we are. Thank you.

Mr. PURCELL. Dr. Melcher?

Mr. MELCHER. Thank you, Mr. Chairman.

Mr. Heinkel, we talk about cost-price squeeze, and in Montana, I am aware, painfully aware, of the fact that the grain prices are slipping, and I am also aware that in our State that the costs are increasing, the basic costs, such as property taxes and machinery costs. Can you tell me, in the membership of your organization, just briefly, what is happening on the cost side for your operators?

Mr. HEINKEL. Well, they keep going up. I think probably you have seen this information, that farmers who have gross sales of \$40,000 and above, it takes about 80 cents out of every gross sales dollar to pay their operating costs. The ones in a lower bracket of gross sales, it takes about 65 percent. But that is an indication that the cost of production is terrific: implements, repairs, fertilizer, and all of the other items—interest, taxes—that enter into the farmer's operating costs, and that is why, during the past 20 years, even though we have gained \$17.5 to \$18 billion in gross income, these increased costs have sapped it all up.

Mr. MELCHER. Well, then, at this particular time, with prices not improving substantially—I think livestock has shown some improvement, and we are happy for that, but grains and other commodities

have not shown any price improvement—and some of them are weakening while the costs keep climbing, do you think it is essential for us to retain the parity idea in farm legislation?

Mr. HEINKEL. Our people think it will be.

Mr. MELCHER. Thank you, Mr. Heinkel; and thank you, Mr. Chairman.

Mr. PURCELL. Mr. Sebelius?

Mr. SEBELIUS. Mr. Chairman, thank you.

Mr. Heinkel, I know that your organization deals more now in the feed grains than you do wheat, but I notice here in this release it says: "Authority for a wheat export certificate must be retained."

Now, we do not have any wheat export certificate in the act at the present time. There is no provision for an export certificate, is there?

Mr. HEINKEL. Well, I did not write this, and I assume that the fellows who wrote it were familiar.

Mr. SEBELIUS. Well, I did not think we had it on the statute books, and this says: "It must be retained." But be that as it may, when we had Secretary Hardin talk to us in one of our meetings, I asked him about export certificates and the idea of it, and his first remark was spontaneous and he says: "That is dumping in the world trade." So, I asked him to produce me some statements about it, because they keep coming back about export certificates dangled out in front of the boys, and, of course, you are grasping for straws as far as income is concerned.

But in the GATT, General Agreement on Traffic and Trade, they cite me various specific provisions of the supposedly utter chaos, because we were doing exactly what France is doing today, and they started with their article 16, paragraph 3, of GATT, their agreement, and it says:

Export member countries seek to avoid the use of subsidies on the export of primary products. It further provides that if a member country should grant export subsidies, it shall not apply export subsidies in a manner which will capture for it more than an equitable share of the world export trade.

Under article 6, the same agreement, at the end, it goes on to say:

Further, the importing country may impose countervailing duties whenever the subsidization causes or threatens serious injury to an industry of another country supplying the products in its market.

Of course, there goes your soybeans. What would happen if we got into that field?

It says: "Thus, the intended effect of the subsidy payment can be completely negated by a countervailing duty," which the Common Market has in mind for us right now on the soybean meal and soybean oil.

So, I wonder whether or not the coalition group is wishfully thinking? Or is there something here that I am missing on the subject of the export certificate?

Mr. HEINKEL. Well, I do not believe we are wishfully thinking. I served on a little trade advisory committee, or it was a national committee set up by Governor Herter when he was head of our trade negotiations under President Kennedy and President Johnson, and we had people from foreign countries in our meetings with our committee, and at this particular time, and this has been 4 or 5 years ago, Canada was fussing with us about having—we had at that time, some subsidy on

wheat exports. Well, they did not have any on the wheat, but they subsidized wheat from the interior of Canada to the Great Lakes. So, I do not know. It is six and one-half-of-a-dozen in the other, and the Common Market is threatening us or did with some duty on soybeans, and we have not had any export subsidy on soybeans. Apparently, that was conjured up possibly as a retaliation for our American selling price duties that we levied on chemicals that otherwise would come in here from Europe. They have been very upset about this. So, I think, when we get into foreign trade, we get into a lot of ramifications, and I cannot quite see just picking out a little wheat export subsidy and letting that determine a lot of decisions for us.

That deals with—allegedly from an official position which says it is just completely out of the question, and this comes from both sides of the aisle as far as the answer-back is concerned, and it keeps cropping up, and I am still trying to have somebody see whether or not there is any way it can be done that does not get into this rat race where we are probably going to face this in soybean oil, and so forth.

Mr. HEINKEL. We have had wheat subsidies in the past, and the world did not come to an end.

Mr. SEBELIUS. But we never officially paid a certificate to the producer for what was going in the foreign trade; we have never done that.

Mr. HEINKEL. We did have an export subsidy on wheat, though.

Mr. SEBELIUS. But it never went directly to the producer.

Mr. HEINKEL. Well, I do not really see that that changes it.

Mr. SEBELIUS. Well, I think that is probably where the peanut lies in it, but I will not pursue the point any further. But it disturbs me, and I have had individuals—and I will not mention names—who are involved in the coalition group, come in and talk to me the other way about it: "Well, we know that is out of the question, but it is good bargaining and that sort of thing." Well, that puts all of us on the spot when you are not sincere about legislation.

Mr. HEINKEL. Well, we are sincere about it in our organization, and this has received a lot of discussion, and as far as I am concerned, it is not in there for bargaining purposes. We think it is a sound recommendation.

Mr. SEBELIUS. Well, in the meeting yesterday, was there any discussion of the set-aside, as far as the philosophy of the idea of trying to give the farmer more freedom in his selection of what he thinks would make him the most money on his land?

Mr. HEINKEL. We did not have a lot of discussion on it. There was some—and I recall one comment to this effect: This individual said that he would rather have freedom from his banker than he would this freedom to shift around in what he planted. He would rather retain the crop-by-crop adjustment program. They had not been able to sit down with a piece of paper and a pencil and figure out whether they would have greater income.

Mr. SEBELIUS. Well, can you find any moral justification for growing an acre of wheat when an acre of corn would make you more money?

Mr. HEINKEL. Well, there is flexibility in the program now on those two crops.

Mr. SEBELIUS. Yes, as long as the Secretary keeps letting those crops go together, that is true.

Mr. HEINKEL. Well, we assume that the Secretary would do that.

Mr. SEBELIUS. When I ran for this office, I kept saying that I would not advocate any change until I could find something better, and everybody was complaining about the present program.

Now, everybody seems to want the present program, except with a lot of sweeteners, which we would all love to put in there. However, I am sort of like Mr. Kleppe, and I know the other members of this committee, in that we have to face the facts of life, in how many dollars we can pry loose and get aimed toward the farmer. When we were discussing and passing the House appropriations bill, the conference report, the other day, we had allegedly intelligent people say: "Well, you have nothing but farm subsidies anyway. You should cut them all off and get rid of them." I think our chairman and the rest of us would like to find something that we can sell and can deliver to the farmers of America. I am a little disappointed that you are not trying to look further down the road with a little more imagination. To me, the set of things we have, has gripped us and carried us over the falls, and it is only a slow death unless we come up with some imagination.

Mr. HEINKEL. Well, we have given a lot of serious thought to that, but it is not easy to come up with something new that will maintain and improve farm income and not cost anything.

Now, we have not happened onto that magic wand yet, so we are doing the best we can with what we have, and these are our considered judgments for whatever they are worth, and I can assure you that we put a lot of sincere and conscientious thought and study into it.

Mr. SEBELIUS. Well, maybe the thing we have seen is the fear that it is going to produce less dollars for the farmers, so they are not willing to try.

Mr. HEINKEL. Well, because they cannot afford to. The bankers are breathing down their necks right now.

Mr. SEBELIUS. I am aware of that. I have been making over 200 farmers' income tax returns a year for the last 20 years, and I have seen the whole picture just as close as you can go to it without it being in your own pocket. I have seen many returns where they had not made any money and they still had to part with some money for me, and it hurt me to think that they had to pay me to tell Uncle Sam that they had not made any money.

I thank you, Mr. Heinkel, for your comments.

Mr. PURCELL. Well, thank you, Mr. Heinkel. We appreciate your comments and your thoughts.

Mr. HEINKEL. Thank you, Mr. Chairman.

Mr. PURCELL. Our next witness is Mr. Pat Northcutt, secretary-treasurer of the Grain Sorghum Producers Association. He is accompanied by Mr. Elbert Harp.

STATEMENT OF PAT NORTHCUTT, SECRETARY-TREASURER, GRAIN SORGHUM PRODUCERS ASSOCIATION, SILVERTON, TEX.; ACCOMPANIED BY ELBERT HARP, EXECUTIVE DIRECTOR, GRAIN SORGHUM PRODUCERS ASSOCIATION

Mr. NORTHCUTT. Good morning, Mr. Chairman, and members of the committee.

I am Pat Northcutt, secretary-treasurer of the Grain Sorghum Producers Association. My home is in Silverton, Tex. With me today is our association's executive director, Elbert Harp. We are both farmers, and in behalf of the Grain Sorghum Producers Association, we want to express our appreciation for the opportunity of appearing before you today.

The Grain Sorghum Producers Association, with headquarters in Lubbock, Tex., represents the views of the majority of the grain sorghum farmers across the Nation. We have leaders of all major farm organizations on our board. This solid representation is evident when we have a unanimous vote of our board members on almost all association policies regarding Government farm programs affecting grain sorghum. We also seek the views of grain farmers who are non-members of GSPA as well as our members.

The Grain Sorghum Producers Association has several points which we feel should be considered in any farm program written for the seventies. Our basic policy is to encourage an extension of the present feed grain program, with some changes which would improve net income. With these objectives in mind, we have been and still are a part of the farm coalition, of 22 farm organizations, supporting a bill we feel would help the grain farmers income and be in the national interests.

Some of the points of the present program, which we feel are important to continue in future farm legislation are:

I. Production restraint: We must continue programs to keep our production in line with consumption. GSPA was formed in 1956, when there were no production controls for grain sorghum. We were producing much more than was needed for the markets and our prices were below an extremely low loan rate. We cannot return to that kind of situation. A control program must be continued to keep production down and market prices at a level that farmers can prosper. The present system is working very good for grain sorghum. We encourage you to continue it and to adjust farm income upward to cover increased cost of production.

II. Price support and loan program: If parity is the gage for a fair return to farmers for their expenses, time, and investment, we feel that our Government programs should be designed to bring full parity to the efficient farmers. We do not feel the city people, the Government or anyone else should expect farmers to produce for less than the full parity level, anymore than they are willing to work for less themselves. We feel a price support and loan program must be continued. This is why we support the coalition's bill where it states "price support shall be made available to producers for each crop of corn at a national average rate of not less than 90 percent of the parity price." Grain sorghum should also share this level of price support.

The loan program is an essential tool for farmers. It is necessary in marketing the farm products in an orderly and systematic way and in taking advantage of market price increases. The loan rate should be high enough to add strength and stability to the market price.

III. Reseal program: The reseal program in commercial storage has been helpful to farmers, during the last 2 years. It allows farmers to maintain control beyond the normal marketing season when prices are low. We encourage you to extend the reseal program in commercial

storage for grain sorghum to allow farmers this additional tool for orderly marketing.

IV. A reserve program: We believe that a reserve program designed to maintain grain for emergency situations would be in the best interests of farm programs and the Nation. As we have testified before, this grain should be isolated from the market and not be released except in cases of critical shortages. An adequate reserve would allow the Secretary of Agriculture to administer the feed grain program tight, without the fear of not having enough in case of a severe drought or other natural disasters. This would help to maintain prices and also guarantee our feed grain customers of a continued supply.

V. Limitation of payments: The Grain Sorghum Producers Association is opposed to limitation of Government payments at any level. We believe that it would seriously hurt or even kill the farm programs. The farmers who divert the most land and make the program work effectively are the farmers drawing the large payments. Why should they be penalized for being efficient?

SET-ASIDE FEED GRAIN PROGRAM

We have been reviewing the set-aside feed grain program as outlined to you by Secretary Hardin on October 18. If this approach is used in the new program, we feel your committee should give careful consideration to the following questions:

(1) After the required set-aside or diversion, what would keep a farmer, an area, or the farmers of the Nation from doubling the amount of grain produced, creating a serious surplus and breaking market prices?

(2) What would keep the loan rate, based upon previous market prices, from being an escalator going down, especially without very rigid production controls to keep prices up?

(3) Will the target price be set high enough to guarantee farmers of a fair return for investment, labor, and management?

(4) Why should a farmer's base be cut so drastically in one year if he fails to plant feed grain equal to the acreage for which payments are available, especially if reasons are due to weather, poor market prospects, et cetera?

We feel that these questions have to be answered and spelled out in the law before we can support this approach for the future feed grain program. We do not feel that adequate safeguards are in the set-aside program as it now stands, to give farmers adequate protection.

If we had to make a choice between the three limitation-of-payments alternatives, we would favor alternative B that Secretary Hardin described in his proposal. It is the only proposal that shows any valid consideration of the high cost of production, and the only one that larger farmers could continue to operate under. As we pointed out earlier, we are opposed to limitations at any level.

EXPORT SALES

We hear so much about the answer to our farm problem being in selling more into the export market. Our organization started and is still very active in the area of foreign market development for U.S.

feed grains. We are proud of the success that we have had in this work, however, our farmers are not interested in selling more grain into the export market or even at the present level, if we cannot sell it for a profit. To the extent that foreign production may be encouraged by our farm program, an export subsidy should be considered. We cannot produce for this market when our production costs are higher than the world market price.

Our farmers are receiving the best market for their grain this fall that they have enjoyed in many years. An average price of \$2 per 100 pounds is typical even during the harvest period. We should hasten to point out, that this price plus the 53 cents per hundred price support is only 90 percent of parity, and we only receive it one-half of our feed grain base.

The point that we are trying to make is that we feel the present program is working for feed grain. Its income provisions should be strengthened to help farmers survive the ever-increasing cost of production. This is why we support the farm coalition's bill which you, Mr. Chairman, and others are sponsoring.

The Grain Sorghum Producers Association is not sitting around waiting on the Government to solve all our problems. Developing markets and initiating research, for our commodity constitutes the major portions of our total program. We have been successful in this work. We are now selling over three times the amount of grain sorghum that we were 13 years ago, but we need a sound Government program to help us keep the supply of grain in balance, and at prices the farmers can afford to grow it.

We want to thank you for this opportunity to appear before you and say that we look forward to working with you in the development of a sound agricultural policy.

We will be glad to try to answer any questions which you may have of us.

Mr. PURCELL. Well, thank you, Mr. Northcott. Let me say right off that I am somewhat aware of the efforts and the progress made by the Grain Sorghum Producers Association in regard to the foreign markets, and I believe it is safe to say that probably no other commodity group has been any more effective or, as far as I know, as effective as your group in developing foreign markets, and for this we cannot compliment you too highly.

I have no specific question.

Do you have any questions, Mr. Foley?

Mr. FOLEY. Thank you, Mr. Chairman.

Mr. Northcott, I would like to join the chairman in complimenting you on your development of markets and the other activities of your organization. Like many commodity organizations, I think you have a very successful record of accomplishment.

I also agree with the broad outlines of your statement.

I would like to focus on a couple of things.

You say in your statement, on page 1, that your views represent the majority of grain sorghum farmers across the Nation. I take it you have no doubt about that. Are you certain that you represent the majority opinion?

Mr. NORTHCOTT. Yes, sir.

Mr. FOLEY. The next line says:

"We have leaders of all major farm organizations on our board." Does that include members of the American Farm Bureau?

Mr. NORTHCOTT. Yes, sir.

Mr. FOLEY. What is your position on the statements and positions taken by the American Farm Bureau?

Mr. NORTHCOTT. I would say that we do not agree with them, sir.

Mr. FOLEY. Are you a member of the Farm Bureau, yourself?

Mr. NORTHCOTT. Yes, sir.

Mr. FOLEY. Have you communicated your disagreement to the Farm Bureau?

Mr. NORTHCOTT. Yes, sir. I might point out, if I may, sir, up until this past year I was secretary-treasurer of the local Farm Bureau, county Farm Bureau, and we ran a poll concerning our policy development this last time which I helped conduct and also helped tabulate the results. We received approximately 40 to 45 of the questionnaires back, and of this total, the people that voted concerning future farm legislation, they had four choices: No. 1 was the support in entirety the position of the American Farm Bureau; the second was the continuation of the present program with land retirement, and the third choice was the continuation of the present program as it now stands, and the fourth choice was no program at all. It was interesting to note that of those we received back only two that voted for the stand of the American Farm Bureau which they proposed. The rest were divided between—Incidentally, there were two that did not want any program at all, and the others that sent questionnaires back and voted on this particular point voted between, directly equally between, continuation of the present program as it is and continuation of the present program with land retirement.

Mr. FOLEY. Well, that is very interesting. It accords with my experience in my own area, and I have constantly had members of the Farm Bureau tell me that they favor wheat certificates and continuation of the feed grain program. You know, we are very conscious of the problems we have in the cities and with urban Members of Congress, but I do not know how aware people are of the influence of the American Farm Bureau as a major obstacle in the passage of any kind of farm bill. They are a very serious obstacle, and what confuses me—and I am still not able to understand how it happens and maybe you can enlighten me—is when the evidence seems to show that the producers who belong to the Farm Bureau favor continuation of the program, time after time, the representatives of the national organization come up here and attack every single basis of this farm program.

Well, somebody is not getting the message. Either the Farm Bureau is not representative of its members or the members are not communicating their views to the organization.

The people who have the automatic typewriters that send out the letters to the Members of Congress are not the Farm Bureau members. They are from the National Farm Bureau headquarters in Washington, D.C., which claims to represent fully half of all of the producing farmers in the United States.

Mr. KLEPPE. Will the gentleman yield for the insertion of a comment right here?

Mr. FOLEY. Yes.

Mr. KLEPPE. You will recall, Mr. Foley, that yesterday I indicated that our North Dakota Farm Bureau was meeting and they were probably going to take up the question on a resolution regarding wheat certificates. I received word after our meeting yesterday, and I would like to have the record show that the North Dakota State Farm Bureau did pass the resolution yesterday contrary to the National Farm Bureau's position in the general support of the wheat certificate concept.

Mr. FOLEY. Well, I think, Mr. Chairman, that maybe the Farm Bureau in my State and the Farm Bureau in the gentleman's State that share this view ought to start taking the time and trouble to write a letter to every Member of Congress and specifically disown the position of the national organization, because many Members of Congress, who do not have a personal acquaintance with farm problems and do not have a large farm constituency, are taking the word of this organization as speaking for 1,800,000 farm families. I think, myself, that many of those families are there for purposes of insurance, but they are going to find out that they have purchased very expensive insurance, if we have what I fear may be a very difficult time next year and perhaps the failure to re-enact this program.

Mr. PURCELL. Mr. Kleppe, do you have questions?

Mr. KLEPPE. No, Mr. Chairman.

Mr. PURCELL. Dr. Melcher?

Mr. MELCHER. Mr. Northcott, I appreciate your direct and concise statement, and I am very much interested in the question you just answered for Congressman Foley.

As I understand your statement, you are coming out flatfooted for retaining the concept of parity in farm legislation?

Mr. NORTHCOTT. Yes, sir.

Mr. MELCHER. Now, you made reference to an export subsidy, and in line with the questioning of the previous witness, Mr. Heinkel, the subsidy that you are thinking about, would it go back to the producer or would it be to the trader, the sorghum trader, who was arranging for the export sale? Who would get the subsidy?

Mr. NORTHCOTT. With your permission, sir, I would like to direct this to Mr. Harp.

Mr. MELCHER. Fine.

Mr. HARP. Congressman, our position on this would be that it would be dealt with the export traders to help them to bring the price of the grain up if they are selling back to world market price without breaking the price to our farmers.

Mr. MELCHER. I might add a point for the record for our people with wheat in Montana: The producer is actually in many cases subsidizing the sale of the wheat from Portland. We have a forced arrangement there in Montana that I think is unfortunately built into the freight rates where, through an inverse freight rate, wheat, when it goes to Portland, pays a freight rate of \$1 a hundred from many points in eastern Montana; whereas, producers from the district of the good gentleman from Kansas and from the district of the good gentleman from North Dakota can have their grain shipped to Portland, even though it is a greater distance, for as little as 70 cents. Out of the Red River Valley and points in North Dakota, and then from Kansas, freight is 82 to 85 cents as compared to our producers' rate of \$1, even though we are hundreds of miles closer.

I merely wanted to get that into the record, in line with what has been previously said about export subsidies.

Mr. HARP. Congressman, this is the situation that most of the grain sorghum farmers of the high plains, the panhandle area, of Texas, New Mexico, Oklahoma, Nebraska, and Kansas experience also. We pay the freight getting our grain to the export market in the Gulf, and I do not know of any other way to handle it unless there is a freight subsidy or something else of that nature. However, the farmers themselves actually pay the freight getting it to the market.

Mr. MELCHER. You are not paying an inverse rate, though, are you—your producers? That is a higher rate than those paid by shippers who are a greater distance from the Gulf. Your producer is not paying a higher rate than producers further away from the Gulf?

Mr. HARP. Yes, the further it is from the Gulf—

Mr. MELCHER. Then, I will reverse the question.

The producer close to the Gulf is not paying a higher rate than the ones that are farther from the Gulf?

Mr. HARP. That is right.

Mr. MELCHER. We have the reverse. Even though we are closer to Portland, we are paying a higher rate. I should add that at the time it was started, the Department of Agriculture did oppose it, and, of course, many of us opposed it, but we were not successful.

Thank you, Mr. Chairman. Thank you.

Mr. SEBELIUS. I have just a couple of questions.

I want to thank Mr. Northcott for his testimony here today. I think it is very concise and to the point. I am just a little interested. My district is the western 60 percent of Kansas. Do you have any members up in the irrigation sections and the areas of western Kansas and southwestern Kansas in your organization?

Mr. NORTHCOTT. Congressman, we have a few members in the southwestern corner of Kansas, but we have very few members in that area. However, we do correspond with producers and also other people representing grain producers in that area, and we find their feelings very similar to ours.

Mr. SEBELIUS. Thank you. At the present time, with the irrigation development that is taking place and the irrigation of sorghum, feed yards and packing plants are jumping up all over the place in my district, and it is the sorghum grain that is doing it. And I would commend you for your work that is now getting a lot more exporting of grain sorghum. I would say that I do not have any objection, in any way that we can do it, to try to get more money for the farmer, and I am not picking on the export certificate. I am only trying to find out whether or not you people understand what is being proposed and what the answer, the correct answer, has to be.

I appreciate your testimony this morning.

Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Kleppe, do you have a question?

Mr. KLEPPE. Yes. Thank you, Mr. Chairman.

Mr. Northcott, I know your statement makes a rigid point of being in nonsupport of a payment limitation program, yet I am sure you are aware of a dilemma that we have here in the House on that question.

Could I ask you something along this line that in no way, shape or form is intended to get you to deviate from the position you have taken in your statement but rather to get a personal expression from you on this question, and that is:

Do you think it would be more advisable to have a flat limitation of a dollar figure or a graduated-sort-of-limitation if we have to go this route, which I am afraid we have to do?

Mr. NORTHCOTT. Well, as we have stated in our statement, sir, we would favor the graduated scale if it comes to that.

Mr. KLEPPE. I did not notice that in your statement.

Where did I miss it? Where did I overlook that?

Mr. NORTHCOTT. It is on page 4, about the center or a little past the center of the page.

Mr. KLEPPE. Oh, yes. Yes, I am sorry. I will withdraw my question. It is obvious from this that you do favor the graduated plan.

Mr. NORTHCOTT. Yes, sir. If it comes to that—and, of course, we are going to stay with our position. We are opposed.

Mr. KLEPPE. I am sorry. I must have been thinking of something else when we got to that part of your statement.

Thank you very much.

Mr. PURCELL. I have no questions.

Thank you, gentlemen, very much again.

I want to just reemphasize that in some way your commodity groups have done a tremendous job.

In fact, I think your organization did the groundwork with the Department, and I am not going to shortcut anybody, but if we have that kind of a market built up for other commodities we possibly would not be in quite as dire circumstances as we are. So, again, I want to compliment you and your organization for the good work you have done.

Mr. FOLEY. As long as we are handing out compliments, I want to say a word for the western wheat organizations, because I think they have been outstanding, too.

Mr. PURCELL. I guess my knowledge is so limited that I fail to comment on that.

Well, thank you, gentlemen, very much.

Mr. NORTHCOTT. Thank you.

Mr. PURCELL. Well, Mr. Stelzer, I think we are back to you, please, sir.

So, if you and your colleagues will take a seat at the table, we will see what we can develop here.

STATEMENT OF ROLAND STELZER, ASSISTANT TO THE ADMINISTRATOR, ASCS, U.S. DEPARTMENT OF AGRICULTURE—Resumed

Mr. PURCELL. Now, do you have any statement or comment that you want to make at this time in regard to the set-aside concept before we go into questions?

I think my questions will be rather general, because I am just not able to pinpoint some of the problems that I would like to.

Mr. STELZER. Mr. Chairman, I have no prepared statement. It was my understanding that I would not hand one in.

Mr. PURCELL. All right, sir.

For the sake of clarity—but also as a starting point—would you then give us any example that you want to start off with in regard to a farmer who would be in the program under the concept that is included in the set-aside program, and let us see if we all understand just exactly what will happen under the provisions?

Mr. STELZER. Let me ask, Mr. Chairman, as to whether you have before you, or the others, the example that was used in the Secretary's statement of September 24?

Mr. PURCELL. Well, we have before us some memorandums which were passed out. I am not sure.

Mr. MELCHER. It is the feed grain section, is it not?

Mr. STELZER. Yes, sir. I presume that is the one. Or if you have any other farm example you want considered, we can discuss those particular ones, Mr. Chairman.

Mr. PURCELL. While she is getting those others, go ahead.

I have one, and I do not mean to start—but she just gave me one here. But let us use an example: The total acreage is 300 acres; feed-grain base, 200 acres; conservative base, 50 acres.

Is that the one you have?

Mr. STELZER. It would be very close to it, yes.

Mr. PURCELL. All right, sir.

Mr. STELZER. Well, a producer, a feed grain producer, who has a total cropland acreage of 300 acres on which his current feed-grain base is 200 acres and 50 acres conserving base, and the remaining 50 acres in some other type of crops to add up to the 300. Under the set-aside program, the indications are that in order to assist in balancing supply to requirements, approximately 30 percent—to give you an example—30 percent—of his feed grain base would be set aside to nonuses; 200 acres feed-grain base times 30 percent would give you 60 acres he would put into nonuses. These 60 acres he sets aside plus the 50 acres he has as conserving base, a total of 110 acres.

The remaining 190 acres (300 minus the 110) could be used as he sees fit. He could plant them all to feed grains if he desires; he could plant them all to wheat if he desired; or into any other crop which he feels is the best under his circumstances. This is his choice from the standpoint of land use. He sets aside 60 acres plus the acres in the soil conserving base, and on the remaining acres he can plant as he sees fit.

Now, in return, under the set-aside program, he would then be eligible for two things: (1) he would be eligible for price support loans on his production; and (2) he would be eligible to receive payments. These payments would, again, be computed in much the same manner as they are computed under the current feed-grain program. The difference would be, as far as the current program is concerned, that he would be eligible to receive these payments irrespective of whether he planted his 190 acres or portion of it to feed grains. He would be eligible to receive these payments without complying with any acreage planted provision. Thus, under assumed terms and conditions he would earn a payment on 100 acres, 50 percent of that base, at 30 cents a bushel times his yield, irrespective of whether he used part of his land to plant feed grains or not. He would have complete freedom to put it into other commodities and still earn this payment.

Now, this is the difference between the set-aside and the current program. He is free to plant whatever he chooses on his remaining acreage after he sets aside this land, and he would earn these payments irrespective of whether he plants it to feed grains or not.

Now, there is a provision that is currently written in this bill that if he fails to plant feed grains and earn his payments that the following year there would be some possibility that his base would be reduced. As the current proposal is written he would lose about 20 percent of his base.

Now, the exact percentage set-aside and the exact payment rates are open. They are in a broad, general category.

Mr. PURCELL. You say if he did not plant it in feed grain, but say that he planted all his remaining land in wheat but did not plant any feed grain, then would he lose his feed grain, 20 percent of the payments next year?

Mr. STELZER. If his base dropped, yes.

Mr. PURCELL. Well, how would his base fail to drop if he used this choice of not planting any sorghum or corn but planted all wheat?

Mr. STELZER. If this particular provision would stay, he would.

Mr. PURCELL. If he planted 1 acre of feed grain he could stay in?

Mr. STELZER. No, that is not quite right.

Let me illustrate it this way: This particular farm you illustrated has a 200-acre base. If his payment is put on one-half of that base, 100 acres—if he failed to plant 90 acres, 90 percent of the acreage on which the payment is made, then, he would start losing base the following year up to 20 percent.

Mr. PURCELL. If he planted 90 acres of wheat, what happens to his feed grain base?

Mr. STELZER. If he failed to plant any feed grain, if he planted less than 90 acres of feed grain, he would start losing feed grain base.

Mr. PURCELL. Well, then, if he does that, he really does not have a choice of planting the rest of his land in whatever he wants to, then, without being affected; is that right?

Mr. STELZER. This is correct.

Mr. PURCELL. Now, I take it the converse would be true if he had a wheat allotment—but he did not plant wheat, he planted sorghum—then, he would lose out on the wheat allotment?

Mr. STELZER. This is correct. This is the limitation on his choice.

Mr. PURCELL. Well, it is quite a limit on his choice, too, is it not?

Mr. STELZER. Yes, it is. I would agree.

Mr. PURCELL. Well, then, under the proposal, explain, if you will, please, the way that the loan rate as compared with the 3-year average, and all of that, that takes the place of parity, or takes the place of something?

Mr. STELZER. Well, yes. Under the current program, the legislation and the Food and Agriculture Act of 1965, in the case of corn, total support, loan, plus the payments, must be between 65 and 90 percent of parity. The 1969 corn loan rate plus the payment comes to somewhere around 72 or 73 percent of the October 1969 parity price. It is between the 65 and the 90 percent. Now, under the proposal outlined by the Secretary, there would be several criteria used in determining that loan rate. They are used under the present law, too, because you have this range between 65 and 90 percent of parity. They relate to the need

to keep the prices in line with world prices, and include the various factors now spelled out in section 401(b) of the Agriculture Act of 1949. These are all in the proposed legislation, and then it ends up and says that in spite of all of these the loan rate must be between these two ranges of the preceding 3-year average price, between 80 and 95 percent. The Secretary will decide whether the loan will be closer to the 95 percent, 90 percent, or the 85 percent of the 3-year moving average.

I am not sure that this completely answered your question. If we were to tie to the current 3-year moving average the prices of corn that we have had in the last 3 years and were to do it for the 1970 crop, the 3-year (1966-68) average price is \$1.12. Those are 3 years that would have been used for 1970. You see, we have a 1-year lag, because we do not know what the price for 1969 is, and 95 percent of that would be \$1.06, and 80 percent of that \$1.12 would be about 90 cents per bushel. So, if the set-aside program had been in effect, the Secretary would have a range of supporting the price of corn through loans of between \$0.90 and \$1.06 per bushel. The current support price, loan price, is \$1.05. Does that answer your question, Mr. Chairman?

Mr. PURCELL. Well, I guess it does. But then the year after 1970, what would the loan price be then?

Mr. STELZER. Well, that depends, of course, again, on what the season average price is. The season average price in 1967 was \$1.03 for corn. In 1968, \$1.09; and for 1969, I do not know what it is going to be. You can make your own guess on this. The best information from people in the Department indicates it will be something more than \$1.10, or \$1.13, or \$1.15.

Mr. PURCELL. Well, if you pick out \$1.13 as a kind of an average of what you are guessing at, can you quickly calculate about what it would be then, taking into account the other 2 known years?

Mr. STELZER. It would be somewhere between 86 cents and \$1.03 per bushel. The 3-year average would be around \$1.08 and 80 percent of that would be about 86 cents a bushel, and the 95 percent would be \$1.03. This is very close—within fractions of a cent.

Mr. PURCELL. So, if the Secretary used the highest figure that the law gave him the authority to use, the loan rate would still be 3 cents lower than it is this year, or 2 cents lower?

Mr. STELZER. Under the prices we assume, this is correct.

Mr. KLEPPE. Mr. Chairman?

Mr. PURCELL. Next year, it would be lower again, unless the price was significantly higher?

Mr. STELZER. It would be dropping the 1967 season average of \$1.03, and would depend on what you picked up.

Mr. PURCELL. Mr. Kleppe.

Mr. KLEPPE. Mr. Chairman, this, of course, is one area where we have had, seemingly, a great deal of unanimity of opinion on disagreements on this 3-year moving average versus the parity approach, and I think, of course, there is a logical reason for this, from the standpoint of the producer and the producer organizations, and that is that there is no provision in here whatsoever from the standpoint of cost. This is only from the standpoint of market, and this, of course, can sink and sink every year, and, consequently, it gets down way below

what is the fair and equitable position, and this is why I think we are having this objection generally from the organizations, because it does not consider costs.

Mr. STELZER. May I say one more thing on this?

Mr. KLEPPE. Yes.

Mr. STELZER. Now, I am not sure that this is very appropriate for me to say, but I have tried to point out that under the current law the legislation requires support between 65 percent and 90 percent of parity. In 1969, the 1970 program has not been announced, support has been around 72, 73 percent of parity, thus, even under the present legislation, the Secretary could, if he so desired, reduce these loan rates and the price support payments.

Mr. KLEPPE. But it is quite apparent that the producers and the producer groups are more interested in having the relationship to parity than they are to the 3-year market average.

Mr. STELZER. I understand that.

Mr. MELCHER. Mr. Chairman?

Mr. PURCELL. Yes, sir.

Mr. MELCHER. Mr. Stelzer, you made reference to a bill that we have before us, but really what you are making reference to is the proposed summary and draft of the legislation?

Mr. STELZER. This is correct. I am sorry. I should not have said "bill." I should have said "summary" and "draft" of a legislation proposal. This is correct. I apologize.

Mr. MELCHER. Which really is not in the form that you or we can evaluate correctly and say: "Now, this is the position of the Department?"

We are not in a position of doing that, are we?

The membership here on this committee is not in that position?

Mr. STELZER. It puts the perimeters around it.

Mr. PURCELL. Mr. Melcher, might I just say that the problem with Mr. Stelzer is that he is not being put in the position of making any statement with regard to policy.

I think, for the sake of our meeting, that we can assume, to the extent that that typing goes, it is the policy of the Department, and so, if we might, assume that and go ahead from that point.

Mr. MELCHER. Well, then—

Mr. STELZER. It is the working draft of a proposed piece of legislation that was worked out by people in the Department and I think, with the cooperation of some of the people here.

Mr. MELCHER. Then, on the basis of the 3-year average, I find myself a little bit confused now, because you are not going to use the 3 preceding years; you are going to use the 3 preceding years less 1 year; is that right?

Mr. STELZER. This is correct.

Mr. MELCHER. Now, would this be—just to clear my mind and my thinking on it—would this be the same in wheat?

Mr. STELZER. Yes, it would. For example, we are now in the process of developing the 1970 feed grain program. If this set-aside were in effect, we could not use the 1969 prices because we do not know what they are.

Mr. MELCHER. Yes, you would not know.

Mr. STELZER. We have a 1-year lag.

Mr. MELCHER. Yes. All right. Then, there are two points that the Secretary could use. If he chose to disregard the parity concept, which seems to be the thrust of this proposal, if he chose to disregard the increasing costs, there are two points that he could use then: one would be the loan rate that he sets based on from 80 to 95 percent of the 3-year market price; he could set it at the low end. Then, if he so desired, he could use some rather low factors or general criteria in setting the payment rates?

Mr. STELZER. This proposed draft has some criteria in it on the payment rates.

Mr. MELCHER. What are those criteria?

Mr. STELZER. I am not sure I can put my finger right on them.

Mr. MELCHER. Well, it is on the bottom of page 1. It is not marked, but it would be that page that starts with "Preliminary—for work purposes only"?

Mr. STELZER. This only applies to the yield part or the proportion he can make on it. Generally, criteria should be tied to one or more factors. One is if you are going to have a set-aside program operate successfully and you required a producer to set aside a certain amount of cropland, the payment rate should be enough to compensate him for the amount of land he needs to set aside. Second, the criteria would be to maintain farm income.

Mr. MELCHER. Well, is there any point here in the draft that says that farm income on the basis of general criteria will be maintained at the present level or better?

Mr. STELZER. No, there is not.

Mr. MELCHER. It would leave it up to the discretion of the Secretary on how he wanted to interpret the general criteria and use them?

Mr. STELZER. I am just thinking aloud here now. A third criteria to put in is to encourage participation in the program.

The fourth is—another one we have in the current program, and that is to be sure that the major benefits of these programs go to the participants. Those are some of the criteria that would be used to determine those payments. Some of them are in the current program now.

Mr. MELCHER. Thank you.

Thank you, Mr. Stelzer.

Mr. STELZER. Oh, here on the top of page 2 and the bottom of page 1, I see:

In addition, the Secretary may make available payments to producers, corn and grain sorghum, at such rates as he determines fair and reasonable, taking into consideration: (1) farm income; (2) farm price-target level for the commodity which he determines to be desired; (3) the need to assure that the benefits of price support programs inure primarily to those producers who cooperate in the program provided in this section; (4) the need to maintain a desirable balance among the acreage devoted to the various commodities for which price support is made available under this act.

These are general criteria, and, of course, they are just an indication to give you committeemen some means of appraising them, and you are free to change them.

Mr. PURCELL. Do you have anything else, Mr. Melcher?

Mr. MELCHER. No, sir. Thank you.

Mr. PURCELL. Mr. Sebelius?

Mr. SEBELIUS. No, thank you.

Mr. PURCELL. Well, let me ask at least one more question.

Now, as I understand the discussions on some of the Monday night meetings, that one of the thoughts that the Department had was that under the set-aside type program the commodities would tend to be drawn back to what we now consider the more traditional commercial areas of production.

Now, then, considering the statement that you made earlier about the fact that you maintain your feed grain base of your wheat allotment by planting 90 percent of your assigned allotment, how would it ever develop that the wheat grown in Illinois and Ohio that they have started only within the last several years in these programs, what in this is it that would encourage those people to go back to corn to a bigger degree?

Mr. STELZER. I think that you are referring to the requirement that he will start losing allotment or base if he failed to plant this particular commodity. This would be a deterrent to him because they may want to hold their base or they may want to hold their allotment and would continue to plant. However, let me put it this way: a producer who has a wheat allotment, say, in Ohio at the present time of 100 acres, probably his domestic allotment under the set-aside would be much lower, probably only 30 acres. Today, he is planting 100 acres in wheat. Under the set-aside program he will only need to plant somewhere around 30 acres in wheat. The difference between the 100 and the 30 would still be free for planting to other crops. In addition to that, in some of these areas we have many, many farmers who have their allotments frozen over the past years, allotments between 1 to 10 acres, and many of those farmers have not planted any wheat, or if they have planted only once out of 3 years. The drop in allotments would be available for distribution and allocation to other areas where they could use it for wheat production.

Mr. PURCELL. Well, now, I presume we are talking about the same thing. I am talking about what started out to be these 15-acre exemptions. Now, are those people who are planting from one to 13 that you are talking about?

Mr. STELZER. Yes, they are in this group.

Mr. KLEPPE. Mr. Chairman, would you yield for a comment here?

Mr. PURCELL. Yes, sir.

Mr. KLEPPE. In this example that you just quoted, Mr. Stelzer, this 30 acres that we are talking about would have to be planted to either the feed grain or whichever the crop was that this allotment was allotted to, and in so planting those acres he would then qualify for the program.

Now, if he did not plant those acres over a period of 5 years, he would lose the entire allotment; is that not correct?

Mr. STELZER. This is in the present draft.

Mr. KLEPPE. That is what I mean, the present draft calls for this under the set-aside?

Mr. STELZER. This is correct.

Mr. KLEPPE. But if he planted the 30 acres in that example, he would then qualify and retain the full amount of his domestic allotment?

Mr. STELZER. Yes, he would.

Mr. PURCELL. Are there any other questions?

Mr. SEBELIUS. I just have one.

Just take a good acre of Illinois corn land that cost a pretty good amount of money, \$400 or \$500, which would produce more money per acre if planted to corn or soybeans than it would produce money if planted to wheat, even if they were getting a certificate payment.

Now, can you think of any reason why they would not want to go ahead under the set-aside program and plant to the crop that would make the more dollars per acre, including payments?

Mr. STELZER. Only if they wanted to retain their base or allotment for some particular reason.

Mr. SEBELIUS. That would be the only criteria that I can see, why they would want to continue to plant wheat and that would be if they wanted to just keep the base. If they just wanted to keep the base and if they figured that the program might change later and they had lost their base even though they could make more dollars, they would have lost it during that time.

Thank you.

Mr. MELCHER. I have one more question.

Mr. PURCELL. All right, Mr. Melcher.

Mr. MELCHER. The farmer would not know exactly what he was receiving in payment until the price had been computed for the preceding year—not the 3 years but the immediate preceding year; is that right, Mr. Stelzer?

Mr. STELZER. I am not sure I understand your question.

Mr. MELCHER. I am referring to page 2, in the middle where it says: "Notwithstanding the foregoing"—And that "foregoing" is the general criteria—

the payment rate announced for a crop of any commodity shall be adjusted downward at the end of the marketing year for such crop to the extent that the average price received by farmers for the commodity during the marketing year exceeds the farm price target level, taking into consideration an established payment rate for the commodity, that such adjustment shall not reduce the payment rate by more than 50 percent.

Mr. STELZER. This has no relationship to the preceding 3-year average.

Mr. MELCHER. Pardon me?

Mr. STELZER. This has no relationship to the preceding 3-year average.

Mr. MELCHER. Not to the preceding 3-year average but to the payment for the —

Mr. STELZER. You could not make the final payment, complete payment, until after the end of the year; that is correct, under this particular provision.

Mr. MELCHER. My question was: The farmer would not know what his total payment was until after the end of the marketing year?

Mr. STELZER. This is correct.

Mr. MELCHER. It could be less?

Mr. STELZER. It could be less. It could not be more.

Mr. MELCHER. Thank you, Mr. Chairman.

Mr. PURCELL. All right.

Well, we thank you very much.

And the committee will adjourn.

Let me announce that we will next meet on Monday the 24th when we will have some witnesses coming at that time.

(Whereupon, at 11:35 a.m., a recess was taken until 10 a.m., Monday, November 24, 1969.)

FEED GRAINS

MONDAY, NOVEMBER 24, 1969

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND GRAINS OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10 a.m., in room 1301, Longworth House Office Building, the Honorable Graham Purcell (chairman of the subcommittee) presiding.

Present: Representatives Purcell, Foley, Montgomery, Sisk, Rarick, Melcher, May, Mayne, Kleppe, and Sebelius.

Also present: Christine S. Gallagher, chief clerk; Lacey C. Sharp, general counsel; Hyde H. Murray, associate counsel, and John A. Knebel, assistant counsel.

Mr. PURCELL. The subcommittee will come to order.

We are continuing this morning on hearings regarding feed grains and those who want to or feel that they need to may certainly comment about wheat.

Today we have first Mr. John W. Scott, master of the National Grange. He is accompanied by Mr. Robert M. Frederick, legislative representative.

We will be glad to hear from you gentlemen at this time.

STATEMENT OF JOHN W. SCOTT, MASTER, NATIONAL GRANGE, WASHINGTON, D.C., ACCOMPANIED BY ROBERT M. FREDERICK, LEGISLATIVE REPRESENTATIVE

Mr. SCOTT. Mr. Chairman and members of the committee, I am John Scott, master of the National Grange rural family organization with headquarters at 1616 H Street NW., Washington, D.C.

At the outset, Mr. Chairman, I would like to say in order to start the week off right our girls got excited and put more pages in this testimony than really belongs there, so for the record we would not want to include beginning with "Cotton" on page 7 and down to the first paragraph that begins on page 9 in the record. The girls got that in this testimony, and it really does not belong there.

Mr. PURCELL. All right, sir.

Mr. SCOTT. The membership of the National Grange wants to commend you for the leadership you have exercised in introducing and influencing other Members of Congress to cosponsor the bill, H.R. 14014, which embodies the recommendations of the new 24-member general farm and commodity organization coalition.

We also wish to thank other members of the House Committee on Agriculture who have cosponsored or introduced identical or similar

legislation: Congressman Foley of Washington, Congressman Jones of North Carolina, Congressman Vigorito of Pennsylvania, Congressman Melcher of Montana, and Congressman Zwach of Minnesota. We appreciate the bipartisan support the coalition bill has received and realize that we must remain this way if we hope to have effective farm legislation during the 91st Congress.

Mr. Chairman, you and other members of the Committee on Agriculture may find personal satisfaction in your efforts to bring unity to agriculture because it was partially in response to the call for unity made by Members of Congress, Secretary of Agriculture Hardin and others that we have been able to develop such a high degree of unity in agriculture. We are happy to inform you that the spirit of farm unity is growing, among farmers as well as other organizations.

The Grange's desire for unity in agriculture is deeply embedded in Grange philosophy and Grange policy. As early as the Sacramento, Calif., convention in 1889, the first policy statement from the Grange on unity and united agriculture was presented and adopted and has remained firm Grange policy since that time. At the 102d Annual Session of the Grange, held in Peoria, in November 1968, this policy once more was reaffirmed by the committee on co-op activities and adopted by the delegate body. The resolution states in part:

What farmers most need at the present time is a better understanding of such economic and political questions as relate to the material interests and a disposition to unite with others of the same class to put this knowledge into practical use. It is apparently an easy matter for farmers to theorize upon those questions and even to arrive at a definite conclusion, but in times past it has been about as difficult to unite their forces and apply the knowledge gained, as it used to be for a camel to pass through the eye of a needle.

This charge from the Grange delegate body and the call from this committee, Congress and the administration for unity and a consensus farm program for agriculture, prompted us to call the early meeting of the farm organizations in February. From this first meeting has grown the strong, united front of agricultural organizations called the Farm Coalition.

The National Grange, at its 103d Annual Session, just concluded in Daytona Beach, Fla., reaffirmed its strong support for the continued effort to bring agricultural organizations closer together in seeking essential farm legislation.

The delegate body of the 103d Annual Session of the National Grange adopted the following agriculture policy on farm programs statement.

Farm policy: The productivity of American agriculture is the envy of people around the world. The rapid adoption of technology and an efficient, well-organized and managed system of production provide consumers with a variety of products that requires the smallest proportion of disposable income of any nation. We believe that American farmers have the capability of meeting the needs of the growing population in this country and helping to feed the growing world population. This can become a reality only if the farmer receives the cost of production plus a reasonable return on his labor, management, and investment.

All efforts should be continued to seek new cost-reducing methods. It must be recognized, however, that cost reduction alone does not guarantee an adequate level of income. Most gains from this source

have, in fact, accrued to American consumers. Greater efficiencies that lead to lower costs of production cannot be expected to solve the income problems of agriculture.

There must be a continuation of farm programs to ease adjustments in this sector and to stabilize and improve farm prices and income.

The year 1969 marks the close of the decade of the 1960's and the beginning of the 1970's. This year of transition also marks the end of the Food and Agriculture Act, due to expire after being extended for 1 year.

This act provides price supports at near world market levels, greatly improving our competitive position in export markets. It provides payments to finance acreage and production adjustments as necessary. The absence of similar farm legislation in the 1970's could result in an unstable farm economy that would create chaos for farm families, rural communities, and the consuming public. It is therefore imperative that agricultural legislation be enacted which will provide parity prices, opportunity and public service to rural people, while, at the same time, providing an adequate and stable supply of food and agricultural products necessary for the growth and prosperity of the Nation's economy.

Over the years, parity prices have served as guidelines for measuring fair and equitable prices for agricultural commodities relative to the price of things farmers buy. The ability of farmers to secure credit would be adversely affected if the parity price index were to be discarded. We cannot scrap the anchor of parity and retain fairness in prices to farmers.

We recognize the importance of preserving and protecting the integrity of the owner-operator-manager farm as exemplified in the commercial family farm system, not only as very efficient in the production of food and fiber, but as the backbone of rural America.

The commercial family farm of America has been the foundation of the most progressive and efficient agriculture the world has ever known. It has contributed to the economic growth of the Nation, provided an abundant supply of food for domestic consumption and relief of hunger over the world. We reaffirm our traditional support of the commercial farm unit and urge that all programs and policies be constituted and implemented to protect and promote the well-being and continuance of the commercial family farm.

Farm programs: The Agriculture Act of 1965, while not achieving the total objectives of the act, has aided materially in increasing gross farm income from \$44.9 billion in 1965 to \$51.1 billion in 1968. During the same period, however, farm production expenses rose from \$30.9 billion in 1965 to \$36.3 billion in 1968, resulting in a decrease in net farm income for the period of \$0.3 billion thus making it appear that the act of 1965 has been ineffective in increasing farm income.

The most recent increase in the cost of production that can be really seen and easily applied is the recent 6-percent increase in freight rate the ICC allowed the railroads. This will result in approximately a 3-cent decrease in the return to a Montana wheatgrower and 2¼-cent reduction in the return to a wheatgrower in the Dakotas, et cetera. Is this the result of the present commodity-by-commodity approach to solving farm problems? We think not.

It was the provisions of the 1965 act that rescued American agriculture from a sea of surpluses that threatened the livelihood of every American. It not only reduced the high tide of mounting stocks in Government hands of food and fiber, it reduced the cost of the abundant supply of high quality food to the American housewife, to the lowest percentage of expendable income in the history of the world (estimated to be 16.4 percent in the last quarter of 1969), while at the same time increasing net farm income to \$15 billion, an increase of 28 percent since 1960.

The record of accomplishments of the act of 1965 is encouraging; however, the American farmer has not shared in the rapid advance of economic growth of his counterpart in other segments of the society. Nor has he been adequately compensated for his contribution to efficient production, whereby he produces for himself and 45 others, while at the same time produces 1 out of every 4 acres for export, which produces 17 percent of the world trade in agricultural products, thus making the greatest single contribution to the U.S. favorable balance of trade.

Meanwhile, during the past two decades the hourly earnings of manufacturing workers have increased by 127 percent and corporate dividends are up 251 percent. During this same period of time farm prices have dropped 9 percent. The estimated net income of agriculture for 1968 is \$14.9 billion, compared to \$15.9 billion in 1948. National income reached \$713 billion in 1968, compared to \$224 billion in 1948. Thus, while the national income shows an increase of 218 percent, farm income is down approximately 6 percent.

One other factor has had an important influence upon the public dissatisfaction with domestic farm programs. This can be best described as a blessing of the good things from Mother Nature, plus the American farmer's unselfish sharing of his techniques of modern agricultural production that has made exporters of many of the lesser developed countries, as well as an overproduction of farm products in our friendly neighbors of Canada and Australia.

These factors have led to an overabundance of some agricultural commodities that are causing concern in world trade; however, the experience of our domestic farm programs in curtailing our own production is leading to the adoption in our rival countries of production controls. It is highly unlikely that such international developments would have been initiated had it not been for the act of 1965.

We would emphasize that the decrease in net farm income from 1965 to 1968 was due to factors unrelated to the Agriculture Act of 1965. Inflation has caused higher costs of agricultural inputs, which has resulted in a cost-price squeeze totally unrelated to farm programs.

The National Grange believes continuation of the basic provisions of the Food and Agriculture Act of 1965 is the first step in securing effective domestic farm programs for the seventies. We must not be forced to return again and again to pass legislation already approved by Congress. Our main purpose is to improve the basic act, improvements that cannot wait because improvement in farm income cannot wait, therefore, we are proposing them this year.

We specifically recommend for feed grains the following:

Feed grains: Increase price support loan from \$1.05 to \$1.15 per bushel; increase direct payment from \$0.30 per bushel to \$0.40 per bushel.

Limit amount "projected yield" can be adjusted as result of natural disaster.

Make 50-percent payment at time of signup mandatory.

In our efforts to improve farm income and therefore economic conditions in rural America, we dare not be misled by proposals and counter-proposals that promise increased farm income, while at the same time a reduction in total cost of farm programs to the Federal treasury. This would mean total reliance upon the market places for farm prices, therefore farm income, an economic situation that is unrealistic as long as the American farmer is called upon to supply an abundance of food and fiber, in excess of that needed to correctly match supply to demand.

The amount produced over and above that needed to match supply to demand is a sufficient amount to destroy the market places as the sole source of fair and reasonable prices for the producer; therefore it is the opinion of the Grange that present farm programs, that supply a proper mix of public and private funds, must be continued if we are to have a viable family farm structure in American agriculture.

It is for these reasons that we are unable at this time, knowing what little we know about the main "set-aside" proposals, to give National Grange support to such proposals or alternatives to farm programs.

The National Grange is opposed to establishing price support loans and payments at 80 to 95 percent of moving average of the last 3 year market price. In our judgment, market price in the absence of perfect supply-management, will inevitably move downward.

The "freedom to plant" feature of the proposal is a step away from effective production controls and will lead to decreased market price, due to overproduction in some, if not all basic crops, and compounds the problems of trying to improve farm income by the use of a moving average. Under these conditions it will be a downhill route for farm prices and farm income.

We do not mean to be critical, but it is rather difficult to pass judgment on farm program proposals that have not been made fully public and which we have not had the opportunity to discuss with our membership.

Therefore, until more "meat is put on the bones" and definite figures supplied to the equation, to show the program's effect on farm income, we feel we are not in a position to pass final judgment on the "set-aside" program for feed grains.

In addition we do not feel that the "freedom to plant" feature of the proposal of the Department, while it may be attractive to some areas, is incentive enough to induce program participation, if in the long run, the "set-aside" program will not increase farm income.

We have been told that this feature will allow farmers to grow the crop for which their farm is best suited and the crop they can grow with the cheapest inputs, thereby increasing their net income. We would like to point out that under the present programs, the farmer has the opportunity for free substitution between wheat and feed grains.

For their own reasons, most farmers have not used this privilege or alternative in the present program to any large extent; therefore, we see no reason to except any great change in their cropping history under the "freedom to plant" provisions of the "set-aside" proposal.

The "freedom to plant" is taking a step away from sound production controls. The market place—given sufficient time—can bring supply in line with demand, but at a considerable cost to the farmer from year to year as he adjusts, and many are forced out of business during this period of ups and downs of the market.

Independent decisions being made by so many individual producers cannot reflect market changes very rapidly. Farm problems cannot be solved simply by changing farm structure or production patterns—it is far more complicated than that. Present programs provide the tools for effective, immediate production control and will have our continued support.

In conclusion, we would like to quote from the remarks of the Secretary of Agriculture, Clifford Hardin, before the 103d annual session of the National Grange:

Now we are also making quite a point of the fact that farm subsidies in the immediate future should not be lowered. Our studies of this indicate that any change downward in subsidies would immediately have a dollar-for-dollar effect on farm income. I think if you had studied it as we have, you would come to exactly the same conclusion.

We recognize that this has been capitalized into all kinds of structures, into land prices, into the mortgage structure, into the local tax structures, into standards of living and expectations of people, and that we should not sharply depart from it, but if we can protect farm income through the continuation of direct payments and can keep our markets free for all, then—and this is the hope—perhaps we can do those things that will increase the proportion of income that will come from the market itself. This we feel also is a worthy objective, as long as the income level is protected while we have this opportunity to experiment with the freer market.

We wish to compliment the efforts of the Secretary and the Committee on Agriculture for their long hours of work on new farm legislation and as we told the Secretary, we hope the ultimate farm legislative package coming from this committee will be such that it can have the support of the National Grange.

We appreciate, Mr. Chairman, this second opportunity to present our views on feed grains, and again express our thanks to you for your continued leadership in this area.

Thank you.

Mr. PURCELL. Thank you, Mr. Scott.

Mr. FOLEY, do you have questions?

Mr. FOLEY. No.

Mr. PURCELL. Mrs. May?

Mrs. MAY. No questions.

Mr. PURCELL. Mr. Montgomery?

Mr. Mayne?

Mr. Sisk, do you have any questions of this witness?

Mr. SISK. No questions.

Mr. PURCELL. Mr. Kleppe?

Mr. KLEPPE. Mr. Chairman, I just have one question I would like to ask Mr. Scott.

It refers to page 3 where you say "This Act"—and this is talking about the present act—"provides price supports at near world market levels, greatly improving our competitive position in export markets."

Would experience tell us that this is exactly what our trouble is in meeting competition in world markets? Isn't this why we are having to come up with an export subsidy? Isn't this why our export of wheat,

for example, is down over 200 million bushels this year? Isn't it because of the level of price supports and the price we have in this country?

I am not saying this is all bad. I am just trying to arrive at some understanding of this statement that you make here. It seems to me that this is contrary to what is happening. Could you comment on that?

Mr. SCOTT. I think our reference, Mr. Congressman, is to the fact that the act of 1965 is such great improvement over what we had previously, even though it is not yet the best.

Mr. KLEPPE. Is that the reference that is made here? Is that the reference that you refer to here?

Mr. SCOTT. I think that is right.

Mr. KLEPPE. It does not read that way, but it would make a great deal of difference if that is what it is.

Mr. FREDERICK. I think what we are trying to point out too, is that our world export problems are not necessarily caused by provisions of the act of 1965. I think this is definitely true in wheat. Now, the subsidy on wheat is bringing our price up to the world level prices, which is an inverse subsidy.

Mr. KLEPPE. The point I am making here though is that you say that it is our price support program that makes us competitive in the world market and I wonder if that is true?

Mr. FREDERICK. We think it is, but of course we also have to realize that we have foreign competitors——

Mr. KLEPPE. Surely.

Mr. FREDERICK (continuing). That are doing the exact opposite, that are underselling on world markets, due to the particular programs in the EEC which has lowered their prices under ours, but I think the point we are trying to make is that this is not necessarily the fault of the act of 1965.

Mr. KLEPPE. The reason I am asking the question is because this is one problem I have in my own mind. I do not like to see price supports lowered, and yet I am aware of the fact that they have raised some Cain with us in the competitive aspects of the world market and I was wondering if you have got a separate thought on this thing as to how we might stay competitive and still hold price supports up. I find this to be a very confusing statement.

Mr. FREDERICK. Perhaps we can clarify it some way. I attended the IFAP meeting in Japan, and there with the meeting of the agricultural experts from Australia, Canada, the EEC and other exporting nations, they have undersold us in markets, this is true, but now they realize that they can no longer do this and still maintain income in their own countries to their farmers, so now not only through that but from correspondence we have had with the head of the Agriculture Congress of France and also of Mr. Dulow who is the president of all the farm organizations in EEC they realize that they must do something to increase and maintain farm income in their own country, so they are going to approach this from the same standpoint that we have. They are going to increase their own production controls.

Mr. KLEPPE. In the meantime is it not true that we are losing export business though, unless we come up with a competitive price?

Mr. FREDERICK. But isn't this true? The fault of the act of 1965——

Mr. KLEPPE. This is not the point I am making.

Mr. FREDERICK. But I think this is the point we are attempting to make if we are losing export markets it is not the fault of the act of 1965.

Mr. KLEPPE. I will not disagree with that at all, and that is not the point of my question at all. I hope you understand the point of my question is to arrive at how we can maintain price support levels comparable to today and still remain competitive in the world markets, and this is in no way, shape, or form, blaming or criticizing the 1965 act. It is just a statement of fact. It is the circumstances under which we are living, and I am trying to gather something from you that might give us a chance to answer this particular problem as we are looking at new legislation.

That is all the comments I have, Mr. Chairman. Thank you.

Mr. PURCELL. Mr. Melcher, do you have questions?

Mr. MELCHER. Just one question, Mr. Scott or Mr. Frederick. I will follow up the line of thinking that Representative Kleppe has started and ask this one question. Is it your opinion that lowering price supports would help us regain sales, lost sales of our grains in foreign trade?

Mr. FREDERICK. Not necessarily so, because we have lost world markets, which is true. Again I refer to my conversations with world producers in the other world markets that are exporting wheat particularly, and they are going to protect just as jealously as we try and protect our export markets, and any movement on the part of the United States to lower the price to the point where we are undercutting world prices to gain or regain markets which are rightly ours, and to increase our exports, and as I look at the figures of the proposals from the Department from the set-aside, they have increased the utilization figures, and to the best of my knowledge from what limited information we have is that this utilization is going to come about from an increase in our exports and quite frankly I do not know where this increase in exports is going to come from because Australia and Canada are going to guard their markets as jealously as we are. France an exporter of wheat is going to guard their markets as jealously as we are.

There is only a certain amount of exports of wheat products that can be consumed and now from the unselfish programs and unselfish farmers to bring about the grain resolution we have less developed countries now getting into the export business. We want to export for dollars. So it is rather a complicated thing, and I do not think that this is simply a lowering of price that is going to gain back markets.

We are going to find that the other countries will come up with mechanisms and programs that they will be able to lower their export price to match us dollar for dollar. They are going to guard their markets just as jealously as we are trying to guard ours.

Mr. MELCHER. Then if we followed the policy of lowering support prices we could further damage our own producers, and still not accomplish anything in regaining world trade?

Mr. FREDERICK. I think that is exactly right. We would lower the income to our own producers and could start, could trigger off an international trade war in agricultural products that would only

benefit the importing nations, and the importing nations are sitting back and waiting.

It was apparent at the meetings in Tokyo that they were reluctant to take on in this international debate more or less or this international round table discussions which I realize has no policy and has no authority except as it influences world opinion, but they were reluctant to take on their responsibilities to help manage world supplies.

Mr. MELCHER. Thank you.

Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Mayne?

Mr. MAYNE. Are you now stating that this definitely will happen, in response to Congressman Melcher's questions? It seems to me that you have firmed that up considerably. First your answer was that lowering the loan rate would not necessarily improve our export position. Do I now understand you in response to this last question to have said that lowering the loan rate would absolutely worsen our export position?

Mr. FREDERICK. I do not know if I used the word "absolutely" or not, but I think it would increase the tendency to lower our position as far as world exports are concerned and as far as income to our farmers and it would not necessarily increase exports.

Mr. MAYNE. Let us talk about exports. That is what this question is about. Is it your firm judgment that lowering the loan rate would damage our export position vis-a-vis other nations with regard to wheat?

Mr. FREDERICK. I think they would match us in anything we do to lower export price as has been the case in the last few months. The minute that the United States lowered its export price it was matched, and it was undercut by Canada and also by Australia.

Mr. MAYNE. Do I interpret that to mean then that if they would match it, that there would be no change in our export position?

Mr. FREDERICK. We hopefully have reached that now so far as international grains are concerned in the world wheat price.

Mr. MAYNE. Then you did not mean to say that lowering the loan rate would worsen our export position?

Mr. FREDERICK. No, it would not necessarily worsen it but it would not improve it and it would not improve farm income.

Mr. MAYNE. We are getting back to the "not necessarily" which I can accept a good deal more readily than your stronger answer to the previous question. Thank you.

Mr. PURCELL. Mrs. May?

Mrs. MAY. I would like to follow this up with you. I have just returned from the meeting of the agricultural attachés in Bonn, Germany, and we were also at the FAO meeting in Rome. In both meetings the matter of grain supply and export was widely discussed.

Turning to page 6 of your statement, I came back with a different interpretation. It seemed to me that Mr. Scott made an overoptimistic statement when he says in the third paragraph on that page, "However, the experience of our domestic farm programs in curtailing our own production is leading to the adoption in our rival countries of production controls."

I came home rather discouraged (after sitting in several days of meetings and hearing our agricultural attachés reports) that this was

actually happening. Mr. Clarence Palmby made a very strong statement to the FAO on this matter and said in effect to the EEC:

You cannot expect the United States to go on controlling its own production and making its sacrifices of income from both the farmer and the Federal Treasury, if the countries you represent continue without production control.

But reports I heard from around the EEC were that, although qualified agricultural experts recognized this situation, none of them reported optimistically that the various countries involved were making meaningful progress toward stricter production control programs.

Quite the contrary, with the tremendous overproduction of grain in Europe at this time, they are putting main emphasis on protecting their markets, but without reference to control.

You seem to express optimism that they are going to go into some form of production control in one statement. Then you say they are going to protect their markets, and they are. You are absolutely right on that. They are going to do it with tooth and nail.

But the attachés do report that price, as well as quality of grains, will be the final answer as to whether we have any chance of maintaining present markets or hopefully improving them and recapturing some of them.

But I do not think we can depend right now, at least in my evaluation, on these countries—formerly our market places—doing anything to match our type of production control out of the goodness of their heart. I do not see it at all.

Mr. FREDERICK. I do not want to disagree with the good Congresswoman from Washington.

Mrs. MAY. That is what I want you to do. You perhaps have better information and I could feel more hopeful.

Mr. FREDERICK. No, I did not have the opportunity of being at the meetings in Bonn. However, in discussions with the producer organizations, 22 nations that met at the International Federation of Agricultural Producers in Tokyo, it was very apparent that France, which was the most reluctant and the last to make any affirmative statements at all, of course these were statements by producers and by producer organizations and did not reflect necessarily the thought of their government.

France is trying to work into other programs to control production. It is very definite that Australia is, and Canada is, which are our two biggest competitors as far as wheat is concerned. But then I was even more highly encouraged upon returning. I received a letter from Georges Goulet who is the President I guess you would call him or at least the Secretary General or President of the Agricultural Congress Organization in France, and in this correspondence from Mr. Goulet he quotes resolutions that have been adopted by the various agricultural agencies in Europe, which definitely are indications to me—and I will be glad to supply that for the record—the indication that the European countries and the combination of COPA—which is the Congress Organization of Agricultural Professionals in the Common Market—have adopted a resolution pointing toward and starting toward the control of production of their agricultural products.

In February of this year, we are going to have the opportunity and the privilege to house 15 representatives of the EEC agricultural organizations in our Grange building, in conjunction with farm organizations of the United States, to sit down with these producers, representatives of the producer organizations in the EEC, the producer representatives of organizations in the United States to discuss further this very problem.

I think there is strong indication that they realize that we have come to realize that there has to be a market sharing, because as I go back to my previous statement, they want their world markets. They need them as well as we need them, and any reduction in price supports, in price loans, I think, will have damaging effect both on my farm income and I am not so sure it will have any strengthening effect on exports.

Mrs. MAY. I hope you are the one that is right. Perhaps I am a woman of little faith. I have heard these discussions of production control since the early 1960's and there have been lots of meetings and lots of resolutions, but we are still waiting for the countries to act. Also we've felt the impact of the disarray in the IGA treaty and on top of that, Europe is now burdened with its heavy grain surpluses. But let us hope that there will someday be action, not lipservice to balanced production control plans in grain producing nations.

As I say, I came away from Bonn and Rome with no hope that there was going to be really meaningful action within the next marketing year or two. I hope I am wrong and that you are right.

Mr. FREDERICK. And I also will supply for the record, if I may, the final statement of the Grain Commodity Group which met a week prior to the IFAP Congress, which was represented by Australia, Canada, France, most of the EEC countries, practically all of the world exporters except Argentina. They came up with a strong statement on the international grain agreements.

Mrs. MAY. I wish you would.

Mr. FREDERICK. And the two points that I tried to hammer out, one was that we had to have responsibility of control of domestic production if any international grain agreement or any international agreement on any crop was to be effected, they had to take with it the responsibility of domestic control, and further we point out very strongly that to go back to the mechanisms of the International Grain Agreement and use it as it should have been used in the first place we would not have been in the situation we are in today. But we and other countries bypassed the mechanism, and did not use it as it was properly set up to be used and therefore we got ourselves into a price-cutting war.

Mrs. MAY. I think we should show that we held out as long as we could. We were not the ones who started the trend.

Mr. FREDERICK. I will agree with that.

Mrs. MAY. I get the feeling, I do not know if you will agree with this or not, that Canada and Australia may put their money where their mouth is on production control. I did not get the same feeling that we could trust the EEC countries to make meaningful steps right away in this direction, or as soon as Canada and Australia might.

Mr. FREDERICK. I would agree with that, Congresswoman. The EEC will be perhaps the last one. They are going to make some demands from us as they did in the Kennedy round and I think one that I

noticed that was in the President's message on trade and in the Trade Act of 1969 which was the repeal of the ASP, the American selling price, I think this is going to have to be involved in this. We cannot consider agriculture alone as far as international trade is concerned. We hope that it is going to be considered as an equal partner with industry and commerce as we discuss international trade, and all these aspects that have an effect upon it.

I think if we can go our share of the way, we might be able to get some concessions from the EEC and some agreement on production controls from their producers as well as from their governments.

Mrs. MAY. I think that we are all agreed that when we come up with farm legislation in this committee, we will be flying blind as to what the world market is going to be at the time the legislation is passed.

Whatever we do will probably have to be an educated gamble and a prayerful hope that the policies that we finally adopt will make it possible for us to meet the prices of the world market. But we will not know what it is going to be, because it is still so dependent upon action yet to be taken by the countries to whom we export.

Mr. FREDERICK. I would agree to this and I do not want to be an old pillar that sometimes we have in our churches and squirt cold water on anything. This is not our feeling. We want to be optimistic as far as world trade is concerned and we hope that we can increase our world exports of agricultural commodities.

We know it has to be done. But I am one who would say that we do not feel that the answers to the American farm problems do not lie in the foreign ports. That we have things to do here at home that can shore up farm income.

Mrs. MAY. That is true except we would hate to lose that 17 percent export.

Mr. FREDERICK. That is right.

Mrs. MAY. One percent of it even.

Thank you. And we do appreciate your supplying for the record the things that you indicated you would.

That is all.

Mr. FREDERICK. We will be glad to do so.

Mr. PURCELL. Mr. Sebelius?

Mr. SEBELIUS. Thank you, Mr. Chairman.

I notice in here at page 4 and other places the term "commercial family farm." I have not seen that term just exactly that way. I wondered if you had some definition for a commercial family farm?

Mr. FREDERICK. Not any more than we have definition for a family farm.

Mr. SEBELIUS. Maybe a little more than the guy that has the 20 acres and farms the farm as he works in town?

Mr. FREDERICK. That is correct, sir.

Mr. SEBELIUS. I have been reading your statement, and the only thing that disturbs me is your lack of optimism and lack of imagination. Back 2 or 3 years Orville Freeman was a dirty world all over the countryside, and most of us were picking on his act supposedly, the 1965 act. Now all of a sudden we find that if you just put a little more meat on this act, why, it is the millennium, and I think it is slow death.

I am not for retiring acreage, don't get me wrong, or something like that, but this failure to want to understand, to work for something new, just sort of bugs me a little bit.

Mr. SCOTT. Mr. Congressman, I think that the reason that we have not given any more credence to the new set-aside program is the fact that the information we have is so sketchy, and that really in our opinion as we have looked at what we have seen, the only figures that would indicate any hope at all for the farmer himself would be what they have termed the most optimistic set of figures.

Mr. SEBELIUS. Looking at it from this angle, we have been told that there would be as many dollars as the other one and we have something here that appears to be more simple, more viable and flexible. The main thing I have gotten so far from my own district is that they are a little scared of using an average of the market as against parity as a standard. We both know that with the up and down limit of what is set by the Secretary, either one could produce more dollars or less dollars.

Would it be more helpful if it got down to dollars in trying to seek something down the road, 3 or 4 years, might that provide an advantage? If they got down to dollars do you think they would still have their minds up?

Mr. SCOTT. I do not think the Grange's mind will ever be closed to looking at new programs when they can be substantiated and when they are substantiated with sound factual information, but at this point that has not yet been developed. At least it has not been made public.

Mr. SEBELIUS. I like the idea of more freedom for the farmers, that they cannot plant so many total acres. I like the idea where it is set at a reasonable figure. The idea that our chairman, the chairman of the full committee and Secretary Hardin presented, that by announcing our support prices in advance, we just give a target for every nation in the world and none of them with limits on their production.

It gives them a target to shoot at. I would rather get more money into the diversion payment and into the other programs to go right to the farmer's pocketbook and then work in the foreign field with a price that would be more competitive and something they could not second guess us on.

I see in your statement that you have not taken it to your members yet. I would hope that you would work every type of figure on it, to give it some thought, and tell the Secretary at what level you feel it would be desirable.

Something like that would take a little time, but it would appear desirable.

Mr. SCOTT. I am sure this would be our intention. As I say, the Grange's mind is not closed on other approaches, but at the present time we feel we cannot support that approach because we do not have the information.

Mr. SEBELIUS. Of course, we are discussing feed grains basically now, but getting the latest figure from the Southwestern miller today on wheat, we domestically consumed about 530 million bushels, about 60 million for seed, are feeding about 160 or 170 million now and we hope that really goes up. Now that leaves us a large amount of wheat over and above that.

If the American farmer is going to rely upon exports to even stay in business, with the acres we have and production going up, then there is the area that all of our farmers' organizations should concentrate on. How can we solve that problem.

The second point is: we have decreased consumption although our population has gone up. I think it is incumbent upon our farm organizations to also give us help in commercializing and presenting our products, get people back to eating bread.

I think all of us have been falling far short in the selling of our products. We have let it go down and have been defeatist about it. I, for one, would like any word from you as to anything we can do to try to sell the products of the farmer.

I appreciate the presentation here today, and I have tried to give us both a pep talk on the idea of trying to sell this and get some new ideas.

Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Foley?

Mr. FOLEY. Mr. Scott, I do not want to start a debate that cannot be resolved here this morning, but to put a couple of things in perspective, I think we should be mindful that farmers' organizations have constituencies with Members of Congress. You have to serve the interests of your organization and reflect their views to some extent though you cannot impose your views on them, is that correct?

Mr. SCOTT. That is right.

Mr. FOLEY. What do you think is the primary concern of your members in the examination of a new farm program?

Mr. SCOTT. I think, Mr. Congressman, the primary concern is the maintenance and even improving of farm income.

Mr. FOLEY. Would you say that is way ahead of any other consideration?

Mr. SCOTT. Yes, but with the reservation that the good of all must still be considered.

Mr. FOLEY. In terms of the individual producer's interest—that is a member of a Grange in the United States—does he on examination of the farm program, place income maintenance and improvement way ahead of freedom to plant, for example?

Mr. SCOTT. I think so.

Mr. FOLEY. I think so, too.

Mr. SCOTT. I think that that is right. I think that in fact it is a must. We must have this income if we are going to stay alive.

Mr. FOLEY. Does he place maintenance of income and improvement of farm income ahead of the abstraction of improving exports?

Mr. SCOTT. I think so.

Mr. FOLEY. I think so too. I think that is true. I would guess it is as true in Kansas as it is in Washington. I think what the administration is going to have to do, and what the committee is going to have to do, is to convince farmers that any farm program we bring out is going to maintain, at least maintain, farm income. I do not think farmers are going to be very susceptible to being waltzed into a program that has some abstractions about increasing exports and some abstracts about increasing flexibility and freedom on the farm at the expense of lowering farm income to them.

I think we have got to be realistic about that.

Mr. SEBELIUS. Would the gentleman yield?

Mr. FOLEY. Yes.

Mr. SEBELIUS. There is the assumption, you say lowering farm income may be caused by the lack of imagination. If you never tried anything you never found out anything. I do not want to lower the farmer's income. As I said I would increase the diversion payments and other things to get at it, but by the same token I did not come here to get reelected and I intend to try to work for something that I think will do him some good.

If it does not I will return to Kansas and make a good living.

Mr. FOLEY. I agree that we are here to do what is best, and I think when we give farmers a pep talk about taking a chance, that we are taking a chance with their income, and they are, I think, concerned that we know what we are doing.

I frankly do not see that many farmers are concerned about this flexibility of plan issues. We have before us discussion on wheat and feed grains. There is not that restriction in any way to begin with. Washington farmers do not have the slightest interest in that so far as I can determine.

Mr. FREDERICK. As I understand it, Mr. Congressman, this is done somewhat in Idaho where they substitute wheat for their barley base, but they have free discussion.

Mr. FOLEY. The present program permits it anyway.

Mr. FREDERICK. That is right.

Mr. FOLEY. We are not offering them anything.

Mr. FREDERICK. It is not being done. I heard the president of the National Wheat Growers Association saying, "My pappy had freedom to plant in 1930 and he went broke."

Mr. KLEPPE. Will the gentleman yield?

Mr. FOLEY. I yield to the gentleman.

Mr. KLEPPE. I do not disagree with one observation you made regarding the No. 1 objective of farmers is to maintain or improve their income, but it seems to me that in connection with this decision, you must coordinate the fact that the export policy is important because we do not consume everything we grow, so I think farmers are concerned about this, and I think we must be concerned about it, or the first thing you know, we are going to have a totally untenable situation that we cannot pass through Congress from the standpoint of maintaining this income.

I just think that that needs a little clarification from the standpoint of making the choice, one versus the other.

Mr. FOLEY. I think that is our problem. I am only suggesting that individual farmers are primarily concerned about the income feature, and that procedures that will perhaps increase exports and perhaps lower farm income at the same time are not very attractive to them. If we are asking for their support, we have got to persuade them I think that the export increases are not going to be borne by them in the way of lower income because that is just not going to be very persuasive.

Mr. FREDERICK. No, and may I point out this is one of the big objections of the Canadian farmers now. The only thing that the Canadian farmer gets back for his wheat is the world price and he complains he cannot grow wheat on the world price and our farmers cannot either, so we are not trying to point down and belittle the importance of

exports, but this is not, as Congressman Foley points out, readily understood by the American farmers.

A lot of them do, but we have to do it at a profit and not just to export for export's sake.

Mr. KLEPPE. I only threw it in, Mr. Chairman, because I think it is related to this line of questioning, and I do not disagree with the fact that income is the No. 1 thing.

Mr. FOLEY. Thank you.

Mr. PURCELL. Dr. Melcher?

Mr. MELCHER. Mr. Scott, you mentioned that in studying the set-aside proposal that you are not sure that you had all the possible information you could have. I wonder if you had provided for you the chart that showed projected figures fed into a computer, and on the optimistic side, not on the pessimistic or low side, but on the optimistic side the Department projected wheat income at \$79 million lower during the first year of this plan, if it were put into effect. Did you see that chart?

Mr. SCOTT. Yes, we had access to that chart, Mr. Congressman, and discussed it in relation to wheat with the wheat organization leadership, and of course were very much disappointed in what it pointed to.

Mr. MELCHER. I think we have to accept that chart as the best information available at this time on the set-aside proposals. I have one question for Mr. Frederick.

In referring to the IGA, the International Grain Agreement, and the price war that was engaged in in recent months with wheat in world trade, you mentioned that while we did not start the war, we did not follow all of the procedures that are set up under the IGA agreements. I would like for you to identify for me and the committee and the record who "we" is. Who is "we"? Is it the grain trade and the Department of Agriculture, or is it the grain trade alone, or is it the Department of Agriculture that is involved in it at all in violating the agreement?

Mr. FREDERICK. I do not believe I would have that information to make such a judgment as that. I was using "we" as the United States. Now, whether it is the fault of the grain trade or the fault of the Department as I understand the grain agreement any transaction that is made that we question, that the United States questions, we have the right to bring this before the Price Review Subcommittee. Then 3 days are allowed and if they cannot reach a satisfactory agreement it goes to the full subcommittee and so forth up to the Council of the Wheat Convention.

I do not know that we ever objected to any transaction of any price. Our only retaliation was taken the quickest way we could, and that was to decrease our prices. I would think that it would be in the interests of the grain trade to ignore it and want the price cuts so they could export wheat. They could still take their percentage off the top and the farmer would not necessarily benefit from such transactions. But as we kept forcing down the export price of wheat, it became apparent to our producers anyway, and I think to the wheat producers in general, that if you keep forcing down the world export price, that eventually somebody is going to start knocking on the door of the support price and that is exactly what is being contemplated in the legislation before you now is a reduction in the support price of wheat.

I do not think this is necessarily the results of the IGA action, but if you keep forcing down wheat prices as took place this is our fear that eventually you are going to start knocking down the price to the consumer and the price to the producer but I would not have the facts, the figures and the knowledge and the inner workings of the IGA to lay the blame on the wheat trade, the grain trade, the Department or both. But the United States was I imagine a unified action by both.

Mr. MELCHER. Well, the producers are not going to be involved directly, so they are going to have to look to someone to protect and represent their interests, and I would assume that this is the Department of Agriculture. Have they at all times followed all of the proper procedures in the recent grain foreign trade?

Mr. FREDERICK. I do not think so.

Mr. MELCHER. Thank you.

Mr. PURCELL. Gentlemen, let me ask one question, not to belabor this matter.

I have been encouraged about what I thought was the flexibility of the current suggestions on a set-aside program. But I want to be sure that I understand what we heard last week up here.

As I understand it, in order to preserve the allotment, whatever the program, wheat, feed grain, or whatever, you have got to plant 90 percent of that allotment in order to preserve it and I have been concerned in the last 2 or 3 days that if you have to plant that much of an allotment, to preserve your allotment, then that gives the farmer much less flexibility than we now have.

Would either of you gentlemen comment on that? Am I incorrect on understanding that to have been the Department's testimony last week?

Mr. FREDERICK. This is a part of the new program, that if you do not plant 90 percent in each year, that it decreases down, where if you did not plant anything for 4 years you would no longer have an allotment. Is that the portion you are directing your question toward?

Mr. PURCELL. Yes.

Mr. FREDERICK. Of the new program, the new set-aside?

Mr. PURCELL. Yes, sir. Well, then, I would like to at some other time discuss it, you and I or with the Department, for I fail to see where this great flexibility enters.

Mr. FREDERICK. We do not believe it is there, sir. I hope our testimony reflected that.

Mr. PURCELL. All right, that is all that I have.

Mr. SCOTT. Thank you.

Mr. PURCELL. Let me just say this because I do want to have the record show every favorable thing that can be said about the suggestion. It may be that with the setting aside of the amount of land that you have been planting, and then going the reverse way, that I presume it would be claimed by the Department that being able to use all this other land anyway you wanted would still give flexibility, but if you are protecting your allotment you still have to be planting that amount. Well, I do not mean to belabor the point.

Mr. FREDERICK. I think your analysis is correct. Mr. Chairman.

Mr. PURCELL. Thank you gentlemen very much.

(Mr. Frederick subsequently submitted the following information:)

NATIONAL GRANGE,
Washington, D.C., November 25, 1969.

HON. GRAHAM PURCELL,
Chairman, Livestock and Grains Subcommittee, Committee on Agriculture, House of Representatives, Washington, D.C.

DEAR CONGRESSMAN PURCELL: On November 24, 1969, Mr. John Scott and I appeared before your Subcommittee on Livestock and Grains to present the National Grange position on the "set aside" proposals of the U.S. Department of Agriculture.

During the questioning period we offered to supply for the record two documents which to us indicate that producers in foreign countries, that are competitors of U.S. farmers for world markets, are at long last seriously considering, if not putting into practice, production control devices in an attempt to bring their supply in line with domestic and world demand.

Please find enclosed the two documents which we referred to in our testimony and which we were asked by Congresswoman May to supply for the record.

The first one, Exhibit A, is the final draft statement of the "Commodity Group on Grains" of the International Federation of Agricultural Producers at their Seventeenth General Conference held in Tokyo, Japan, October 20 to November 1, 1969. There were 25 member nations in attendance at the Tokyo Conference. In addition to the U.S., other members included Australia, Canada, France, Germany, United Kingdom and Japan, among the major exporters and importers. The rest of those in attendance are smaller but equally important countries, such as Belgium, Denmark, Norway, Mexico, Finland, Luxembourg, Netherlands, etc. All agreed to the final statement of the Grains Committee. This is strong indication to us, as producers, that our counterparts in other exporting nations see the need for effective supply-management, nationally and internationally.

The second document, Exhibit B, is a report from Georges Bréart, Chairman of "The Permanent Assembly of Chambers of Agriculture" (APCA), a French agricultural organization, in which he sets forth some of the thinking and reasoning of agricultural producers in the E.E.C. on agricultural policy in the European Community. We believe this paper is self-explanatory and supports our view that the producers of agricultural products of the Community see the need for effective supply-management or production control and sets forth their willingness to accept their share of the responsibility to manage world supplies.

We ask that this letter, plus Exhibits A and B, be made a part of the record, as requested by Congresswoman May.

Thank you.

Sincerely,

ROBERT M. FREDERICK,
Legislative Representative.

EXHIBIT A

REPORT OF THE COMMODITY GROUP ON GRAINS

1. The Grains Group considered the general grains situation in the light of a background document by the Secretariat supplemented by information given by delegates.

2. Largely in response to growing world demand, the production of wheat has risen over wide areas during the past few years. More recently import demand by hitherto large importers, notably in developing countries, has declined. As a result, a serious imbalance between supply and demand has developed and carry-over stocks have grown considerably.

3. During the past few years world production of coarse grains has also shown a steady increase in response to a growing demand for livestock feed. The volume of international trade in coarse grain is likely to continue to grow, but there are some retarding influences: there is a growing use of wheat as livestock feed in the traditional coarse grain importing areas and the growth in livestock production is now slower than in earlier years.

4. Recently there has been a serious deterioration in the world market situation for rice and in certain countries there has been a big increase in stocks.

5. The most serious development has been the competitive down-bidding of export prices to levels below the International Grains Arrangement (IGA) minimum. The Group felt that no useful purpose would be served by trying to ap-

portion blame for this situation but rather that renewed efforts should be made to restore the functioning of the Wheat Trade Convention to normal as soon as possible. If these efforts are to meet with any success, it is essential that they should have the full support not only of governments but also of the producer and trading organizations in the participating countries.

6. Governments should take immediate action to restore full compliance with the provisions in the Convention. This would limit the ill effects of export subsidization since the adherence to a minimum export price would in effect mean the placing of limits upon the amount of export subsidies.

7. The future effectiveness of a system of international agreement in grains clearly carries with it the need for supply control internationally and, consequently, nationally, including the management of stocks, reinforcing the measures that are already being taken on a unilateral basis by certain countries. The Group recommends that governments take early measures to establish principles for the determination of quantitative national goals for supply management. The implementation of such a proposal by governments is vital and should be urgently pursued with the help of their international organizations. It was noted that if importing as well as exporting countries are to be expected to share in the responsibility for a world reserve or for the disposal of existing surpluses, they will need to be assured that their efforts are directly linked to effective steps of supply control.

8. In order that the provisions of the Wheat Trade Convention be again fully observed, governments should immediately adjust differentials with respect to price, grade, freight, and terms of sale so that these be satisfactory to all participants. It was the understanding of the Group that it is in this area that major difficulties have been encountered in the administration of the Convention. Such technical adjustments should be carried out within the framework of the existing bodies and machinery provided for in the Convention. The Group also recognized that machinery exists within the Convention for the prompt reporting by exporting and importing countries of transactions under it. Governments should intensify their efforts to ensure that these provisions are fully met in terms of prices, as has been the case for quantities.

9. It is essential that the IGA be renewed in an improved and strengthened form. In preparation for the renewal of the Convention in 1971, the Group suggested that governments might think it desirable to set up a small group of independent experts to thoroughly analyze the problems and explore the policy and methods necessary to make the future Trade Convention an uninterrupted success. Such a group should be set up by the Wheat Council assisted by appropriate international bodies, and by representatives of IFAP and of producers within the member organizations.

10. As regards the expansion of the Trade Convention to include coarse grains, the Group reaffirmed IFAP's basic policy in favour of a convention covering all grains. However, in view of the present difficulties in the operation of the Wheat Convention, the Group felt that first priority must be given by governments to resolving the problems that have arisen in the case of wheat. On the other hand, as there is only limited time between now and 1971, studies should be put in hand forthwith by the expert group to establish the basis and details of an arrangement extended to cover feed grains. An agreement intended to include coarse grains introduces major additional aspects to the wide range of problems associated with a grains arrangement among which specific attention was drawn in the Group to: whether it would be sufficient to establish a uniform minimum export price for one basic feed grain, for example, maize, or whether it would be necessary to cover the whole range of types and qualities; and whether provision for supply management would have to extend also to feed grains. In any case, preparations for the renewal of the Wheat Trade Convention would need to take into account the relationship between wheat and feed grains, given the increasing usage of the former as an animal feed in some countries.

11. On the question of the Food Aid Convention of the IGA, the Group recalled the gratification expressed by the Sixteenth General Conference at this first assumption by countries of joint responsibility for food aid. The Group expressed the strong hope that such a Convention would be included in any renewal of the IGA and that the quantities of grain committed under it should be increased.

12. In view of the present rice situation the Group recommends the inclusion of rice in the Food Aid Convention.

13. In its concern to correct the present imbalance in world grain supply and demand, and in its desire for measures to correct this imbalance, the Group at the same time emphasized the importance of adequacy assessing longer-term trends of the world's real cereal needs. Despite recent progress in the agricultural production in some developing countries, world import requirements may well become substantial. World agricultural policy must be designed to meet these demands, and this aspect of the problem must be continuously examined.

14. To summarize, the main recommendations of the Group are :

1. Restoration to normal as soon as possible of the Wheat Convention of the IGA, will full compliance with its provisions.
2. Renewal of the IGA in 1971 in an improved and strengthened form Appointment of an independent group of experts on policy and methods.
3. Provision in future grains arrangements for supply control, including stocks management.
4. Inclusion of all grains in future grains arrangements.
5. Continuation and expansion of the Food Aid Convention of IGA and inclusion of rice in its provisions.

EXHIBIT B

AGRICULTURE PRODUCTION POLICIES AND INTERNATIONAL TRADE

1. The discussion of the "Memorandum" of the European Commission on agricultural policy and the structures of production (Mansholt Plan), studies on United States agricultural policy and, more recently, the report of the Committee, under the chairmanship of Professor Georges Vedel, on French Agriculture in 1985 have set off new currents of thought in agricultural circles within the European Community.

There has been a marked change in the attitude to price supports and production controls and the problem of structural surpluses in certain branches of production, with its inevitable repercussions on international trade, is under close scrutiny.

A further cause for concern in the increasing cost of export supports, which are tending to aggravate the depression in world markets rather than stimulate trade and are becoming increasingly burdensome whilst failing to remove the underlying difficulties.

2. The few international commodity agreements that exist are for the most part ineffective. Their provisions fail to stand up to a situation in which the imbalance between supply and demand on domestic markets as well as in the world market continues to grow. The result is that as fast as the importing countries escalate their tariff and non-tariff barriers, the exporting countries multiply the number of expedients designed to circumvent such customs barriers.

3. In the case of some commodities at least we are now faced with the need to adapt our production capabilities to existing markets—a complete reversal of the policies of stimulating production that were regarded as so essential in the past.

4. No country will, however, be prepared to adopt or to follow such a course if the abandonment of any part of its capacity engaged in the production of surplus commodities is not to be undertaken jointly and in concert with other producing countries in the same plight. Otherwise each country will regard its efforts or outlay as nugatory or merely serving to release others from their responsibility to themselves participate in measures designed to avoid repeated market upsets.

5. A concerted international effort to organize and dovetail production should go hand-in-hand with negotiations on the organization of trade in the interest of joint economic development. Even if it were possible to tolerate the economic convulsions of harsh and relentless competition or the cost of import barriers following export supports in endless succession whenever surpluses exist, there would still be no assurance that productive capacity would be brought into line with actual need on terms and within time limits that were politically acceptable.

A continuing confrontation of conflicting demands has frequently been the outcome of accentuating the points of difference rather than achieving a reasonable consensus. A more methodical approach would hold out greater hope of success with less economic and social risk.

The renewed trading difficulties might well be reduced and perhaps removed by action at the production level, which might, for instance, take the form of

systematic and concerted efforts by States to reconcile their production policies or the aims of such policies.

6. This opinion, at least, is widespread amongst agricultural groups in the EEC. Some of the positions recently taken up have been:

(a) The Permanent Assembly of Chambers of Agriculture (APCA), a French agricultural organization, in the course of its meetings on 4 and 5 June, 1969, unanimously adopted the following recommendation:

"If customs and other trade barriers are to be progressively lowered, the confidence of producers in the countries concerned must be gained by opening up every prospect of *joint and cooperative action* on a footing of equality in areas of *national agricultural policy* and in the field of international trade."

"The Permanent Assembly of Chambers of Agriculture recommends a policy of broad international cooperation on a basis of equality and reciprocity and is prepared to consider *new approaches to the development of trade between EEC and third countries, after consultation with them on their respective domestic, agricultural and commercial policies with a view to the ultimate adoption of voluntary agreements on the limitation of production.*" "In the final analysis it will be the influence of agricultural policies on the volume of supply that will be decisive in maintaining a balance between domestic and international trade."

(b) In a resolution adopted at its General Assembly in July 1969 the European Confederation of Agriculture advocated:

"A market organization that can reinforce the bargaining power of farmers and contribute to a better balance of supply and demand." It stressed the need for "*a remodelling of domestic markets that would link these closely to the structure of world markets for farm and forestry products* and a multilateral program of food aid. The States should," it continued, "*direct their negotiations* to this end with greater determination and *on a basis of reciprocal concessions and advantages.*"

(c) Even more significant will be the decisions of the Economic and Social Committee of the Community, if this should act on the Opinion prepared by its rapporteur, Mr. Constant Boon, and adopted by its "Agriculture 80" Sub-committee, which reads:

"Being in favor of measures to eliminate structural surpluses and advocating a system under which producers are sensitive to the consequences of market imbalances and associated with their correction, the Sub-committee regards it as equitable to *establish a certain correlation between, on the one hand, programmed output and a reduction of surpluses within the Community and, on the other, imports of agricultural products* that might upset the equilibrium of the EEC market . . ."

"The Sub-committee believes that the Community should use its influence to organize producers and world trade to seek along these lines a progressive lowering of trade barriers. The Community should pursue this objective in close association with its trading partners, taking full account of the farming interests of importing and exporting countries."

(d) Lastly, on 29 September last, the Chairman of the Committee of Agricultural Organizations of the six EEC countries, Mr. Jean Deleau, wrote to the Presidents of the National Grange, the National Farmers' Union and the American Farm Bureau, as follows:

"At the General Assembly of the International Federation of Agricultural Producers (IFAP), to be held between 24 October and 6 November, it is my intention to discuss with you the projects which Mr. Georges Bréart mentioned to the Director of your organization in Washington when he visited him some months ago."

"It is the view of our Committee, composed of the national agricultural associations of the six member States of EEC, that it would be a particularly valuable undertaking to seek, in association with the major farmers' associations of the United States, solutions to certain farming problems, important both to your country and to EEC. They affect the status of agriculture in our respective countries and the international trading of a number of important commodities."

The American agricultural associations and those of the six member countries of EEC have recently agreed to hold their first meeting in Washington. The date envisaged is some time next February.

Mr. PURCELL. We will now call Mr. Harry Graham, legislative representative of the National Farmers Organization.

STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE REPRESENTATIVE, NATIONAL FARMERS ORGANIZATION, OXON HILL, MD.

Mr. GRAHAM. Thank you, Mr. Chairman and members of the committee.

Mr. KLEPPE. Do we have a prepared statement?

Mr. GRAHAM. I am just getting ready to answer that, Mr. Kleppe. I had six xeroxed to bring with me, and the rest of them were to be done at 10 o'clock and my wife was to bring them over here, and I do not know whether I lost my testimony or my wife at the same time or just what has happened, but she is not here, and I called over at the duplicating service and they said she had already picked them up, but I am assuming that nothing has happened beyond poor traffic. I am sorry it is not here.

This preparing of testimony in this instance, Mr. Chairman, is extremely difficult. We have a very minimum of information from the Department, a relative reluctance to make what they have available to us, and it has given us no briefings to help us to understand what they are talking about in this new legislation, and the legislation that is presented as a preliminary report and a working draft is not very firm, and without knowing exactly what they are talking about, it is extremely difficult to do the research that is necessary to try to understand what this is all about.

I worked for 3 days and I finally quit writing last night at 3 o'clock in the morning, in trying to dig out the information that would be helpful so that our appearance would not simply be a statement of opinion, but to have some factual background.

These are some of the practical problems we are into. So we come before the committee with difficulty, and I do not know what we can do about it, because we are all in a hurry to get this done, and we are doing the best we can. I am sorry we are not doing a better job at this point.

I have a statement of general principles which I am not going to read because it does not add maybe as much as it should to the testimony concerning the pertinent problems facing us today, but I would point out that again we have only heard the rather generalized statement by the Secretary of Agriculture and published speeches by him and members of his staff.

I assume you heard more than that in some 15 private meetings with the Department, but we just do not have that information.

We were inclined first of all not to make any comments frequently on the proposals but at the request of the chairman we are going to make some. They are tentative, too, and kind of a working draft counterproposal, because we may want to change some of our testimony when we get more information about what we are trying to do here.

We would say first of all—she is here.

Gentlemen, I do not think most of you have ever met my wife. That is the lady that just brought in the testimony here and I am glad to see her for two reasons. I was beginning to worry that maybe she had hit somebody else which would be expensive to me in terms of my insurance, or that somebody else had hit her, and it would be more expensive in another way.

We want to emphasize that the NFO is solidly behind the farm coalition bill introduced by Mr. Purcell and Mr. Andrews of North Dakota and 38 other distinguished Congressmen.

The NFO was pleased that Congressman Zwach introduced similar legislation which he considers to best serve his constituency. We appreciate Congressman Zwach's attempt to be constructive and to protect farm income.

The NFO is not satisfied with the income levels attained under the 1965 act. We will support constructive changes in the legislation if such changes will improve and secure farm income. We appreciate the hard work and the time the committee is devoting to attempts to find a satisfactory and constructive solution to our many problems.

We are completely and unequivocally opposed to the Farm Bureau bill. It is not designed to improve farm income at the present time and we do not believe that it would improve farm income in the future.

It is simply an attempt to force American agriculture into an antiquated and discredited economic-political theory which some of the Farm Bureau leadership considers more important than farm income.

We are continually amazed that anyone representing farmers should continually support programs which would admittedly lower farm income.

We are aware that some people within the USDA believe that the legislation drawn around the "working draft" before the committee would not lower farm income. We take the Secretary at his word that his objective is to maintain farm income. We applaud his determination not to reduce the so-called subsidies.

Nevertheless, we are convinced that the proposals would reduce farm income unless there was a combination of highly unlikely un-economic and political circumstances. To improve the income from feed grains, there would have to be a substantially increased demand which we do not foresee, and which present trends do not indicate.

Let me quote from the August 1969 Feed Situation by the USDA, page 6:

Exports of feed grains dropped sharply in 1968/69, influenced by reduced demand in Europe and the extended dock strike this past winter. Total exports for the marketing year are now estimated at about 17 million tons, a fourth less than in 1967/68. Exports in 1969/70 likely will show some improvement from this level. Less competition is expected this fall and winter from other feed grain exporting countries. And, of course, no repetition of the prolonged dock tie-up is foreseen.

Corn exports—now expected to total about 500 million bushels in 1968/69—probably will be somewhat larger in 1969/70. While there may be some increase in grain sorghum exports, the movement of grain sorghums is expected to continue much below the high level of 1965-67. Not much improvement is in prospect for exports of oats and barley.

Europe's feed grain production, at a high level during the past 2 or 3 years, probably will again be large. And, nevertheless, the large quantity of wheat available for feed at relatively low prices in Europe will continue to compete with corn and other feed grains.

I want you to remember that last sentence. We will come back to it. We believe that his summary is accurate.

We would point out that a part of this situation is directly related to the price-cutting program of those in the USDA who determine our foreign trade policy. As a result of the scuttling of the Inter-

national Grains Agreement, we have now reduced the price of wheat until it is now competing with feed grains in our domestic and world export markets.

The careful structure of our grain policy to preserve a difference of about 25 cents between wheat and feed grains has been destroyed.

In order to work themselves out of the box they got into by breaking wheat prices, and in an attempt to underprice feed wheat in the world markets, the USDA trade "experts" ordered the calling of the 1967 and 1968 crops of grain sorghum under resale in commercial storage.

It is of great interest to the NFO that Secretary Hardin called off this economic experiment just 2 days after it started. The price break of as much as 35 cents per bushel during that period and the economically knowledgeable Secretary corrected a blunder with commendable dispatch.

We would point out for the record that the NFO has never attacked Secretary Hardin even though we vigorously disagreed with some USDA decisions. We cannot be as generous with those representatives of the grain trade who hold influential positions in the USDA, and those who are not employees who exercise undue influence on the Department. Their decisions have been uniformly contrary to the interest of the producers and uniformly helpful to the grain trade and industry.

Secretary Hardin is not the first Secretary of Agriculture to have his image tarnished by the advice of his economic advisers. He is the first one in our memory to quickly reverse them when they were obviously wrong. As a result, our esteem for the Secretary is at a higher level than it was before, and we have always held him in high regard.

We, therefore, would not support the proposed legislation which leaves most of the important decisions to the Secretary. The next Secretary might not be as astute and courageous as this one, and the very nature of the job means that every administrative and policy decision must be made by the Secretary's advisers.

We would also note that the proposal of legislation which is so vague as this before you and which has been designed and supported by the same men whose decisions and advice have been so consistently not in the best interest of the producers does not give us confidence in the proposals.

If it is the will of the Congress to follow this plan, and we advise against it, then specific guidelines must be written into the legislation by the Congress.

I well remember, may I interject, when the opponents to the present Agricultural Act made a vigorous assault upon the fact that it gave the Secretary of Agriculture, Mr. Freeman, a great deal of permissive authority to do as he wished. We are in agreement that it does give the Secretary a great deal of authority, but I think the new legislation gives even more.

The NFO is solidly against the abandonment of the parity concept and replacing it with a sliding scale loan level. The urging by the Farm Bureau to adopt this price depressing technique is in our judgment a part of a plan to destroy any kind of farm program which could help farmers. After all, this is their oft stated objective.

The rest of the economy has built-in economic factors to help it adjust to increasing prices. Labor and Government employees have a living cost factor built into their wage formulas. These costs are passed on to the processors, manufacturers, and consumers of products and services. However, the opponents of farm programs want agriculture to base its prices only on the myth of a "free market," which never worked to the benefit of agricultural producers in this or any other society. This warmed over "Benson plan" is no more acceptable now than it was in the 1950's.

The economic reasoning behind the abandonment of the production control programs and the substituting of a "set aside" is neither practical nor acceptable. It would not greatly reduce the subsidies, but it would reduce the effectiveness of these programs, and thus accelerate their abandonment.

May I interject here that the Illinois ASCS committee took the proposals and apparently they had more information than we did, and ran them through their computers and gave it their very serious study and they concluded that the new program would increase the production of corn in Illinois by 1,800,000 bushels per year.

We believe that both the "set aside" and the limitation of payments would increase production of both grains and cotton, something we do not need at the present time.

It should be remembered that the mechanics of farm programs are as important as the objectives. The mechanics in the present programs need constantly to be reviewed and improved, but they were developed out of the judgment and experience of men who were as familiar with farmers and their attitudes as economists are with their tables, and whose judgment based on experience is more practical and workable.

We would note that if the Secretary had asked for the advice of the feed grain producers and their representatives, the embarrassing "bloopers" on grain sorghum would not have happened.

We would also point out that we do not see an immediate improvement in the wheat situation. The decline in demand has adversely affected all exporting countries. It was not caused by farm programs or the failure of the International Grains Agreement. It was caused by the technological advancement in the development of higher yielding varieties of wheat which are being planted domestically and around the world.

This is not the time for abandonment of the wheat program in exchange for a program which can equal the income of the present program only under a combination of circumstances which is not about to happen. We suggest that you ask these "experts" what conditions are necessary to obtain the income promised by optimum conditions, and then ask yourselves what the chances are for them coming to pass.

We would add at this point that in the case of feeding this information into the computers and getting an answer from the computers, that a great deal depends upon what information you feed into the computers, what goes in as a basis for what comes out. Until we can see what has been fed into the computer, and the suppositions that went with them, we would have difficulty in knowing whether the computer answers were accurate or not, and anybody who deals with computers knows that this is true.

I am not an expert in computers. I do have one in the family, and this is obviously a fact. We do not have to belabor that one, I do not think.

There are only two events which could create these conditions. One would be a worldwide war, and the other would be a worldwide famine. There must be a better basis for agricultural prosperity.

The result of the lowering of the export subsidy in January 1969 was the beginning of the wheat problem in the United States. I would change that that the beginning of the wheat problem in the United States was the sale of 600,000 bushels of off-grade wheat to Japan in the last part of 1968, which caused a wheat embargo against American wheat for about 3 months, and which caused us to make a substantial restitution to them, and the trading partners of this country in the GATT pointed out quite correctly that we had found a perfect escape clause for the IGA minimums. Just sell something that was a little off quality and then renegotiate the price, and this was done fairly early.

The elimination of the certificate program which comes from the general funds would be a dollar-for-dollar reduction in farm income. There is no excuse for any lowering of the market certificates.

The bill before you from the administration calls for a lowering of up to 50 percent of the market certificate when certain circumstances came to pass.

Already the wheat farmers are placing 60 percent, plus, of their production on the market for about 50 percent of their costs of production. They survive on the fact that they theoretically receive parity prices on the rest. Now it is proposed that this be cut in half. This then leaves Government officials free to lower wheat prices with impunity to themselves and without cost to the Government.

There is some cost to the Government in the present program when they lower wheat prices, because the Government certificate is based on the difference between the market and the parity level, and so when the market goes down it increases the cost of the certificate.

What we really need for wheat feedgrains, and cotton is a means of adding to our returns for that part of our production which is exported. It cannot be an additional payment on the exported crop due to our treaty obligations. It must be added as some other form of payment.

American farmers cannot be expected to continue to produce an abundance of agricultural commodities to be exported to boost the gold earnings of the Nation without getting a share of the profits which accrue to the general welfare. I cannot emphasize that too much.

Much has been and is being made of the cost of the farm programs. No one ever speaks of their benefits. Leaving aside the conservation programs and practices, the decreasing percentage of the average income required for food. The highest level of nutrition ever available to any major nation. The national security purchased by an abundance of production plus maintaining a ready reserve of productive land to meet the emergency needs of this Nation and the nations of the world, the agricultural exports of this country have been the biggest source of gold earnings for this country in this decade.

Since the feed grains bill was passed in 1961, the United States has exported \$5,473 million worth of feed grains. During July and August

of this year we exported \$181 million worth. We averaged over \$1 billion in exports in 1967-68.

Exports of wheat have been even more spectacular. Since the passage of the wheat-cotton bill in 1964, the United States has exported \$7,484,400,000 worth of wheat.

Our total agricultural exports since 1964 have been \$31,595 million of which \$29,974 million has been for gold.

Agriculture has not been a vampire sucking the lifeblood out of our national economy, but a vital, contributing, and underpaid partner in our Nation's economic life.

Agriculture has earned all it has received from the Government and more. It deserves a good program, one to improve farm income, and one which will enable it to serve our Nation in its economic welfare and national security. That program should also be one developed by farmers from their experience, and not by the grain trade for their unearned profits.

This committee has shown its goodwill toward agriculture and its concern for the national welfare in the past. We believe that you will do so again this year.

Thank you, gentlemen. That completes my prepared statement.

Mr. PURCELL. Thank you, Mr. Graham.

Do you have questions, Mrs. May?

Mrs. MAY. No.

Mr. PURCELL. Mr. Foley?

Mr. FOLEY. No questions. Thank you for a very fine statement.

Mr. PURCELL. Mr. Mayne?

Mr. MAYNE. Mr. Graham, I do not believe that I got the full tenor of the answer that you interpolated there after reading the first sentence on page 9 as to when the beginning of the wheat problem was for the United States. I think you changed that to say it was the selling of 600 million bushels of wheat in the last 5 months of 1968. Did I understand you correctly?

Mr. GRAHAM. That may be what I said. Let me, if I may, get the exact figures of the wheat we sold in this one large sale to Japan. It was a substantial sale.

Mr. MAYNE. And this was approximately when?

Mr. GRAHAM. I think it was October, September-October. It is in that area.

Mr. MAYNE. Of 1968?

Mr. GRAHAM. Yes.

Mr. MAYNE. And it is that sale or that sale and other ones like it at about that time which you describe as the beginning of the wheat problem in the United States?

Mr. GRAHAM. The beginning of the wheat problem as it reflects the breaking of the minimum price of the IGA.

Mr. MAYNE. Thank you.

Mr. PURCELL. Mr. Rarick?

Mr. RARICK. Mr. Chairman, I appreciated hearing Mr. Graham's philosophy on the farm bill. I only wish it was that easy for us to prepare a bill and get it passed. I have no questions.

Mr. GRAHAM. We know your problem, Mr. Congressman. We never assumed it would be easy.

Mr. RARICK. Thank you.

Mr. PURCELL. Do you have further questions?

Mr. RARICK. I have no other questions.

Mr. PURCELL. Mr. Kleppe?

Mr. KLEPPE. No questions.

Mr. PURCELL. Mr. Sisk?

Mr. SISK. No questions, Mr. Chairman.

Mr. PURCELL. Mr. Sebelius?

Mr. SEBELIUS. I just have one question, Mr. Graham.

Is there anything we can do legislatively to enhance the bargaining power of the farmer as far as the grain situation is concerned? Any recommendations that the NFO or others have on the subject of how to increase the bargaining power in the grain field. We have been told that because of the international markets there is very little that can be done about it. Is there any mechanical changes in the act that we can make?

Mr. GRAHAM. I think there are some mechanical changes that might possibly be put in the act, and they are being considered at the present time. I was at a dinner that the Secretary gave to Mr. Mansholt, the Vice President of the ECCC on Friday night.

Their combined comments were to the effect that the meetings they have been having together in Europe and now in Washington on Friday and Saturday has resulted in some stabilizing of the prices, at least for the last 6 weeks. This is the negotiation that should have been held a year ago really, and prices stabilized at that point.

As far as increasing the bargaining power of farmers, and this is something we are interested in as an organization, we are handling a great deal of grain at the present time. The one thing I think, two or three things that have to be done that are in the hands of the Government.

No. 1 is that in the case of diminishing demands on the world market, we should not be following programs that could increase our production. You cannot bargain in strength with an oversupply at your back.

The second one would be that the purposes of the resale and loan programs should be observed in their administration. I do not think they were in the case of the recall of the grain sorghums. It was 2 years' supply recall at harvest time, the very time that the whole purpose of the act was trying to avoid, and it is true, the whole CCC Act was to avoid disastrous prices at harvest time, and here they recall 2 years' supply in commercial storehouse right in the middle of the delivery of the grain.

This is no way to play the game and to strengthen our bargaining position.

I think it is fair to say the NFO, in the basic grain sorghum area, had improved this price of grain sorghum by about 25 to 30 cents, and we are suspicious that this was directed directly at us in an attempt to get loose some grain for the trade.

Now, they said they wanted this extra grain so they could cover our market in Japan, but the grain trade had that much in their own hands, if they had wanted to cover that market. They did not have to have this out of the commercial storage.

The other where I think it gets into the same thing is that in a number of decisions that have been made concerning the administration of the ASCS by the ASCS of the CCC programs this year, and

we have gone up to the Department a number of times, in every instance what I said here in the paper, and in every instance the decision has been against us. In every instance the decision would improve the position of the grain trade, to get an extra supply of the grains to throw on the market over against our attempts to bargain a price upward.

These are pretty dreary ones. I do not think I should include it at this time, but I will be glad to include it at some time if you want to take a look at what is happening administratively within the Department at this point. We will give you a documented story piece by piece of these.

We have the correspondence and everything that goes with it, and we can show you what the effect has been.

I think overall though the abandonment of a philosophy that we can improve our overseas markets by cutting prices. This question of what kind of a market arrangement we would have came up the other night with Dr. Mansholt, and the Farm Bureau raised the question, and he told them very frankly what any of us who know anything about the Common Market knows, that as an importing country we can take care of their problems of imports any way they want to.

In the first place, they have their target price. They have a variable levy for the difference between the market price and the target price, the reduction of the market price only increases the levy, and getting the extra money into the EEC gives them money to use in their restitution programs and the subsidizing of their exports.

We are doing exactly what we should not do, because we are financing, we are enabling them to finance their competition against us more successfully than they could do if we had not cut those prices.

It is a vicious circle that just gets away from us at that point.

In the case of the EEC, we simply cannot cut prices enough to get into that market. There is no way in God's world of doing it with a variable levy, no more than they can get into our chemical market with our American selling price, and they are very well aware of that. We face that every time we face them.

There is no question but what the importing countries have been quite delighted with what has happened in this. Japan has. She has been reluctant to do some buying, and she has been reluctant in feed grains, because she can get wheat cheap enough, she can substitute it for feed grains. This is one of the worst things that has happened to us, and I think it is going to pull down our sale of feed grains abroad.

All these things just compound the problem we have of trying to get in a position where we can really bargain for farmers and the farmers can bargain for themselves. It gets pretty discouraging from this side of the table when we go through that, as I have all this year, of trying to find answers. We have never made a public issue of this in our quarrel with the administration down in the Department, because it is counterproductive. We still have to work with them, but we cannot stay still forever, either.

Mr. SEBELIUS. Going to the localized situation, I think you may recall that I asked your president when he testified, would not the new feed yards and the new packing plants that were coming in some of the areas enhance their position to bargain, and I find now that NFO and the Farm Bureau are both running a buying and sell-

ing arrangement in feed grains at the present time on that basis, and they are both participating in upping its value.

Is there anything mechanical we can do on the local level?

Since the Government would not release the grain, we found out that that did not help the bargaining power on that level.

Mr. GRAHAM. No. Both of us are into it, and we are selling, the contracts that got us into trouble with the USDA until their general counsel straightened out their ASCS officers, was the sale of tremendous amounts of feed grain in that new feed yard area in Texas, and we were selling it, and are selling it. Incidentally, we have about 80 percent of the feed grain in that area under NFO contract, so I think I know who is doing most of the bargaining.

Mr. SEBELIUS. Up in Kansas we have both Farm Bureau and NFO in feed grains in that area and they are doing a job. My basic thought is if you have something on it, what if anything can we do legislatively to enhance that bargaining position?

Mr. GRAHAM. There is a couple of places where the present legislation and regulations on the handling of CCC stocks could well be tightened up. One of them, for instance, is the failure of the Department to ever use one of the alternatives it has in determining how farmers would be paid for their grain which goes into commercial resale in the terminal warehouses.

They can do one of two things. They can let the farmer have payment in kind from that. In other words, he could sell the amount that is in there for improved price, or the other is that he has the three alternatives of redeeming the grain before it goes into the terminal warehouse, the second alternative is to let the Government take the grain, and the third is to have the Government sell it, but the Government sells it then at the price of the local elevator in the area where the man lives.

So any bargaining you have done to strengthen the price outside of that area is completely done away with, by making your sale on the basis of what the local elevator will offer.

In the case of feed grains it was 35 cents less than it was the day before. Now, we think it can be arranged. We know there are some problems, when you come to getting this out of resale, and we did not suggest that it be small quantities that we would be taking out. We suggested to them that we would not take out ever less than a carload.

This is what they deliver to everybody else. A carload is a minimum, and yet they came back with their answer that it would lead to small and inefficient withdrawals, and every withdrawal is small and inefficient.

We challenged them about their regulations that provided that they could do the things which would give farmers some equity and some beneficial interests in the grain that went into resale.

One of the officials said "Yes, but we never did do it that way," and laughed about it.

Now they on the other hand tried to stop the loan program in Texas on the basis that once we had negotiated a contract that the farmer no longer had any beneficial interest in that grain even though it had not been sold, no money had been had, so in Texas it was against policy to continue the loan program, because he did not have any beneficial interest, and in the cases in the spring it was against policy

to release that program, that grain from the reseal, because he did not have any beneficial interest in that.

I do not see how you can go both ways at one time.

We had trouble in getting grain released to be shipped directly to the processor, a tremendous amount of Durum wheat in North Dakota. They ruled that we would have to bond this with the full value of the grain, not a calculated risk, but the full value of the sale.

Now try bonding on that basis.

On the other hand, when it came to the cotton, they permitted cotton to be shipped, and the only security the CCC needed was a bill of lading. These are problems we are getting into that really hamstringing our efforts to do a good job of bargaining.

When the people down in the Department, and again we are absolving the Secretary and the Under Secretary, but down in the Department when they have repeatedly made the decisions, and they have the power to make these decisions. These are within the regulatory rules they have set up for themselves—when they repeatedly made the decisions that just went counter to the interests of the farmers.

I did not intend to get all the way into that one at this time, but you can see that we have had some problems too in trying to do the very thing which should be in the interests of the Congress to have done, so that the need for support programs would be reduced, and the need for additional money would be reduced. These are our objectives, and farm income would be improved.

We have one stumbling block after another thrown in our way.

Mr. SEBELIUS. I appreciate your remarks. I want to commend your organization on their innovation and fresh ideas in the bargaining field.

Thank you, Mr. Chairman.

Mr. GRAHAM. I should tell the committee, I am sorry Mr. Price is not here, because he was a major factor in the brief skirmish we had with the Department on this Texas situation, and he was a tower of strength and the organization is very much indebted to him for what he did.

Mr. PURCELL. Dr. Melcher?

Dr. MELCHER. No questions.

Mr. PURCELL. Thank you very much, Mr. Graham.

This concludes the list of witnesses we had for today. This subcommittee meets again on December 1, and we meet for 3 days that week, so although there are other meetings for the committee itself, this committee will recess now and will reconvene on December 1 for further consideration of wheat and feed grain legislation.

(Whereupon, at 11:35 a.m. the committee adjourned, to reconvene at 10 a.m. December 1, 1969.)



WHEAT

MONDAY, DECEMBER 1, 1969

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND GRAINS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m. in room 1301, Longworth House Office Building, Hon. Graham Purcell (chairman of the subcommittee) presiding.

Present: Representatives Purcell, Foley, Montgomery, Jones of North Carolina, Burlison, Melcher, May, Mayne, Zwach, and Kleppe.

Also present: Christine S. Gallagher, chief clerk; Lacy C. Sharp, general counsel; and John A. Knebel, assistant counsel.

Mr. PURCELL. The subcommittee will come to order.

This morning we are continuing our hearings. We have testimony today related more directly to the wheat program.

Our first witness is Mr. Glen Hofer, executive vice president of the National Association of Wheat Growers.

We will be glad to hear from you at this time.

STATEMENT OF GLEN HOFER, EXECUTIVE VICE PRESIDENT, NATIONAL ASSOCIATION OF WHEAT GROWERS

Mr. HOFER. Mr. Chairman and members of the subcommittee, my name is Glen Hofer and I am the executive vice president for the National Association of Wheat Growers.

We appreciate this opportunity to present our views on the so-called set-aside program for wheat, as it was outlined in a recent U.S. Department of Agriculture draft proposal.

Mr. Chairman, on September 9, the NAWG testified before the House Committee on Agriculture on general farm programs. At that time, our association confirmed its support for the legislative approach suggested by the Coalition of 24 Farm Organizations. We hope our comments today on the administration's tentative set-aside proposal are not construed as representing any deviation from NAWG support of the coalition.

On the other hand, our people recognize the need for flexibility on the part of all concerned if farm legislation is to move forward. In that spirit, we are pleased to offer our comments on the individual points in the summary of draft legislation submitted by the USDA on October 25, 1969.

1. No one is committed to anything at this point.

Good.

2. This draft relates to wheat only and to the set-aside option only.

Most of our producers have feed grain bases and a few have cotton allotments. Our appraisals are necessarily colored by the interrelationship between the commodity programs.

3. Language is general. Much has been left to administrative discretion.

We recognize the need for occasional adjustments in production control programs. However, our past experience with administrative decisions has caused us to be less than enthusiastic about waiting and waiting for official announcements. We strongly recommend that in those instances where annual determinations are left to the Secretary's discretion the legislation require announcement deadlines in keeping with competent farming practices.

4. No termination date is specified.

We would not oppose the absence of a termination date.

5A. Loans would be at 80 to 95 percent of a moving average of market prices.

All discussion of program benefits in terms of loan value, certificate value, and diversion payments must be viewed by our producers in the light of overall net income. In our September testimony, we stressed the serious, even desperate, financial condition of many dryland wheat farmers. They cannot stand any further deterioration in the domestic price structure of wheat, and no one can doubt that lowering the loan price from the present \$1.25 national average, thus removing the price support floor, would lower the price in local markets. We have listened to the case made for increased disappearance of wheat into feed channels through a lower price. We concede that an increase in total usage is desirable, but we do not feel that we can pay the price.

5B. Certificate payments would be established on the basis of general criteria.

This means the abandonment of parity as the criteria for establishing domestic certificate value. The cost side of the vicious cost-price squeeze which is ruining our farmers is firmly connected to the inflationary national economy. The only tenuous attachment the preprice side has is through the parity concept.

Our farmers feel that if they lose that principle, they may well have lost their main incentive for support of production control.

5C. If the market price rises above the target level, the rate of payment is scaled back.

We have been told unofficially that the inclusion of this arbitrary ceiling on the returns to producers is no longer being seriously considered.

5D. Size of the set-aside is to be determined on the basis of general criteria.

The criteria for determining size of set-aside is very similar to present methods of setting allotments, with which we have no particular argument.

5E. Provision is made for additional acreage diversion, if needed, for additional payment.

We have supported the extra diversion program now in effect.

5F. A man would receive his payment whether he planted or not, but if he plants little or no wheat, his allotment is cut back, 20 percent per year. If he grew no wheat for 4 years, his allotment would be lost.

It is our understanding that it is through this provision that the

USDA theorizes that production of the program commodities would gradually move back into those areas best suited to their production. This assumption is certainly attractive to us. However, as mentioned earlier, many of our wheat farmers have feed grain bases. With the uncertainties of the past decade of farm programs in mind, I believe it would be safe to say that a large number of them would be inclined to protect that feed grain base from being phased out.

This tendency, if shared by a large percentage of farmers, could thwart the anticipated production shift. Perhaps if they were assured that in the event of termination of the set-aside program, history would revert to the 1970 individual bases, they would be less hesitant about relinquishing their feed grain acres.

5G. Yields per farm are established as of 1967, 1968, and 1969. Provision is made for adjusting yields for abnormal factors during these particular years, but the yields used as the basis for payments are frozen at the levels determined for the indicated years.

Our meetings to date have produced no strong general position concerning this issue. Each individual farmer reacts according to how those 3 years treated him. Any period picked will favor some—penalize others. It might be more practical to freeze yields where they are for 1970. A great deal of time and effort went into establishing them and to change the formula would undoubtedly reopen a number of old arguments. Some of our farmers in the areas potentially suitable to the production of the impending hybrid wheat varieties are dismayed at the prospect of frozen yield levels.

5H. The domestic wheat allotment on which payments will be made will be established for farms in the same manner as farm acreage allotments are presently established, except that they will be based only on the amount of wheat used for domestic food. Adjustment is provided for hardship cases. A conserving base is continued.

We agree that the present system of establishing acreage allotments would serve well for setting the domestic wheat allotment for payment. The continuation of the normal conserving base in its present form raises a central issue which directly affects the potential support within our organization for the set-aside concept. The following table gives a comparative evaluation of "set-aside" verses 1970 programs when applied to three widely separated wheat farms. These figures are from actual operations and were selected from letters received in response to an inquiry in our newsletter several weeks ago.

Mr. Chairman, would you like me to go through this chart at this point?

Mr. PURCELL. I think maybe for the sake of clarity you might explain it to us. I am sure we could understand it, but I think we have the time for you to just go ahead and go through it.

Mr. HOFER. Very good.

On the three examples that we chose for the illustration as indicated, from Nebraska, Colorado, and Oregon, and what I was attempting to show is that the normal conserving base is a controlling factor on whether the set-aside program would be appealing to a man on the terms of more freedom to plant, and on the Nebraska farm chosen which had a total cropland of 1,250 acres and a 1970 allotment of 377.1 acres, 48 percent of that 1970 allotment, which would be the domestic set-aside if the set-aside were in effect, would be 181 acres.

The normal conserving base on that farm was 472 acres, which represents 38 percent of its total cropland. His total set-aside, if that program were in effect for 1970, would then be 653 acres. If the set-aside program were in effect, he would be able to raise 597 acres of wheat.

Under the present program, he has a feed grain base of 157.7 acres, and his total allotment of 377.1, under the present program he can raise 503 acres, so that this year, 1970, the crop that is planted now, if the set-aside were in effect he could raise 94 acres more of wheat, so certainly it would be attractive to him. But keep in mind that he only has a 38 percent normal conserving base.

Now, on the Colorado farm of 578 total cropland acres, with a 160.2, 1970 allotment, his domestic set-aside would be 76.9 acres, his normal conserving base is 282 acres, so he would have a total set-aside, if that program were in effect, of 358.9 acres. He then could raise 219.1 acres of wheat.

Under the present program with his total allotment of 160.2 and substituting his feed grain base of 72 acres, he can raise 217.8 acres, so you can see there is no particular advantage, but it would not hurt him much either. His percentage of normal conserving base is around 49 percent.

Now, on the Oregon ranch, which is a large one, but that is really dryland area out there, has 4,348 acres of total cropland, and a 1970 allotment of 996.2 acres. His domestic set-aside would be 478.2 acres. His normal conserving base as you can see is quite large, 2,521, which represents 58 percent of that total cropland. His total set-aside with the normal conserving in the set-aside would be 2,999.2 acres, so under the set-aside program, if it were in effect this year, he could raise 1,348.8 acres of wheat.

In the program the way it is, and he is participating, he can use his 1970 allotment, and 80 percent of his feed grain base and this year he can raise 1,525.8 acres of wheat so you see if the set-aside were in effect he would lose actually 200 acres of permitted wheat acreage this year so it would not be attractive to him, but again it goes back to the fact that he has got a 58 percent normal conserving base, so that is a very important factor, but you cannot overlook the feed grain base size either, because that is what permits him to substitute and if he has a good feed grain base he might be better off without the set-aside program. Anyway, I will continue.

The three explanatory notes under the chart, 1970 allotment figures after diversion has been made, so that is actual 1970 permitted acres.

No. 2, percentages in conserving base column are percentage of conserving base to total cropland, which I explained.

No. 3, substitution in the last column assumes a 20 percent required diversion from the feed grain base, so in other words the feed grain base as shown in the column to substitute on that you would have to multiply it by a factor of 80 percent.

(The table appearing on page 5 of Mr. Hofer's prepared statement for inclusion in the record at this point follows:)

	Total crop- land	1970 allot- ment ¹	48 percent of 1970 allotment (Dom.)	Normal conserving base ²	Total set- aside	Feed grain base	Set-aside program permitted wheat acres	Present program with sub- stitution permitted wheat acres ³
Nebraska.....	1,250	377.1	181.0	472 (38)	653.0	157.7	597.0	503.3
Colorado.....	578	160.2	76.9	282 (49)	358.9	72.0	219.1	217.8
Oregon.....	4,348	966.2	478.2	2,521 (58)	2,999.2	662.0	1,348.8	1,525.8

¹ 1970 allotment figures are after diversion has been made.

² Percentages in conserving base column are percentage of conserving base to total cropland.

³ Substitution in last column assumes 20 percent required diversion from feed grain base.

Mr. KLEPPE. Mr. Chairman, will the gentleman yield for a question here?

Mr. PURCELL. Yes.

Mr. KLEPPE. Where does the summer fallow land fit into this chart?

Mr. HOFER. These are all summer fallow ranches.

Mr. KLEPPE. These are all summer fallow?

Mr. HOFER. Yes.

Mr. PURCELL. If you do not mind while we have broken into your testimony let me ask one more question.

What effect does the substitution of wheat on feed grain acres have on the feed grain allotment or base under the set-aside program?

Mr. HOFER. Under the set-aside program?

Mr. PURCELL. The figures you have given us are showing he planted wheat on feed grain acres?

Mr. HOFER. Yes.

Mr. PURCELL. Then my question relates to the fact that if you do not plant feed grain you are going to lose your acres?

Mr. HOFER. That is right, you would lose 20 percent a year I understand in terms of the new proposal. We have a suggestion.

Mr. PURCELL. Go ahead.

Mr. HOFER. Yes. In fact, I already covered that, Mr. Chairman, when I said I think our people with the uncertainties of programs the way they have been would be reluctant to lose that base and it might prevent the shift of commodities that we would hope for, that is I would think they would plant those feed grain acres to hold them in case the program would ever revert back, they have proven so important to us in the past few years.

I will go ahead with the testimony.

Mr. PURCELL. All right.

Mr. HOFER. It is soon evident that the controlling factors as to whether or not more planting freedom is offered depends on the size of the individual normal conserving and feed grain bases. In fact, another good example for the table would have been a farm with a very small or zero feed grain base. A number of our producers were caught, during the arbitrarily selected base years for normal conserving and feed grain—1959-60—deviating from their normal planting practices. There were many efforts to find alternative crops during that period.

Those farmers trying out safflower or bird seed or raising some hay or grass while their neighbor stuck with the area's usual barely production, have been paying for their experiment ever since. The set-aside would finally offer some relief to that inequitable situation. Many of our people feel that if the set-aside is implemented, it should include a reevaluation and redistribution of the normal conserving base.

5I. Provision is made for use of set-aside acres by the public for extra payment.

We agree that that is a good idea.

5J. Processor certificates would be continued in effect at a cost of not to exceed 75 cents per bushel.

5K. Export certificate program would be discontinued.

Discontinuance of the export certificate program would have several far reaching effects which are of some concern to our association. We have supported and continue to support U.S. participation in the international grains arrangement. The export certificate is the mechanism designed to bring U.S. export wheat prices into line with the world export wheat price in the event that the latter price is higher than the U.S. domestic price. In spite of the fact that the pricing agreements within the IGA are in considerable disarray at present, we do not think it proper to legislate away the export certificate device until such time as the United States officially changes its policy regarding the IGA.

5L. Provision is made for excluding from the program land newly brought into production through reclamation.

The National Association of Wheat Growers has consistently opposed bringing virgin land into production through reclamation while present commodity supply conditions exist.

6. Four options are provided for payment limitation. In all cases, if payment limitations affect a particular farm, the number of acres to be set aside would be correspondingly reduced.

On this issue, the NAWG official position remains in opposition to payment limitations. We still feel that payments are properly calculated in proportion to the individual farmer's contribution to the success of a production control program. However, recognizing a certain inevitability inherent in the present congressional temper, we would offer the following preferences if limitations are forthcoming:

1. Program compliance requirements should be reduced in accordance with amount individual payments are reduced by limitations.

2. The processor's share of the total domestic certification should be accorded separate treatment and should not be liable to limitation formulas. Cost-sharing program payments should also be exempt from limitation calculations.

3. The limitation schedule should be scaled gradually.

That is the extent of our comments at this time, Mr. Chairman. Our organization is at approximately the halfway point in its annual series of State and National policy meetings. We will have completed the State conventions within the next 2 weeks, and we will have a much firmer consensus at that time.

Thank you, Mr. Chairman. That completes my prepared statement. Mr. PURCELL. Thank you very much.

Mr. Foley, do you have questions at this time?

Mr. FOLEY. Mr. Chairman, I would like to comment just briefly.

Mr. Hofer, I think you have made an excellent statement, and particularly considering the fact that in noting your last remark that your organization is in the process of its State and National meetings I think you have given us some of the most explicit and detailed comment that we have had in these hearings on the proposals advanced by the administration.

Just to emphasize one point you made, isn't it true that some of these conserving bases have been adjusted from time to time over the years in the case of individual farmers?

Mr. HOFER. That is true, and it has been I think probably a problem for the administration of the program that the different county committees and even the different State committees have had a little different view of the problem posed by normal conserving and that has caused a situation in the field where maybe one county has been willing to make adjustments while the neighboring county is not. As I say, the States may have handled it a little differently, and there is sort of a jagged pattern of adjustment that has gone through the country, and causing I feel some inequities.

That is why I am sure our people would entertain very appreciatively any program to take a strong look at this normal conserving situation and perhaps make the adjustment that we feel are long overdue.

Mr. FOLEY. Would you say that this is the principal barrier in your judgment to accepting the set-aside proposals as applied to wheat?

Mr. HOFER. Yes, I would say to the set-aside as the process of determining how many wheat acres you would have.

Mr. FOLEY. I am not speaking of the whole proposal.

Mr. HOFER. That is right.

Mr. FOLEY. Just as to the set-aside principle.

Mr. HOFER. I think that is our main stumbling block, yes.

Mr. FOLEY. In effect I understand from your testimony that the implementation of the present proposals of the administration would constitute a kind of Russian roulette as far as what might happen to individual producers under this program.

Mr. HOFER. Well, there are too many areas there that look like it would lead to a lower income, that is right, and that worries us very much, with the absence of figures being actually plugged in. We do not like to harp on that but until we knew what the returns would be, our people would be unable to be very enthusiastic I am afraid.

Mr. FOLEY. The thrust of my question was this: The proposals are going to affect producers in markedly different ways, depending on their conserving base and their particular circumstances under the present program, is it not?

Mr. HOFER. That is right.

Mr. FOLEY. And this is going to be a cause of controversy and unhappiness, I assume?

Mr. HOFER. I would think so.

Mr. FOLEY. And division among the producers?

Mr. HOFER. Yes.

Mr. FOLEY. Thank you.

Mr. PURCELL. Mrs. May?

Mrs. MAY. Mr. Chairman, I think this committee would assume that anything I would say about Mr. Hofer would be prejudiced in his favor, but I say this very sincerely and in an objective way: Glen, I believe your statement has been so far the most constructive criticism we have had.

Mr. HOFER. Thank you.

Mrs. MAY. This is not only the kind of testimony this committee needs, but I think the executive branch of the USDA, the administration needs it, too. I would like to ask here have you had an opportunity to sit down with any representatives of the Department and discuss in detail some of your concerns?

Mr. HOFER. Yes, we have. They have been very cooperative, and we have had opportunities several times to go into these things in depth, and I think I see a real willingness on their part to try to make this thing work, and we are continuing our discussion with them.

Mrs. MAY. Did you get the feeling that they were accepting the validity of the fears or reservations let us say that you raise?

Mr. HOFER. Yes, Mrs. May.

Mrs. MAY. And recognize them?

Mr. HOFER. They do.

Mrs. MAY. I want to thank you very much. If we could have this kind of analysis from all our agricultural groups we would be able to move further ahead. It seems to me you are obviously speaking for the best interests of your association but also saying you are flexible. You have not abandoned the coalition approach but you recognize some practical obstacles that face all of us in trying to get Congress to vote for that program.

I appreciate your stand on this very much. This is the kind of criticism and analysis we all need in helping to develop this program.

Mr. HOFER. Thank you.

Mrs. MAY. Thank you very much, Mr. Hofer.

That is all, Mr. Chairman.

Mr. PURCELL. Mr. Montgomery?

Mr. MONTGOMERY. No questions.

Mr. PURCELL. Mr. Mayne?

Mr. MAYNE. No questions.

Mr. PURCELL. Dr. Melcher, do you have questions?

Mr. MELCHER. I have one, Mr. Hofer, one question and one comment.

In 5C on page 3, dealing with a market price level rise, you say that we have been told unofficially that the inclusion of this arbitrary ceiling on the returns to producers is no longer being seriously considered. Have you an opinion on it if it were to be considered?

Mr. HOFER. Certainly we would oppose that. One thing that our people try to bring up every chance we get, that certainly farming is a risky business to begin with, and many of our people expect and usually their expectations are borne out, some kind of a crop failure every 3 or 4 years, not a complete one, but if they do not have the ability somewhere during those 4 or 5 years to have a good year to offset it, why they are certainly in a worse shape, and if a ceiling is put on obviously that takes away their chance to make up for a bad year with a good one somewhere along the line.

Mr. MELCHER. I think the committee should be indebted to you for bringing to our attention the variance in the conserving base as it

affects different States, and what affect that would have on the set-aside program if it were adopted as outlined.

I only make that comment in praising good testimony. Thank you very much.

Mr. HOFER. Thank you.

Mr. MELCHER. Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Zwach?

Mr. ZWACH. Thank you, Mr. Chairman.

Mr. Hofer, on the bottom of page 1, "language in general," you make the statement: "Much has been left to administrative discretion."

In this proposed set-aside there is more left to administration discretion than under the present law, isn't that correct?

Mr. HOFER. That is correct.

Mr. ZWACH. And it is your general feeling that as much as possible ought to be written into the law?

Mr. HOFER. Well, again I would have to say that we recognize the fact that the Secretary has to have all the production figures in on the supply side pretty well in mind before he can say how much you can plant next year and we are certainly willing to concede that he has to make an annual decision there.

I think the two points that we are making are that we hate to see the income side left so much to his discretion, and also that on these other decisions, we certainly would like to see it nailed down on the time a little bit, because we had some bad experiences this past year with decisions being delayed for very valid reasons, but certainly that does not help the farmer who has to do his planning.

Mr. ZWACH. But producers generally would like to see in the law what can reasonably be put in there by the Congress?

Mr. HOFER. That is right.

Mr. ZWACH. Would that be your feeling?

Mr. HOFER. I think that is very true.

Mr. ZWACH. That is certainly my feeling as a producer.

Mr. HOFER. That is right.

Mr. ZWACH. I think experience all the way back with regard to too much administrative discretion where it is not necessary is not the best.

Mr. HOFER. That is true. That is what our people feel.

Mr. ZWACH. I want to compliment you on your statement on parity. I think it basic that we preserve the parity principle.

Then just above that on page 2 you make a statement:

We have listened to the case made for increased disappearance of wheat into feed channels.

I just want to say to you that I think basically the cattle industry and the whole feed industry certainly is hoping that wheat does not become a major feed grain, because if it does, perhaps it is going to have to be treated as a feed grain, and in a program it is pretty hard to make payments at 100 percent of parity to wheatgrowers to go into the cattle business and that for other fellows to take their barley, oats, and corn and compete in the feeding industry, so I certainly hope that we are not going into a program where wheat becomes a major feed grain, because if it does, we are really getting into serious problems. Isn't that your thinking?

Mr. HOFER. That is our thinking. We are hearing a little bit more about it all the time, and it is a tremendous concern to us. We are going to resist it as much as we can.

On the other side of the coin, and I know you cannot have your cake and eat it too, but it is a good thing for us right now that wheat is moving into the feed grain channels, because just obviously it helps the supply side a little bit, but the pricing of it is very distressing.

Mr. ZWACH. There is no question that for the wheatgrower and producer, it is a good thing, but we as feed grain producers want wheat producers to get a fair price, a reasonable loan and so on.

Mr. HOFER. Right.

Mr. ZWACH. So that they are not forced into the feed business to any large degree.

Mr. HOFER. I think it would be very disruptive.

Mr. ZWACH. That is all, Mr. Chairman.

Mr. PURCELL. Mr. Kleppe?

Mr. KLEPPE. Thank you, Mr. Chairman.

I know this comment is going to be repetitive but I do not see any reason why I could not also compliment you on your statement, Mr. Hofer. I appreciate the fact that you and your association addressed yourself to this set-aside question. This is a tentative proposal that we have had informally presented to all of us, and I think I understand your testimony, your position on this thing very clearly, and I also want to compliment you and your association for the position that you have taken.

Thank you, Mr. Chairman.

Mr. HOFER. Thank you, Mr. Kleppe.

Mr. PURCELL. Mr. Burlison, we welcome you to the committee meeting this morning.

Do you have any questions that you would like to ask at this time?

Mr. BURLISON. Thank you, Mr. Chairman. I have no questions.

Mr. PURCELL. Mr. Hofer, I think you and I know each other well enough that my lack of questioning this morning does not indicate any lack of my appreciation of your organization. We do appreciate it very much. Your testimony has gone more to the point of where we are needing advice and help than I think anyone's has and I do appreciate it. We want to continue to have your advice, and so do not get too far out of town in the next few weeks.

Mr. HOFER. Thank you, Mr. Chairman.

Mr. PURCELL. Thank you very much.

Our next witness is Mr. Donald M. Mennel who is president of the Mennel Milling Co., a man who has been here many times and he is always welcome.

STATEMENT OF DONALD M. MENNEL, PRESIDENT, THE MENNEL MILLING CO., FOSTORIA, OHIO, ACCOMPANIED BY RONALD M. HUFFMAN, SECRETARY AND COUNSEL OF THE NATIONAL SOFT WHEAT MILLERS' ASSOCIATION

Mr. MENNEL. Thank you, Mr. Chairman.

My name is Donald M. Mennel. I am president of the Mennel Milling Co., Fostoria, Ohio, and a third generation soft wheat flour miller.

I am accompanied by Mr. Rondal M. Huffman, secretary and counsel of the National Soft Wheat Millers' Association.

Additionally, I am a member and director of the Toledo Board of Trade, a member of the Chicago Board of Trade, a director and member of the executive committee of the Millers' National Federation and a member of the milling advisory committee of Kansas State University.

Prior to my present position I spent 11 years heading the wheat procurement department for our company. Our mill grinds only Soft Red Winter and Soft White wheats and, incidentally, in the course of a year it requires the wheat from approximately 10,000 soft wheat farms for its grind. This is not intended to be impressive because we are only 1 percent of the industry, but it does indicate somewhat the size of the farms that we are talking about.

The National Soft Wheat Millers' Association has a membership representing approximately 80 percent of the total commercial soft wheat milling producing in the United States. Our association has appeared often in the past. We want to thank you very much for the opportunity to be here today and hope we will be asked back again whenever we can be of use.

We have stressed repeatedly that wheat is not just wheat. We have presented at length the very great differences in end use, in geographic origins, and in farm types raising the different kinds of wheat. We will not take your time to reiterate these statements.

Statistics prove that soft wheat is raised for a purpose. It is consumed primarily in the domestic market. In the last 5 years domestic usage of Soft Red Winter wheat is 70 percent of its production compared with only 43 percent for Hard Winter wheat.

Soft Red Winter wheat and Eastern White wheat are not in surplus; they are not a problem. They are raised on a majority of the farms by a majority of the farmers in the United States. I am sure you are aware that the domestic consumption of wheat has undergone a reduction on a per capita basis for many years. While difficult to prove, it is at least possible that the current evidence of malnutrition in this country has a direct relationship with the reduction in the use of wheat foods. We believe the consumption of soft wheats is rising in this country as evidenced by the growth of our company and other soft wheat mills.

We are here to testify concerning the several alternatives proposed recently by Secretary Hardin in the form of draft legislation. Generally we support strongly the proposal of reducing the cost of the wheat program. I should say parenthetically we do not support the idea of reducing the price of wheat. Generally we support the principle of reduced wheat acreage provided this reduced acreage reflects the amounts of the several kinds of wheat required by the real market.

We oppose to continuation of the regressive wheat certificate tax but recognize that it is politically difficult to eliminate at this time. We believe it is vital for Congress to limit it specifically not to exceed the present 75 cents per bushel and, hopefully, to legislate a gradual reduction in it as wheat production more nearly balances domestic consumption.

I would like to break from my statement for a minute to suggest that if we had a reduction in the certificate, and a higher support price,

the problem that Mr. Zwach is mentioning could be solved, in that there would be a greater differential than between wheat and feed grains. It is the support price in part at least, coupled with the domestic certificate and the Treasury payments, that make wheat a feed grain today, and in Ohio it is a feed grain that is being fed very substantially, and this has a great deal of concern for all of us in Ohio.

At a past appearance before your committee you may remember we presented many, many soft wheat products showing substitution of other grain products such as corn flour, rye flour and sorghum flour for soft wheat flour. We believe this is a direct result of the burdensome wheat certificate tax not borne by other sources of starch. The certificate tax thus is self-defeating.

The so-called domestic certificate is, in fact, a myth. It is paid to each participating farmer uniformly regardless of whether or not his wheat is used domestically. For example, in the last 5 years over 60 percent of CCC inventories are Hard Winter wheat, while less than 1 percent are soft wheats.

During the same period nearly 60 percent of all the hard wheat produced was exported and over 60 percent of White wheat (primarily Western White) was exported, yet each participating wheat farmer receives his equal share per bushel of the domestic certificate just as if his wheat had been used domestically.

We recognize it is very difficult to distribute the certificate to individual farmers based upon the final destination of his wheat. We do believe, however, at the very least no certificate should be paid to any farmer who ultimately turns his wheat over to the CCC.

The reason for this is that he is not producing his wheat for a real market. He is producing it for the Government support price.

The draft legislation proposes a support price below the market price. We believe this is a good proposal. The support price should reflect a minimal insurance value, not create a profitable market. We attended a meeting recently here in Washington to discuss the methods of establishing support prices. We applaud the Secretary for recognizing a very difficult problem and his conscientious effort to resolve it.

We believe a support price should be established on a county-by-county basis reflecting real domestic markets. We believe most export programs are costly to the taxpayer and support prices established on export assumptions cannot reduce the cost of the program to the taxpayer.

We believe the consumer is willing to pay a fair price to the farmer and so is willing to support a higher income for those farmers who raise products in demand in this country. We also believe, however, the consumer is tired of paying taxes for storage of surpluses and for subsidizing exports to get rid of those surpluses.

One proposal in the draft legislation we do not understand fully is the one pertaining to sealing back rates of payment if the market price rises above a target level. This seems to us to be self-defeating since it appears to force the market price to remain at the target level rather than free to rise. In this sense we suspect that this might create a ceiling that would be most unhappy to many producers, particularly in our area.

In connection with the set-aside proposal, we believe strongly that any acreage reduction either in the form of set-aside or diversion must reflect domestic disappearance. The acreage allotment reductions of the last 2 years were politically expedient in that each State was reduced the same amount percentagewise, but if such a policy continues eventually only one type of wheat would be raised in this country—namely, that which has been the greatest problem, Hard Red Winter—and the American consumer would be forced to reduce his level of accustomed palatability and product quality.

We urge that future acreage diversion be used to reduce surpluses, not to create scarcity of some particular kind of wheat, otherwise we will create the anomaly of scarcity of desirable wheats in the midst of surpluses of unwanted wheats.

A set-aside enacted covering wheat and feed grains in a single pool in such a way that each individual farmer who complied would be free to plant any of the grains covered seems to us to have real possibilities. We would support such a program on a philosophic basis, since it would do what we have strived to do for many years by giving the farmer more freedom. I have talked with a number of people about this concept and have received a diverse opinion from each. This has been very difficult for me to try to make up my mind.

One problem we can see from such a set-aside would be the need for great wisdom in establishing county support levels for each of the grains included in it to prevent serious dislocation of the food and feed grains within the demand structure for them in this country.

One other portion of the draft legislation with which we disagree is the proposal to eliminate wheat allotment if no wheat is grown. The set-aside program might place a whole farm on a crop rotation basis instead of individual fields so that wheat might only be raised every third or fourth year. It seems to us the proposal to eliminate allotments if wheat is not raised is not compatible with the set-aside concept.

We have presented to the Department in recent months charts and statistics which we believe prove that soft wheats are not in oversupply, are raised for a domestic market, and fulfill a consumer demand, and further that hard wheat is the primary problem type, the production of which sooner or later must be reduced to workable levels. A program recognizing these market realities will meet with our approval.

Thank you.

Mr. PURCELL. Thank you, sir.

Mr. Foley, do you have questions?

Mr. FOLEY. Mr. Mennel, I am a little confused by a portion of your statement. You say you support the set-aside principle on the basis that it gives more wheat to the farmers, yet at the same time you urge county-by-county support levels reflecting the real domestic use of the wheat and acreage reductions selectively for the same purpose. Isn't that going to be a control mechanism?

Mr. MENNEL. No question it will be a control mechanism, but the sophistication of the farmer has risen very materially, and I can see a farmer who with access to a computer taking all of the support prices and feeding them in and all of his costs and feeding them in and raising only the grain that brings him the highest return.

Mr. FOLEY. Well, my point is that you are really not interested in giving more freedom to the farmer by having him plant what he

chooses. You are interested in directing that he plant what you regard as desirable crops?

Mr. MENNEL. I am primarily interested in maintaining a supply of soft wheat in this country for soft wheat products, and if you give him complete freedom, sure then we would have these supplies, but we are not going to give him complete freedom. We are going to give him another set of options.

Mr. FOLEY. Under which program do you think the farmer would have more freedom to make his own decision, under your suggestions or under the present program?

Mr. MENNEL. I would say under the set-aside program he will have more freedom.

Mr. FOLEY. With your suggestions?

Mr. MENNEL. I would hope that our suggestions would be included, because I think——

Mr. FOLEY. That is my question. If your suggestions were included and the set-aside program was established with county-by-county price supports, with reduced acreage allotments according to domestic utilization of the crops, would you say that the farmer would have more choice, more real choice under that system?

Mr. MENNEL. Our farmers would have more choice. I am not sure that yours, sir, and Mrs. May's would, because there are more exports from your areas, and that kind of thing. I believe our farmers would have.

Mr. FOLEY. With the substitution principle where are the restraints of the present program applied? What restrictions on planting in the present program are subject to——

Mr. MENNEL. I do not think I am qualified to answer that. I am not really fully aware of the substitutions on corn and soybeans and such. I know this. That State percentage reductions, uniform reductions State by State, will end up because there is more than twice as much Hard Winter wheat raised in this country as is used in this country. If we continue percentage reductions on a State-by-State basis we will end up with almost no soft wheat in this country.

Mr. FOLEY. Your testimony reflects this but I would just like to emphasize that your suggestions about county-by-county price-support levels would be administratively very difficult to support.

Mr. MENNEL. I am fully aware of this.

Mr. FOLEY. The decision to selectively reduce acreages geographically would be a difficult policy to implement, would it not?

Mr. MENNEL. This was done prior to the last two reductions.

Mr. FOLEY. As a pattern for annual acreage settings by the Secretary, it does have some problems, does it not?

Mr. MENNEL. It certainly does.

Mr. PURCELL. Mrs. May?

Mrs. MAY. I just wish to express my understanding, Mr. Mennel, of your viewpoint on a national basis where it concerns production of the type of wheat that your association uses. Naturally coming from the part of the country I do, I might speculate on what would happen to our export market out there on White wheat if some of your suggestions were adopted. It certainly raises some questions in my mind, when I am thinking of the type of wheat and wheat economy that we have in the Northwest.

We are so heavily dependent on our export market. Do you have any idea what might happen to that?

I realize you are talking on a national basis, and I certainly recognize that your recommendations are not only germane, they have great validity on that basis, but you would dislocate a certain other part of the White wheat economy in this country.

Mr. MENNEL. To a major degree the Western Whites as I understand it are exported for real dollars.

Mrs. MAY. Yes.

Mr. MENNEL. And as such are not costing the taxpayer like some other exports are, and I would feel sure that with your ability to protect the western interests that my suggestions would not in full be enacted at any given time.

Mrs. MAY. I thank the gentleman. I think he is perhaps too kind. I keep trying. I have a certain amount of confidence and faith in myself, but not to that degree. That assumes a little too much influence in certain situations perhaps among all other interests that must be listened to in the country. No farm program should be tailored, I think you have indicated that in a way in your statement, to any one part of the country, but naturally representing that part of the country along with Mr. Foley, there may be a middle course here for a program that would accomplish some of your objectives but at this time I am not prepared to accept all your proposals.

I accept the reason for your suggestions, but I do not think I can accept some of the suggestions for the program.

Mr. MENNEL. I suggest that it is a good idea to have both sides.

Mrs. MAY. Yes.

Mr. MENNEL. So the compromise can be worked on.

Mrs. MAY. That is right. This is what we need on this committee and this is the thing that the administration has to look to, all facets.

I thank you, Mr. Chairman.

Mr. PURCELL. Mr. Montgomery?

Mr. MONTGOMERY. No questions.

Mr. PURCELL. Mr. Mayne?

Mr. MAYNE. No questions.

Mr. PURCELL. Mr. Jones?

Mr. JONES. No questions, Mr. Chairman.

Mr. PURCELL. Mr. Zwach?

Mr. ZWACH. Thank you, Mr. Chairman.

Has there ever in recent years been a shortage, an actual shortage of the kind of wheat that you mill?

Mr. MENNEL. A few years ago the price went up 45 cents a bushel in our area on the cash basis in April, May, and June.

Mr. ZWACH. Is your wheat mainly Midwest wheat?

Mr. MENNEL. Basically.

Mr. ZWACH. Ohio, Indiana?

Mr. MENNEL. Indiana, Ohio, east of the Mississippi River, basically.

Mr. ZWACH. Yes.

Mr. MENNEL. Based upon the years when we had as small as a 3 million bushel carryover, yes.

Mr. ZWACH. Most of the growers that raise your type of wheat have a very small allotment?

Mr. MENNEL. This is correct.

Mr. ZWACH. And this acreage you are talking now about is being shrunk some more?

Mr. MENNEL. This is correct. We have the least number of acres allowed in the State of Ohio for this coming year that we have had since many, many, many, many years.

Mr. ZWACH. Is your major product flour?

Mr. MENNEL. Yes, sir.

Mr. ZWACH. Or is it other types of wheat?

Mr. MENNEL. We are highly independent. We believe in staying in the flour business when all of the big people are getting out of it.

Mr. ZWACH. And it is mainly flour?

Mr. MENNEL. That is all.

Mr. ZWACH. Would the other type of wheat fit your needs just as well?

Mr. MENNEL. No, sir.

Mr. ZWACH. They do not?

Mr. MENNEL. They do not.

Mr. ZWACH. Would you enlarge a little on that?

Mr. MENNEL. Well, soft wheat is used very specifically for products such as cakes, cookies, crackers, pies, pretzels, and doughnuts; all the kind of things other than bread and these goods. The use of other kinds of wheat to make these kinds of products tend to reduce the quality of the product. The soda crackers get harsh and flinty, the crackers get different. This is not to say that they cannot be used to a degree, but they will change the flavor, they will change the customary appearance and taste practices.

Mr. ZWACH. Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Melcher?

Mr. MELCHER. Mr. Mennel, how many bushels of wheat does your company purchase from these 10,000 soft wheat farms?

Mr. MENNEL. A little over 5 million bushels.

Mr. MELCHER. Just how much of their income on those 10,000 farms is derived from wheat?

Mr. MENNEL. This is an imponderable for me, because in Ohio, Indiana, and Michigan, of course, it is diversified farming. There is crop rotation continued in that area, and a tremendous number of different kinds of crops are raised. It is one of the major cash crops. It is a crop that does supply a great deal of cash to the farmer at harvesttime.

Mr. MELCHER. Would it be roughly 500 bushels average per farm?

Mr. MENNEL. Yes.

Mr. MELCHER. And it would constitute somewhere in the neighborhood of say 600 then to \$750 cash income per farm?

Mr. MENNEL. Yes.

Mr. MELCHER. That is their major, one of their major cash incomes?

Mr. MENNEL. It is a major cash income movement; yes.

Mr. MELCHER. You mentioned that soft wheat is raised on the majority of the farms in the United States. How much would that be?

Mr. MENNEL. This is statistically correct based on the numbers of farms according to the USDA and the wheat situation reports. We are taking the soft wheat farms, the farms east of the Mississippi that have been designated. I do not happen to have the wheat situation with me that carries this data, but this is available from the Department of Agriculture and we have it.

Mr. MELCHER. If we take their figure then of about 3.1 million farm operators in the United States, we come up with a little over a million and a half?

Mr. MENNEL. This is wheat farms that we are talking about.

Mr. MELCHER. You are not talking then about a majority of all farms?

Mr. MENNEL. No, we are talking about a majority of farms that raise wheat.

Mr. MELCHER. I see. Now, could we assume then that perhaps 500 bushels is the average for these farms?

Mr. MENNEL. I would prefer to dig out the statistics on this and send it to you. It is available from the Department Research Statistical Service.

Mr. MELCHER. I would appreciate having that sent to me, Mr. Mennel.

Mr. MENNEL. All right.

Mr. MELCHER. How about protein? Is there any need for planting any of your product with a high protein wheat?

Mr. MENNEL. We prefer lower proteins. Our problems occur when we have too high protein.

Mr. MELCHER. Then the amount of protein in the wheat is of no interest to you except that it must not be too high?

Mr. MENNEL. It is of specific interest but it is not too high; yes. Our premiums are for the softer varieties rather than for the higher protein variety.

Mr. MELCHER. Then since we are talking about a small amount of dollars for each farm that you buy the soft wheat from, and you testify that it is a major source of cash income for those particular farms, is it your opinion that their income level is sufficient or what is your opinion on that?

Mr. MENNEL. I would greatly prefer to see higher priced wheat. I would greatly prefer to see the wheat certificate thrown out completely, and the certificate value added to the support price. These are small farms, essentially, so that while the \$500 sounds small, and it is small, it is cash that they do not get immediately from their cattle marketing and their other kinds of marketing.

Mr. MELCHER. Can we assume then from your testimony that in the solution for an overall wheat and feed program, we should assure the producers at least the same level of income that they now have, or if possible a better level of income?

Mr. MENNEL. I would certainly hope so.

Mr. MELCHER. I would point out to you that in order to do this for the great variety of farmers that do raise wheat, that some of your testimony would be conflicting, in order to assure that we increase the level of producers, or raise it for them.

Mr. MENNEL. In our area the support price has been over the loan consistently. For many many years very little wheat is turned over to the Commodity Credit Corporation from the soft wheat area. If they are restricted from raising wheat I think this will probably raise the price of wheat still further from the support level.

Mr. MELCHER. I understand.

Mr. MENNEL. We are trying to correct to a degree the problems of the raising of surpluses, which is not a problem in our area.

Mr. MELCHER. I would have to add to your consideration of this problem the overall problem that in my constitutional district of eastern Montana, we have probably 12,000 to 13,000 farm operators whose crop is wheat, the principal crop, the vast majority of their crop is wheat. That to divide a program that would follow some of the recommendations in your testimony would assure they cut their income drastically and they would not be in a position of diversifying as perhaps some of the people you are talking about in Ohio and east of the Mississippi.

Mr. MENNEL. Doctor, isn't it true though that in your area of eastern Montana this is some of the highest quality wheat for bread production that is raised in the United States, and that your basic CCC turn-over is quite low in your area?

Mr. MELCHER. It is quite high, too high to suit us.

Mr. MENNEL. Too high to suit you?

Mr. MELCHER. And it is assuredly high quality wheat, but it is hard grain winter wheat.

Mr. MENNEL. You are in the southern section of Montana, southeastern.

Mr. MELCHER. We are in the eastern and most of the wheat raised in Montana is raised in my district.

Mr. MENNEL. Hard Winter?

Mr. MELCHER. Yes, much of it is. Thank you.

Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Zwach?

Mr. ZWACH. I am through.

Mr. PURCELL. Mr. Kleppe?

Mr. KLEPPE. Thank you, Mr. Chairman.

Mr. MENNEL, during the course of your testimony and this questioning, we have talked about four classes of wheat but we have not had any mention of Hard Dark Northern Spring. This is raised in abundance in the area that I come from. You talked about this carry-over in the CCC, of these various types of wheat. What do you know about the carryover on Hard Dark Northern Spring? Is it as high as the others or is it as low as the soft wheats?

Mr. MENNEL. The spring wheats are not differentiated in the statistics that I have available between the Dark Northern and the regular Northerns. Essentially spring wheat has been very much like soft wheat. It has not been quite the problems of the hard wheat. The carryover of spring wheat has moved from over a 40-year period, has moved up slowly, very slowly.

Mr. KLEPPE. I was aware of this and I am pleased to have you state this for the record. Isn't it also true that the spring wheat that is sold in export is basically sold for hard dollars?

Mr. MENNEL. I believe so. I am not an expert in this area.

Mr. KLEPPE. Did I misunderstand in answer to a question of Mr. Melcher that you think that if we would do away with the wheat certificate, that we could raise the income of the farmers?

Mr. MENNEL. If you raised the support price to compensate for this.

Mr. KLEPPE. You have to raise the support price accordingly?

Mr. MENNEL. Oh, yes.

Mr. KLEPPE. In other words, the 75 cents or whatever it might be?

Mr. MENNEL. Oh, yes.

Mr. KLEPPE. You believe that if that were done, that there would be a wave of raised income for farmers or are you just talking about replacing?

Mr. MENNEL. It depends upon where you set the support price.

Mr. KLEPPE. If you set it at exactly the same difference?

Mr. MENNEL. Then you would break even.

Mr. KLEPPE. Then you break even.

Mr. MENNEL. You eliminate some discrimination problems and some administrative problems that are quite difficult in our industry.

Mr. KLEPPE. I guess that is all the questions I have, Mr. Chairman.

Thank you, Mr. Mennel.

Mr. PURCELL. We go over this every year I guess, but I would just like to point out again that it seems to me that when you say that the difficulty that you are having now with the certificate causes substitution of corn flour, rye flour and sorghum flour, and then in the next breath you say that you want the wheat to be higher, I do not know what would make any less substitution if the cost to the end user was more. Would there not still be a continuation or a unit increase in the use of substitution of corn flour, rye flour and sorghum flour?

Mr. MENNEL. The only answer to this that I can make, and I do not quarrel with your logic in the slightest, is that it did not used to happen. The substitution only started when the certificate came in to a major degree. I suspect the reason for this is that the trade prices of wheat and corn looked so similar that buyers were suddenly awakened to the substitution possibilities.

Now, whether this could be reversed by elimination of the certificate I do not know. I also suspect that the price of corn is being held down fairly substantially by the feed qualities of wheat at this price level.

Mr. PURCELL. And as you know, I do not hold sacred the white wheat theory that you espouse. It just seems to me that this white wheat that is so scarce and so unique in its qualities can be substituted by corn flour, rye flour, and sorghum flour, that surely the use of other kinds of wheat would even make a better substitute, and that maybe you could use other kinds of wheat to some degree to make these pretzels and doughnuts.

Mr. MENNEL. The substitute flours are lower in protein than soft wheat flour, and tend to in certain cases enhance the soft wheat qualities of it, and this is not to say that it is possible that say corn flour or sorghum flour could be blended with an ordinary hard wheat flour and turn out a soft light flour. I do not know. I am sure there is a lot of work being done on this.

Mr. PURCELL. Do you mill anything other than wheat?

Mr. MENNEL. No, sir.

Mr. PURCELL. As a matter of interest, and I will not prolong it, but first how old is your mill, the mill that you work for?

Mr. MENNEL. The company was founded in 1886.

Mr. PURCELL. They have been milling white wheat ever since?

Mr. MENNEL. Soft red, soft red and white.

Mr. PURCELL. All right.

Mr. MENNEL. Yes. Now, only in the last 5 years did we cease grinding hards and springs. We did prior to this time grind both hards and springs, in addition to softs. During the time when everybody else is

diversifying we are undiversifying. Maybe it is because I like to go against trends, I don't know.

Mr. PURCELL. I think you do like that because you are sure going against this very sacred wheat certificate.

Mr. MENNEL. Yes, sir.

Mr. PURCELL. And you have not changed nor have I. I think that is a good place to leave it.

Was there a great deal of the kind of wheat you are now milling grown in that area that you buy from before there was a wheat program?

Mr. MENNEL. Yes, sir. It has been grown in that area ever since our mill has been there and before.

Mr. PURCELL. But generally grown in these small acreages. I did not realize that these people were calling themselves wheat farmers and selling \$600 or \$700 worth of wheat a year. Has it always been buying a little bit of wheat from a whole bunch of folks?

Mr. MENNEL. Yes. They are basically small farms.

Mr. PURCELL. They are basically farmers with crops other than wheat?

Mr. MENNEL. We are talking about farms on the average of just 100 or 200 acres, and many, many of them.

Mr. PURCELL. Yes, but this of course is where the historic 10 acres or 15 acres I guess it was.

Mr. MENNEL. We were a very strong supporter of the 15-acre exemption because the great majority of our farmers were 15-acre farmers.

Mr. PURCELL. If they have 150 or so acres of that good Ohio or Indiana land, they sure are doing something besides growing 15 acres of wheat.

Mr. MENNEL. They are growing many other crops, so they have many options. What we want them to do is continue to grow wheat, or we are going to be in trouble. The entire soft wheat industry will be.

Mr. PURCELL. I think that is the main thing for us to understand and it is certainly a valid desire for you to have, and I hope we do not do anything that will lessen your supply of the kind of wheat that you want, but I would also hope that you do not get overly influential and do away with the ability for the other kinds of wheat to do what appears to be necessary for them.

Mr. ZWACH. Mr. Chairman——

Mr. PURCELL. Yes, Mr. Zwach?

Mr. ZWACH (continuing). I have one more question.

I was very concerned about your statement that the lower the protein the more palatable the product was. Is there no way of making it both nutritional and palatable?

I am very concerned about adequate diets and it seems like you stated that there was a correlation between low protein and palatability.

Can't we reverse that and also have high nutritional value and palatability?

Mr. MENNEL. I would not equate nutritional value and protein as directly as you have, sir. The soft wheat products are not only palatable but they are very nutritional.

Mr. ZWACH. But they are low in protein.

Mr. MENNEL. We are talking relative terms here. Bread flour is maybe 10 to 11 percent protein, and soft wheat flour is 7 to 8 percent protein. We are talking about a reduction of 3 percent by weight of protein.

A hamburger bun——

Mr. ZWACH. A reduction of protein from 10 to 7 percent is much more than 3 percent in nutritional value.

Mr. MENNEL. In the overall weight.

Mr. ZWACH. If you are reducing it 3-10 you are reducing the protein by 30 percent.

Mr. MENNEL. The overall weight of the flour is only that much protein. And the overall weight of the flour is only reduced by that.

Mr. ZWACH. Is your industry working in the area of upping the protein value?

Mr. MENNEL. I should say so.

Mr. ZWACH. The nutritional value of these products, and keeping them palatable?

Mr. MENNEL. We are not working on upgrading the protein levels. We are working constantly on upgrading the nutritional value through vitamins, through iron, through all manner of enrichment, just as your spring wheat area is, Mr. Congressman.

Mr. ZWACH. All the other areas except protein, is that correct?

Mr. MENNEL. Yes, because protein inhibits certain qualities that we need.

Mr. ZWACH. That is all, Mr. Chairman.

Mr. MENNEL. That the consumer needs.

Mr. ZWACH. Thank you, sir.

Mr. PURCELL. But you are putting your nutrition in the product you are talking about by either artificial additives or putting butter or shortening or something in besides wheat?

Mr. MENNEL. That is correct.

Mr. PURCELL. You dry the eggs with a little sugar, I guess. You use genuine sugar, I am sure.

Mr. MENNEL. We are in the heart of the second largest sugar beet district in the country. We use sugar, yes, Mr. Chairman.

Mr. PURCELL. Good.

All right, I think that is all. Thank you very much, Mr. Mennel.

Mr. MENNEL. Thank you, sir.

Mr. PURCELL. This concludes the witnesses we have scheduled for today. We will meet again at 10 o'clock in the morning.

The committee stands adjourned.

(Whereupon, at 11:10 a.m., the House of Representatives Subcommittee on Livestock and Grains of the Committee on Agriculture recessed, to reconvene at 10 a.m., Tuesday, December 2, 1969.)

WHEAT

TUESDAY, DECEMBER 2, 1969

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND GRAINS OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:05 a.m., in room 1301, Longworth House Office Building, the Honorable Graham Purcell (chairman of the subcommittee) presiding.

Present: Representatives Purcell, Foley, Montgomery, Jones of North Carolina, Rarick, Melcher, May, Mayne, Zwach, Kleppe, Price of Texas, and Sebelius.

Also present: John A. Knebel, assistant counsel and Martha S. Hannah, subcommittee clerk.

Mr. PURCELL. The subcommittee will please come to order.

The witnesses understand this. I am going to call Mr. Clyde Jarvis, president, Montana Farmers Union, as our first witness, although he is not on the list as being the first one. We are honored to have Mr. Jarvis' Congressman, our colleague, Mr. Olsen, and at this time we will ask Mr. Olsen to present the witness, please.

STATEMENT OF HON. ARNOLD OLSEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

Mr. OLSEN. Thank you very much, Mr. Chairman.

I appreciate this very much, Mr. Chairman. I am due at two other committee meetings, both the Post Office and Civil Service and Public Works, and I do have to run, but it is my honor and privilege, which I share with the distinguished other Member from Montana, Mr. Melcher, to introduce to this committee the new president of the Montana Farmers Union, a very distinguished Montana citizen, Clyde Jarvis. His organization represents more wheat acres in Montana than any other organization by a very wide margin. They have strongly supported in the past the wheat policies of this committee, and, therefore, I think you will be happy to hear suggestions of the Montana Farmers Union.

Mr. Clyde Jarvis is accompanied by a man with whom all of you are familiar, very familiar, Mr. Reuben Johnson of the National Farmers Union.

I thank you very much for this honor and privilege.

Mr. PURCELL. Well, thank you, Mr. Olsen. We understand your tight schedule, and we appreciate your coming with Mr. Jarvis.

We will be glad to hear from you at this time, Mr. Jarvis.

STATEMENT OF CLYDE JARVIS, PRESIDENT, MONTANA FARMERS UNION, AND MEMBER, BOARD OF DIRECTORS, NATIONAL FARMERS UNION; ACCOMPANIED BY REUBEN JOHNSON OF THE NATIONAL FARMERS UNION

Mr. JARVIS. Mr. Chairman and members of the committee, I appear here today in behalf of National Farmers Union to present the views of our organization in regard to the future of the wheat program.

The Farmers Union is a member of the coalition of 24 general farm and commodity organizations which has indicated its support for H.R. 14014 which you, Mr. Chairman, introduced on September 25. We are proud to be associated with the organizations which make up this coalition.

We in Farmers Union are indebted to you, Mr. Chairman, for the leadership which you have provided in placing before this subcommittee and the full Agriculture Committee a comprehensive piece of legislation which include programs for all the major commodities which are dealt with in the Food and Agricultural Act of 1965.

As you have pointed out when you introduced H.R. 14014, bringing unity to agriculture is not an easy task. You said at that time that agreement by the coalition on basic provisions of commodity legislation "reflects a highly significant coordinated effort." It is also noteworthy that the Secretary of Agriculture has urged farm organizations to unify. Our National President Tony Dechant, in a meeting with the Secretary, said:

Mr. Secretary, we took you at your word when you said farm groups ought to get together and decide what kind of legislation is needed. We have gotten together and we have decided.

We, in the Farmers Union, are sure that the Secretary is impressed by the high degree of unity in agriculture and that he will not ignore the legislative goals that Farmers Union seeks along with the coalition.

Montana ranks fourth among the States in wheat acreage harvested. Only Kansas, North Dakota, and Oklahoma rank ahead of my State. Last year, Montana grew 4.6 million acres of wheat. The value of that wheat produced was \$145.3 million. Thus wheat is a major source of farm income in my State.

The cost-price squeeze is worsening in wheat producing areas throughout the Nation. Despite desirable features of the wheat title of the 1965 Food and Agriculture Act, the commercial wheat farm economy is deteriorating rapidly. The domestic certificate assuring 100 percent of parity on domestically-consumed wheat has been an important bulwark against the cost-price squeeze the farmer is suffering. However, even the domestic certificate has been unable to hold wheat returns at a survival level.

In the 3 years since the certificate program went into effect, the blend price for compliers—national average market price per bushel plus returns for certificates—has been: 1966, \$2.22; 1967, \$1.87; 1968, \$1.79.

In recognition of the need for additional income to offset increasing costs, we recommend improvements in the program as follows:

An export certificate. Wheat accompanied by export certificate to be supported at between 65 percent—\$1.90—and 90 cents—\$2.49—of parity, with a floor of 65 cents.

National average support price loan value of \$1.25 per bushel at harvest time, rather than at loan maturity time.

No reduction of projected yield for any farm by over 5 percent of the preceding year by reason of natural disaster.

Payment of at least 50 percent of value of domestic and export marketing certificates at time of program signup.

There are no proposed changes in the domestic certificate or the substitution clause, of the 1965 Farm Act provisions pertaining to wheat.

If the wheat export certificate were set at the minimum authorized level of 65 cents, a wheat program participant would receive:

For domestically, consumed wheat, \$2.77 per bushel for 40 percent of his normal yield;

For his export wheat, \$1.90 per bushel for 40 percent of his normal yield;

For his noncertificated wheat, \$1.25 per bushel for 17 percent of his normal yield.

This would raise the blend price to complying wheat producers from \$1.79 per bushel to \$2.12 per bushel for normal yield on allotted acres.

In regard to the second recommendation, it is now the practice to subtract 10 cents-per-bushel storage cost from the support loan price if the wheat is in commercial storage. The bill provides that the full loan rate be paid when the wheat is put into storage at harvest time and then make the farmer responsible for paying his own storage liability when his wheat is either sold or turned over to the Commodity Credit Corporation. This would have the effect of setting the market price floor, which is dependent on the loan level, 10 cents higher at harvest time.

In regard to the third recommendation, there is presently no protection from having a very low per-acre yield caused by fire, hail, flood or other natural disaster, used as part of formula setting a farm's projected yield. This, of course, can drastically reduce the number of domestic certificates a farm is eligible for. The bill sets a limit of 5 percent as the most a projected yield might be reduced as the result of any one bad year due to natural disaster.

In regard to the fourth recommendation, farmers need operating money at time of signup, and high interest commercial loans are the only alternative. Advance payment at times of signup in the program involves no additional cost.

Mr. Chairman, we hold to the view that these recommendations for improvement in the existing wheat program are justified in the face of increasing cost of production and the obvious need for maintaining equity for agriculture with other sectors of the economy.

Very frankly, our review of farm-program proposals of the administration headed, "No one is Committed to Anything at this Point," finds them coming up short in comparison to the present program. Considering the recommendations we have made for improving price and income levels, farmers would get an even "shorter end of the stick."

We have not been able to envision how a set-aside of acreage would in anyway enhance the opportunity of wheat producers to manage their tillable acres in such a way as to maximize income earning opportunities. If the set-aside anticipates a further idling of wheat allotted acres, then we would not be for it. If the set-aside would, in effect, increase fixed costs to wheat producers, then we would not be for it.

What wheat producers need is not some new terminology to explain why it is necessary to maintain a program of supply management, but more income. There is no magic way to accomplish this objective. We do not know of anyway to raise farm income and at the same time reduce the costs of commodity programs.

We do not know whether some of the "leaks" of an administration program are serious proposals. However, in response to a rather widespread press accounting of program details attributed to the administration, we would like to state our views of the proposals.

We are opposed to any budget cut in expenditures on commodity programs.

We are opposed to the abandonment of the concept of parity and the basis on which parity price levels for various commodities are calculated.

We are opposed to dropping the term "price support" from the existing farm legislation.

We are opposed to a sliding scale means of setting price support loans whether it be related to a moving average of market prices or any other criteria.

We are opposed to giving discretionary authority to the Secretary of Agriculture to set price support loans or payments and do not want any tampering with minimums of floors set in the 1965 Agriculture Act.

We are opposed to eliminating authority for the wheat export certificates.

Mr. Chairman, we in Farmers Union believe that the existing farm program is working well and with some increase in the amount of funds, as the coalition has recommended, it will work even better.

Thank you.

Mr. PURCELL. Well, thank you very much, Mr. Jarvis.

Your ability in delivering this statement just makes me realize that I do not want you getting into any politics in Texas because I might not be able to compete with you.

We appreciate your statement very much.

Mr. Montgomery, do you have questions of Mr. Jarvis?

Mr. MONTGOMERY. No, sir, no questions.

Mr. PURCELL. Mr. Zwach?

Mr. ZWACH. No questions.

Mr. PURCELL. Mr. Jones?

Mr. JONES of North Carolina. Thank you, Mr. Chairman.

Mr. Jarvis, in your second opposition here, opposed to the abandonment of the concept of parity and the basis on which parity price levels for various commodities are calculated, have you or your organization given any thought to a cost-plus factor?

Mr. JARVIS. Yes, sir; we have. In fact, they have been talking in Montana of the possibility of setting the wholesale agricultural prices to the cost of living and letting them fluctuate in the same manner as the cost of living does.

For instance, with the teachers or any other sector of the economy, their increase in prices is always set to the cost of living. In fact, one of the largest strikes and the longest strikes in the history of Montana was settled last year, and it was based on the cost of living, and, certainly, somewhere down along the line we think that this would be a

reasonable approach for agriculture to be set to the cost of living, and with the agriculture wholesale prices fluctuating up and down with the cost of living, once that they would be set to a livable level.

Mr. Jones of North Carolina. Well, I am sure you are aware of the difficulty at the present time of getting most any agricultural bill approved on the House floor. It certainly carries with it a great amount of risk. I am sure you also agree that parity has not provided the income under the present formula that you should expect or any other farmer. I believe it is—What? 76 percent? Somewhere, I think, down the line the possibility of selling an agricultural bill, we have got to get a new concept, and I keep coming back to the Defense contracts of cost-plus and a realistic figure that would insure a greater return on investment.

Thank you.

Mr. PURCELL. Is that all you have?

Mr. JONES of North Carolina. That is all, Mr. Chairman.

Mr. PURCELL. Mr. Kleppe?

Mr. KLEPPE. Thank you, Mr. Chairman.

Mr. Jarvis, I certainly agree with a great deal of what you have in your statement. I think you said much of what you think very succinctly and very much to the point. I had hoped, however, that you would have addressed yourself a little bit more to the set-aside proposal. Maybe it is because you have not really been advised as to what the set-aside proposal is. You did refer to the fact that there were some leaks, and you made some observations on basic things that you were opposed to, and I look at some of those, and I note that the set-aside program does not propose to do away with the wheat certificate, for example.

But, in any event, I kind of hoped that you would have addressed yourself a little more to it.

But, let me ask you a couple of questions, if I might. This is a very minor one, but on page 2, at the top of the page, you talk about the value of wheat produced in Montana at \$145.3 million. Was that with or without certificates?

Mr. JARVIS. That includes certificates.

Mr. KLEPPE. That includes certificates?

Mr. JARVIS. Yes, sir.

Mr. KLEPPE. All right.

Then, on the top of page 3, when you were reading that, where in my copy it is printed as "85" cents. You read it as "65." Which is correct?

Mr. JOHNSON. Where is that now?

Mr. KLEPPE. The top paragraph on page 3, the top sentence.

Mr. JOHNSON. 65 cents is correct.

Mr. KLEPPE. It should be 65?

You read it as 65, and my copy is printed as 85.

I was wondering which is correct.

Mr. JOHNSON. 65 is correct.

Mr. KLEPPE. It should be 65.

Now, is it true—or do you agree—let me put it this way: Do you agree that the coalition farm bill as is proposed would cost roughly a billion dollars more if we were to enact it as it stands now?

Do you agree generally in that area?

Mr. JOHNSON. Congressman, in the comments that Chairman Purcell made in the record when he introduced this bill, he did indicate some costs of the amendments that the coalition is supporting, and, very briefly, I would like to discuss those. I might just take the whole bill here.

In the dairy section, we do not anticipate any increased costs from the amendments that the bill includes.

Now, in wool, we do not anticipate any additional costs.

In the feed-grain programs, since we have raised the loan a dime and the payment to the compliers a dime, the cost would be \$350 million additionally over current levels of expenditures. The wheat program, if you set a certificate on export wheat at 65 cents, that would increase the cost by \$325 million.

Mr. KLEPPE. \$325 million?

Mr. JOHNSON. Yes, sir.

Now, in the soybean diversion program, which the Secretary was given the authority, "when needed," to put into effect, we anticipate diversion next year under the terms of this title of approximately 2 to 3 million acres at a cost of approximately \$25 million to \$35 million.

Now, I believe that the reserve would not add any additional costs, because we have on hand commodities in the amount now over and above the level that would be established by the reserve. This would merely keep these quantities that we have set forth here in the reserve from being taken down any further than the reserve would establish.

So, we do not anticipate any additional cost there.

Now, in the cropland adjustment title, the bill would take the limit off of the funds that could be appropriated by the Congress. That limit is now \$245 million. The Congress has never appropriated that amount of funds for the cropland adjustment program, and we do not anticipate that they will likely do so. So, there is no additional cost in that section. There is no additional cost in the rice title.

I believe that adds up to—have you been adding, Congressman?

Mr. KLEPPE. Yes. I've got \$670 million.

Mr. JOHNSON. Well, that is what the program would cost.

Now, it was also explained by the chairman when he introduced the bill that it was the anticipated savings this year over last year of approximately that amount of money.

Now, this savings comes about because of the reduction of 12 percent in the wheat allotment and also some anticipated savings as the result of lowering the soybean price support loan. In other words, what this bill does, then, Congressman, is maintain the level of expenditure at about the level of last year, when you consider the anticipated reduction in the cost of the program this year.

Mr. KLEPPE. Reuben, I very much appreciate this breakdown that you have just given us because I think this is something additional that we have been looking for. I know I have been looking for it, and I am awfully glad to have this for the record. I am sure you are aware of the fact that we have been given other figures regarding the costs of this bill as being considerably in excess of what we are spending now, and, even if this is your answer and your opinion, I am still going to give you the question I was thinking about, because it seems to me that it might be helpful to us in trying to arrive at a compromise piece of legislation here that we can pass over in this

House. This is the thing that is in the back of my mind always, and that is: If we are roughly spending \$3.5 billion now on farm programs, where would they best be spent, based on the various paragraphs and titles that you propose in the coalition bill?

Would it be best to exclude the export wheat certificate program?

Would it be best to lower price support to accommodate that, if you have them?

Would it be best to lower the wheat certificate, or where or how can we allocate these funds?

I realize this is somewhat of an unfair question, because you think we are going to come out on about the same dollar basis with the coalition bill, as we are currently spending.

Mr. JOHNSON. If the savings materialize that I refer to.

Mr. KLEPPE. There seems to be some discrepancy on that, I gather.

Mr. JOHNSON. Well, I think that that is not definitely known yet.

I would like to say this, Congressman: The prices of things that farmers buy have increased in one year 4.3 percent. This includes both family-living and production items, 4.3 percent, from October 16, 1968 to October 15, 1969. Now, I do not anticipate that the Members of Congress from urban and city areas, whose support we need to pass farm legislation, will be able to ignore these facts, and I feel that if it is properly explained to them—and I hope they will read the record such as is being made here today—they will understand that there is a hardship in agriculture that must be taken care of.

Now, it was interesting that the coalition of 24 organizations would recognize the need for added income in the grains, among the grain producers or producers of grain. We felt the cotton program—or the coalition felt that the cotton program was working fine at the present level of expenditure. It is a popular program, the present program for cotton.

So, it is the kind of combined judgment here of the representatives of a lot of commodities in this country that they allocated the additional program amendments in this way, and this is mainly taking care of grains and soybeans.

Mr. KLEPPE. You have alluded again to the impact of inflation on the farming community. Again, of course, this is something I have believed for a long time, that one of the segments of our economy that suffers the most from inflation is the farmer. The comments that you have made about the increase in the costs again verify this.

As we look at the three basic categories of the wheat program, your wheat certificate program, your price support and your export certificate program, do you, in any way, shape, or form, believe it fair to evaluate those on a 1, 2, 3 basis from the standpoint of importance and where the dollar should go from the Federal Treasury?

Mr. JOHNSON. Well, I consider all of them important.

Mr. KLEPPE. They all tie together so closely, and they are all important, I agree with you; but, if we have got a number of dollars to allocate, which one of those would be the easiest for us to have some easing in to take care of what we can get over here from the Congress?

Mr. JOHNSON. Well, Mr. Congressman, I just would not want to single out any area to ease off in spending money for farm programs, because I feel that—

Mr. KLEPPE. I can appreciate your not answering this.

Mr. JOHNSON (continuing).—Any easing off would lower farm income.

Mr. KLEPPE. I can appreciate your not giving me a specific answer on this, Reuben, very much; but maybe some day you will give me a call to help me in my direction, because I am trying to look for ways that we can put this thing together so we can pass it, and I realize and recognize the importance of all of them, too.

Mr. JOHNSON. Well, Congressman, I will tell you one thing here: We are very happy having you overlook the budget people downtown, and we trust your judgment on levels of expenditures over there. I will say that.

Mr. KLEPPE. Thank you very much. I appreciate the information you have given for the record this morning, and the answer to my questions.

Thank you, Mr. Jarvis.

Mr. PURCELL. Dr. Melcher, you have questions?

Mr. MELCHER. Thank you, Mr. Chairman.

I want to extend my personal welcome to President Clyde Jarvis of the Montana Farmers Union. He is a constituent of mine. He lives in Great Falls, and that is in the eastern congressional district. We are very pleased to have him here speaking now for the people in Montana and particularly for his organization.

The colloquy between Congressman Kleppe and Mr. Johnson, I think, has been worthwhile. It has pinpointed the possible costs of the coalition bill and has identified it as not exceeding the current level of expenditures from the Treasury. I find this most helpful and very fine to have it on the record.

I would like to ask one question of President Jarvis that follows the same line of questions and answers that has been taking place, and that is this:

In Montana, itself, in our State, the cost-price squeeze is particularly cruel and is still advancing, is it not?

Mr. JARVIS. Yes, it is.

Mr. MELCHER. With the recent raise in freight rates, with the recent increase in local taxes in Montana, that has a very serious effect on our producers there; is that not correct?

Mr. JARVIS. That is correct.

Mr. MELCHER. All in all, the inflation that we hear so much about is particularly harsh for an agricultural producer, is it not?

Mr. JARVIS. Very much so, Congressman.

Mr. MELCHER. I think this is the point that we cannot ignore, that of all of the harm from inflation it is especially harsh on agricultural producers because it involves not only the inflationary rise in their living expenses, but also an inflationary rise in the cost of production that is built right into their operation, and they have no way to mark up their own prices and pass the higher costs along.

That is my comment.

Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Zwach, you were checking the parity level?

Mr. ZWACH. I think, from what I could gather, the most recent parity is now 76 percent. It was 76 in June; it dropped back to 74, and, I understand, tomatoes and lettuce and the other ingredients,

eggs, fruit have basically brought it back, but there has been no improvement in the feed grain area, very little in wheat, none in corn. Corn has gone down. Beef is down again for the fifth month straight, but there is some improvement in the parity figure which is an over-all average. But we have got to move in that direction, Mr. Chairman. That is the right direction. It has got to go that way.

Mr. PURCELL. Lest you witnesses wonder, Mr. Zwach is our authority on parity, and, as best I can get it, he is for the farmer getting as near that as would be possible. That has been the general impression.

Mr. ZWACH. Right, but I do not have the November figure as yet.

Mr. PURCELL. Mr. Sebelius?

Mr. SEBELIUS. I have no questions.

Mr. PURCELL. Again, Mr. Jarvis, thank you, and Mr. Johnson. We appreciate your contribution that was made this morning.

Mr. JARVIS. Thank you very much.

Mr. JOHNSON. Thank you.

Mr. PURCELL. Our next witness is Mr. Joseph M. Creed, general counsel of American Bakers Association and general counsel for the Biscuit & Cracker Manufacturers' Association.

Let me say this, as Mr. Creed takes his seat.

This gentleman represents those who have been most affected by the certificate. I have not read his statement, but he will not be for the certificate plan. But let me say that he and his organizations have been gentlemen throughout this long and involved controversy, and he, and other people, particularly Mr. Creed though, have presented representation and conduct that I think is commendable. I think all of us should take a lesson from this gentleman's attitude and his way of forcefully presenting his viewpoint, but never in a way that is mean or vindictive, or anything of that kind.

Now, if in your statement today, Joe, you have anything different, I am going to withdraw everything I have said.

We will be glad to hear from you at this time.

Mr. CREED. Thank you, Mr. Chairman, for those kind words. I certainly hope that in our presentation, both to this committee and to the Members of Congress, that we have tried to make our points with respect to the issues and avoid any personalities on the whole subject. It is controversial. We are aware of that and, as in many issues that confront us, we are on one side of the fence and, I imagine, most of the members of this committee are on the other side. But we feel that we have to take our position.

STATEMENT OF JOSEPH M. CREED, GENERAL COUNSEL, AMERICAN BAKERS ASSOCIATION, AND GENERAL COUNSEL, BISCUIT & CRACKER MANUFACTURERS' ASSOCIATION

Mr. CREED. Mr. Chairman and members of the subcommittee, my name is Joseph M. Creed, general counsel of the American Bakers Association and general counsel of the Biscuit & Cracker Manufacturers' Association, and may I, again, express my thanks to the Chairman and to the subcommittee for the opportunity to appear before it today on behalf of those associations.

I appreciate very much the opportunity to record with your subcommittee the views of our industry with respect to the wheat certifi-

cate plan, which would be continued beyond its present statutory termination date of 1970 if any one of the pending draft bills is enacted. The Baking Industry is opposed to a continuation of the wheat-certification plan as contemplated by this legislation.

We have opposed this plan from its inception and have previously requested the Congress not to extend it beyond its present terminal date. Our fundamental objection can be stated very simply. The legislation imposes a substantial tax of 75 cents a bushel on the consumers of wheat and wheat products to finance the plan. We consider this tax inequitable because it singles out this major commodity for such treatment, and it penalizes the very people who make the market for wheat.

We are not objecting to the Government's establishing a desired level of return to wheatgrowers for their capital investment and labor. Our objection goes to the technique used to achieve it.

Under this plan, the cost of financing the Government policy is borne primarily by the consumers of bakery products who are the largest users of wheat flour and who provide the economic market for wheat. Thus, it is also reverse economics. This tax on consumers exceeds \$350 million annually. Since the enactment of this plan by Congress in 1964, consumers of wheat products have paid more than \$1.5 billion in processing taxes which were distributed to wheat-growers. It is not necessary to point out to this subcommittee that this is a regressive tax and falls most heavily on those least able to pay, because cereal and flour products, particularly bread, are more predominantly among the staples of the diet of low-income consumers. This, we submit, is a harsh system of taxation and contrary to the traditional approach of our Government in financing such programs from the general revenues of the Treasury. The only other agricultural commodity so penalized is sugar, and the tax is just as objectionable there as it is for wheat.

Even as this committee is holding hearings on this proposed legislation, the White House Conference on Food and Nutrition has been convened in this city by President Nixon to discuss more effective ways of meeting the dietary needs of the public with particular emphasis on the problems of the underprivileged. The important role of cereal products unquestionably will be considered, and hopefully the Conference will encourage greater consumption of such products. The tax on consumption levied by the wheat certificate plan obviously works at cross-purposes and expanded use of wheat as food.

Within the last month, the baking and milling industries filed with the Food and Drug Administration a petition seeking to increase three-fold the level of iron to be contained in enriched flour and bread. This was done at the request of the Nation's foremost nutritionists and scientists who have pointed out the need for more iron in the general diet, and who recognize the important role of bread and bread-type rolls in achieving that objective. The baking and milling industries are cooperating in that program and will bear the added cost.

It would be ironic, indeed, should Congress extend this tax program on wheat at a time when nutritionists are urging that wheat products play an even greater role as carriers of essential vitamins and minerals in the Nation's food supply. One might appropriately ask: Must we have a health tax on our basic food?

Our industry recognizes the desirability of an adequate income for the farm community, including wheatgrowers. At the same time, we believe that the Congress should devise some other, and more practical, approach to assure the level for the wheatgrowers which this subcommittee wishes them to achieve.

We would also observe that, despite the greater things promised when this program was initiated, it has proved to be something less than economically successful since we continue to be burdened with rising wheat surpluses, and the wheat farmer is still complaining that his return is inadequate. Thus, in addition to the inequity in the tax, the program is an economic failure. It has solved nothing. This subcommittee and the Congress should view a continuation of the wheat certification plan as an albatross of despair around the neck of the wheatgrowers and reject it.

The fact that the proposals before you would limit the tax to 75 cents per bushel is little solace to the people who pay it. It still totals some \$350 million each year. It is also recommended by the proponents of the tax that it be made permanent. Theoretically, if this were done, Congress would still be able to terminate it in the future; but, as a practical matter, if there were no termination date, it would be exceedingly difficult to force a congressional review.

In conclusion, Mr. Chairman, we recognize and appreciate the earnest desire of the subcommittee and the full committee to meet the pressing farm problem. We realize that the committee's efforts seek a solution. Nonetheless, as manufacturers of bakery products which are sold daily to consumers, we feel that we have an obligation from the standpoint of our members who manufacture these products, and the consumers who buy them, to express to this subcommittee our objection to the continued imposition of this burdensome processing tax on wheat through the mechanism of the wheat certificate plan.

We are most hopeful that this subcommittee will reconsider this approach and develop a program more suitable to the times in which we live—one that is more susceptible of meeting the needs of today's farmers, consumers, and businesses.

We thank you again, Mr. Chairman and members of the subcommittee, for affording us this opportunity to present our views.

Mr. PURCELL. Thank you, sir.

Mr. Zwach, do you have questions?

Mr. ZWACH. Yes. I would like to ask the gentleman what programs he is suggesting?

He says "We have other programs to do the job." Are you asking for just the dropping of all farm programs and certificate programs, or do you have something alternative?

Mr. CREED. No, Mr. Zwach, we are not necessarily asking for a dropping of all farm programs. We recognize that some type of program inevitably has to be continued, at least in the foreseeable future. The only thing that we are asking is that instead of financing—and we are confining our remarks to the wheat certificate program—that instead of financing the certificate by this processing tax on wheat and the flour, the Congress devise another source of revenue, another approach, and that may mean eliminating the wheat certificate, it may mean taking the whole amount from the Treasury, as is done with everything over \$2, between \$2 and parity.

Mr. ZWACH. You pay less for the wheat that goes into your products now than you did for a number of years past; is that not correct?

Mr. CREED. First of all, sir, we buy flour, not wheat.

Mr. ZWACH. Or flour. You pay less for the flour?

Mr. CREED. But the total price, including the support, plus the 75-cent certificate, I do not think that the figures will show that the miller pays less today for the wheat that he buys than he did years ago.

Mr. ZWACH. Yes, sir, I am sure it does in a number of years, but last night, Mr. Creed, after the session it was late, and I took Mrs. Zwach shopping. You know, you go home over Thanksgiving and your bread spoils, and we stopped in the Giant Food Store, and I bought a loaf of bread, a pound of bread, 41 cents. Now, how much of that went to the producer, of that 41-cent 1-pound loaf? I can remember not long ago I was buying it for 20 and 21 cents. But how much of that 41 cents is cost of wheat and the certificate? Would it be 2 cents?

Mr. CREED. Mr. Zwach, before——

Mr. ZWACH. Would it be 2 cents?

Mr. CREED. Before I get into the breakdown of the figures, that seems——

Mr. ZWACH. Would it be about 2 cents?

Just answer that question. This is your business. How much of that 41 cents went to the producer of wheat?

Mr. CREED. Before I answer the question, Mr. Zwach, let me just observe that the price for the bread that you cited seems to be amazingly high for a retail loaf of bread.

Mr. ZWACH. It seemed that way to me, but I would have to say that the counter was pretty empty, and this was left there, and it is unsliced, an unsliced loaf of bread, just an ordinary loaf of bread, at 41 cents. That was all that was on the Giant bread counter, and that is what we paid.

Mr. CREED. Let me just make this further remark: I think the average retail price in the city of Washington is 25 or 26 cents a pound, within that range. This 41 cents, I do not know where it came from, but——

Mr. ZWACH. It came from the Giant Food Store.

Mr. CREED. But, to answer the question you raise, the amount that goes back to the producer from any loaf of bread is naturally a small amount of the whole cost, because you must remember that from the time that wheat leaves the farmer's field it has a long journey to go. It goes to the storage bin, sir; it is transported to the flour mills; it passes through transportation, milling; there is labor in converting it into an end product.

Mr. ZWACH. All of the added costs have gone in the middle area. The poor producer gets less today than he ever did for his wheat.

Now, that is the truth, is it not?

Mr. CREED. I do not know whether he gets less today than he ever did.

Mr. ZWACH. Well, maybe not less than he ever did, but very seldom has he gotten less?

Mr. CREED. Well, again, Mr. Zwach, we do not want to quarrel with the desire of the committee to raise the level of income for the producer. Our quarrel is with the technique that is used in getting that, and I refer specifically to the wheat certificate plan that imposes a tax on

those of us who, by consuming the wheat, make the market for the growers' product.

Mr. ZWACH. You, sir, are trying to say that the reason bread is high is because of the wheat certificate.

Now, I am refuting that. The reason bread is high is not the price of the wheat plus the certificate; the reason bread is high is because you folks have added all along the line all of the costs which the poor producer on the land has not been able to do, and you say this money that has gone into certificates has gone down the drain. That is not true. That has gone to the producers of wheat; it, perhaps, has kept them in business, kept them operating and sustained them to some extent; perhaps it is the best investment America has ever made.

Could not that be true?

Mr. CREED. Well, Mr. Zwach, you are putting words in my mouth. I was not blaming the price of bread on the certificate plan. I was pointing out that the certificate is a tax on the use of wheat by the consumer, which we consider inequitable. We recognize there are many other products—as you do—in the manufacture of a loaf of bread as there is necessarily in any manufactured product where many ingredients are combined to make a product that is sold to an ultimate consumer. And all of these factors enter into the final cost. It is no one item that can be blamed, if you will, for the final price that the consumer pays.

Mr. ZWACH. But there is just no question but that bread has gone up, and up, and up, and up, and flour has gone up, and up, and up, and up, and wheat has gone down, and down, and down, and down.

Now, there is just no question about that.

When you come here to cry for the poor consumer, I think you had better look at your own industry and see what they are doing with regard to raising costs rather than to blame the producers of the grains with regard to costs at the retail levels of your products.

That is all, Mr. Chairman.

Mr. CREED. Mr. Zwach, if I may, I would observe further that the very fact that these programs have continued over the years might suggest to some people that they, in and of themselves, could be the cause of the income to the wheatgrower decreasing during the years of these programs. They certainly, if everything you have said is true, have not improved his lot, and yet the Congress insists on having the various programs.

Mr. ZWACH. There is certainly some merit in what you say, and we do not know how much of a factor it was. But, as a farmer, I would have hated to have been operating in the last 20 years without a farm program. Let us just say it that way. The alternative, I am afraid, would be much, much worse, and I think the same is true of wheat. I am not a wheat producer. I produce other types of products. But the alternative is what scares our people tremendously. Take it off? That is easy to do, but this is what scares them tremendously. They think they would be much worse off without a program.

Mr. PURCELL. Mr. Montgomery?

Mr. MONTGOMERY. Mr. Chairman, I had the pleasure of meeting Mr. Creed here in Washington in an association meeting only recently. I would like to thank him for testifying before our committee today and, you might say, bringing the other side of the story to this committee.

The only question I would have, Mr. Chairman, that I would like

to direct toward Mr. Zwach, would be to say that I buy about three loaves of bread a year, and I would like to find out where this Giant store is so that I will not make a mistake when I go to buy my three loaves of bread.

Mr. ZWACH. It is out Wisconsin Avenue.

Mr. MONTGOMERY. That is all, Mr. Chairman.

Mr. PURCELL. Mr. Kleppe?

Mr. KLEPPE. No questions, Mr. Chairman.

Mr. PURCELL. Mr. Rarick?

Mr. RARICK. Mr. Creed, there seems to be a constant war carried on between the consumers and the producers, and following every battle, it is always the producers that come out on the short end. Now, we are talking about the rise in the cost of bread, and it becomes easy to blame the bakery people.

What would you assess as the greatest item of cost involved which has increased the price of bread?

Mr. CREED. Well, I do not think there is any question but what our labor costs are perhaps the largest item of cost, and that is not only the direct labor in the manufacture and distribution of our product but the labor costs that go into all the other elements in the manufacture; namely, increased costs in transportation and at the milling end—right down the line to the baker himself. This is your biggest overall item of costs.

Mr. RARICK. In other words, labor; what you are saying is that the bakers are organized labor, your truckdrivers are organized labor?

Mr. CREED. Most of your production and distribution labor in the industry are unionized, that is correct?

Mr. RARICK. The farmers are not organized; could this be why their prices have not increased correspondingly?

Mr. CREED. Well, I do not know whether that is the problem. I do not believe the farmers are organized.

Mr. RARICK. Can you give us some idea, if the farmer was to realize a profit, expressed at 100 percent parity, what a loaf of bread could cost today?

Mr. CREED. I have no idea, sir.

Mr. RARICK. You have no figures showing that, if the farmer received parity on the wheat, the effect on a loaf of bread?

Mr. ZWACH. Mr. Chairman, would the gentleman yield?

Mr. RARICK. I yield.

Mr. ZWACH. I would think that parity for wheat would not raise a loaf of bread more than 1 cent, if it was all absorbed in the wheat, it could not raise it much, because the wheat is only 2 or 3 cents of the cost of the loaf of bread, a very small fraction of the price.

Mr. RARICK. Has your investment on equipment increased to where it has increased the price of bread appreciably?

Mr. CREED. It has increased. I suppose the rate of increase is no different from any other business that has to continuously plow back capital to keep its plant in modern condition. Every bakery has to add new equipment, replace old equipment all of the time.

Mr. RARICK. Have the equipment costs also increased?

Mr. CREED. They have gone up. I cannot think of anything, frankly, that has not gone up.

Mr. RARICK. The only item you can say with certainty that has not gone up seems to be the price of wheat to the farmers.

I thank you, Mr. Creed.

As in many instances, in the consumer-producer fight, the consumers themselves have played a leading role in the ever-increasing price of foodstuffs. Yet the farmer who gets the blame doesn't even receive his full share of the spiral.

Mr. CREED. Well, sir, if I may repeat: The point that we want to make is that if the Congress feels the farmer, and particularly with reference to the wheat farmer, should have a certain level of income or return, then, either appropriate it out of the general revenues or use a plan which does not put a specific tax on the consumer of that wheat when it is in some end product.

Mr. RARICK. Mr. Creed, the laborers and the bakers and the truck-drivers, they are all consumers and they continue to receive more and more earnings. They do not receive their money directly out of the general revenues.

Mr. CREED. Well, here again, this is arrived at by the process of collective bargaining. It is not the taxing power of the Government that is thrown into the fray to say that this is what it is; you have no question or opportunity to bargain over what it is. The Government is setting the tax at 75 cents a bushel, and whether you like it, or whether you do not, you get it.

Mr. RARICK. But Mr. Zwach says that for 2 cents more on a loaf of bread, the farmer could receive parity.

Mr. ZWACH. Less than 2 cents.

Mr. RARICK. If a consumer is to pay 41 cents a loaf, 2 cents more, 43 cents a loaf will make little difference.

Mr. CREED. All I can say, then, Mr. Rarick, is to stay away from that store where Mr. Zwach went.

Mr. PURCELL. Mr. Kleppe?

Mr. KLEPPE. No questions, Mr. Chairman.

Mr. PURCELL. Dr. Melcher?

Mr. MELCHER. Mr. Creed, I appreciate your testimony in regard to adding iron to flour.

Do you have figures—you said that the industry will bear the added cost. Do you have figures of what that added cost will be?

Mr. CREED. The estimates that have been given would indicate that the additional iron—additional; you see, we already have iron in bread under the enrichment provisions of the standards of identity, and the added iron costs more than roughly a cent per hundredweight of flour. That is an approximate cost. Now, this, in and of itself in terms of impact on a loaf of bread, you can carry to a third or fourth decimal point.

Mr. MELCHER. This cost would not be a significant amount then?

Mr. CREED. It should not be.

Mr. MELCHER. Now, about the \$350 million, or the 75 cents per bushel share of the domestic certificate value that the industry pays—what does the \$350 million represent in percentage of the sales of the products involved?

Mr. CREED. The annual dollar volume of all bakery products, according to the census of 1967, was approximately \$6 billion.

Mr. MELCHER. Is this at wholesale or retail level?

Mr. CREED. This is at wholesale.

Mr. MELCHER. And this is at the level of your industry?

Mr. CREED. That is correct.

Mr. MELCHER. So, the \$350 million then represents, not 10 percent, but 5 percent or 6 percent?

Mr. CREED. About 6 percent.

Mr. MELCHER. Six percent.

Mr. CREED. Of the total dollar value of shipments of bakery products.

Mr. MELCHER. Well, now, we all recognize that the cost of wheat is not at parity. There is no argument that the wheat is not selling at parity right now.

Mr. CREED. It is not. That is not the price; parity is not the price for wheat today, no.

Mr. MELCHER. Well, of course, our goal for the producers is that wheat does sell at parity. Now, I presume from your testimony that the industry agrees to that.

Mr. CREED. Our position, as far as the level at which we should sell, is that it should be whatever the Congress wants to determine in any program it sets up.

Mr. MELCHER. I think you missed my point, Mr. Creed.

What we would like is, rather than to have to subsidize farm production, to have wheat and the other agricultural products sell in the market on the basis of parity, a fair return to the producer without the subsidy.

Mr. CREED. In a free market, in other words.

Mr. MELCHER. Yes.

Mr. CREED. If that were so, we would have absolutely no complaint to make.

That is the operation of a free market, the free enterprise system, and if that is the way it is, then, so be it.

Mr. MELCHER. Well, you would agree to that goal, would you not?

Mr. CREED. I see nothing objectionable in that goal.

Now, whether parity is a good economic price, I am not prepared to say.

Mr. MELCHER. If it was at parity, would not that raise your costs?

We would forget about the \$350 million you put into the certificate program. You would not pay that, but would it not raise the cost of the product of wheat sold at parity?

Mr. CREED. It probably would.

Mr. MELCHER. And would it not then mean that the consumer would pay even more?

Mr. CREED. Yes, the consumer would pay more.

Mr. MELCHER. So, as it stands right now, even though you are passing on the \$350 million you pay as part of the certificates, which is 6 percent of your gross sales—even though you are passing that on to the consumer, if the wheat sold at parity—which is our goal and which would only be fair—consumers would still have to pay more. Your product would still cost more than it does now for the consumer?

Mr. CREED. That is entirely conceivable, Mr. Melcher. And here I think you could enter the philosophy of the system. If the price level arrives at parity through the operation of free market system, I do not think anyone in our economy can raise objection to that. It is when the

Government injects itself in, and interferes with, the operation of a free market system that it puts a tax on the product and says:

It does not achieve that on its own, therefore, we are going to tax the user of the product to make sure that the producer of it gets what we think he should get, regardless of what the free market action might be."

Mr. MELCHER. Well, the point I am trying to make, Mr. Creed—and I think we have made it—is that even though you find the \$350 million tax abhorrent and object to it on the basis that it is putting an added burden on the consumer, if we, this committee, and the Nation, including your industry, could meet at the common goal of assuring parity to the wheat producer, the consumer would have to pay still more?

Mr. CREED. I think you are right.

Mr. MELCHER. Thank you.

Thank you, Mr. Chairman.

Mr. SEBELIUS. Mr. Chairman?

Mr. PURCELL. Mr. Sebelius.

Mr. SEBELIUS. Mr. Creed, I share my colleague's concern about what the farmer receives as far as a loaf of bread is concerned. If he could price his own product, like you can price your product, he would not be in this position. And I appreciate the fact that the tax that is levied is regressive. I think it is definitely so, and I know that you would not be bothered if you were paying it in the marketplace, as against the tax. But we have not come up with a better substitute, and we do need to get something to the farmer in this field.

I just want to address these remarks to you, and compliment the American Bakers Association for their activity in the "Day of Bread" last October. I had a little "Day of Bread" here of my own amongst my colleagues. I sent them each a small loaf of bread that I got from one of the local fine bakeries. I also sent them some recipes for good wheat products and a letter explaining why we needed this product and needed to promote wheat, more specifically Kansas Hard Red Winter wheat. I feel that the American Bakers Association took a right step, and I would hope that in the future, you would continue to do all you can to advertise the wheat products and get wheat back into greater use. I commend you for adding more iron, and I hope that, in our desire to end malnutrition in the United States, the American bankers can help out by trying to get more nutrients into that loaf and get that loaf into the hands of the people who need it.

Mr. CREED. Well, Mr. Sebelius, if there is one objective that the American Bakers Association has, it is to increase the consumption of bakery products, and we certainly want to do everything we can to achieve that, and we hope that in the process of doing it that the wheat farmers, the wheatgrowers, will prosper and prosper well.

Mr. SEBELIUS. Thank you.

Thank you, Mr. Chairman.

Mr. PURCELL. Well, Joe, I think my colleagues have pretty well taken care of you, so I will not bother to harass you very much more.

I would just say, in concluding here, that I think we all realize that this is a very, very difficult problem that we face. We do hear statements made similar to the one you made, about the product that we spend our time talking about being those involved in Government programs. But, to me, this only means recognition of the products that were in difficulty as far as marketing at a reasonable price, and this

was recognized many years ago, but no one has come up with the absolute pat answer.

But to take that philosophy on other things, we would say that just because medicine has not cured some diseases that we should quit doctoring those diseases, and I think that we would all agree that without the advancement that medicine has made we would be worse off than we are now as far as health is concerned.

So, we have not stopped doctoring just because we have not found the answers; and this may be a naive or very simple way of explaining it, but to me this is about the same reasoning.

So, I would like, then, to just reemphasize what Mr. Sebelius said, that your organization and your members work very diligently with other members of other segments of the wheat economy in promoting the "Day of Bread" activity. I know that you all are involved in further cooperative work between other segments of the wheat economy again, the wheat users. I hope that this can really develop to be a way of promoting and coordinating the efforts to develop more consumption of bakery products. There is no use in you and I emphasizing it, because we both know, but for the record's sake, I think it is correct to say that we are the only advanced country in the world that is going backward in the consumption of bread per capita. This is deplorable, I think that those of us involved in this, both in the industry and politics, seem to have taken the attitude, because some city doctor said many years ago that if you eat too much bread you are going to get fat and you might die sooner, that we have just sort of accepted that and we have not effectively come up with an idea that shows that the use of bread, which is as basic as anything can be, is healthy, that it is one of the basic—I guess along with meat—foods that we have, and we have not done a good job.

I am not blaming you at all. I am blaming all of us. Working together, we must present to the American public and to the world good reasons to use more wheat and to use our other grains, because it is healthy. I think sometimes we need to hire us a testifying doctor. I used to practice law, and it was not adverse to find a doctor to testify to something affirmative instead of always negative, and if we can get us a testifying doctor to say "My wheat will not make you fat," maybe we can make some progress. That is my lecture to you today, and I appreciate your listening.

Mr. CREED. Thank you, Mr. Chairman. I concur with everything that you have said, and certainly we have a mission to get the benefits of cereal products across to the public. The nutritionists are finally speaking out on it in greater numbers, and, perhaps, as time goes on, it can be spread further among the general public.

Mr. PURCELL. All right, sir, let us keep working together, and, hopefully, you will not make any more progress in doing away with the wheat certificates, overall, than you did this morning, and we will continue to work together on the rest of it.

Mr. CREED. Thank you, again, Mr. Chairman.

Mr. PURCELL. Thank you, sir.

Now, our remaining witness for this morning is Mr. Robert M. Frederick, who is the legislative representative of the National Grange.

We are glad to have you at this time, Mr. Frederick.

**STATEMENT OF ROBERT M. FREDERICK, LEGISLATIVE
REPRESENTATIVE OF THE NATIONAL GRANGE**

Mr. FREDERICK. Thank you, Mr. Chairman.

I am Robert M. Frederick, legislative representative of the National Grange, a rural community family organization, with headquarters at 1616 H Street, NW., Washington, D.C.

Now, the remaining portion from page 1 on through to the bottom of page 6, I believe, is a repetition of the very same policy statement adopted at our 103d annual convention and was put in the record on the feed-grain portion. Therefore, I will not take time to read it this morning.¹

I am at the last paragraph on page 6 of my prepared statement.

The National Grange believes continuation of the basic provisions of the Food and Agriculture Act of 1965 is the first step in securing effective domestic farm programs for the seventies. We must not be forced to return again and again to pass legislation already approved by Congress. Our main purpose is to improve the basic act, improvements that cannot wait because improvement in farm income cannot wait; therefore, we are proposing them this year.

We specifically recommend for wheat the following—And this is the portion of the coalition farm bill which you, sir, introduced with other members of this committee, the full Committee on House Agriculture.

We specifically recommend for wheat the following:

1. Provide authority for export certificates between 65 and 90 percent of parity.
2. Limit amount "projected yield" can be adjusted as result of natural disaster.
3. Provide that one-half of wheat certificate value can be paid at time of signup.
4. Loan rate to be \$1.25 at harvest time and not at home of loan maturity.

I do not believe that I need to explain those four points. I think they were adequately explained by the Farmers Union representatives here earlier this morning.

At this time, I would like to say for the record, if it is not already clear, that the National Grange is a member of the 24-member farm coalition group and has worked a good many years to bring such unity to agriculture and will continue to lend our support to this type of an effort in gaining fruitful farm legislation.

Returning now to the prepared statement: In addition to these proposals for wheat, the National Grange recommends that the following programs be a part of new farm legislation. This is, also, a part of the coalition farm bill. They are not specifically related to wheat but would have an effect on the eventual effectiveness of the wheat program, as they relate to the total farm program; the establishing of a consumer reserve and supplemental land retirement programs. All of these features were more fully explained when we testified before the full committee on farm legislation back in July. They are as follows:

¹ See Mr. Scott's statement, pp. 1167 to 1172.

Reserves: Establishment of consumer protection reserves of wheat, feed grains, soybeans and cotton. Consumers must be assured of stable supplies, despite crop failures at home and abroad. Reserves will make supply-management more workable by removing the threat of shortage. Production can be planned more accurately to fit market needs if we have a buffer reserve fully isolated from the market. Here, again, this was fully explained, I think, in detail, as far as cost goes, by the representatives of the Farmers Union earlier this morning.

Cropland adjustments: We commend the Secretary for rejecting a massive cropland retirement program as a substitute for existing commodity programs, as we agree that programs must be tailored to fit individual commodities. Cropland adjustment programs should be supplemental and work in combination with commodity programs.

We recommend the removal of the limit of \$245 million on amount of funds that can be appropriated for the cropland adjustment programs.

In our efforts to improve farm income and therefore economic conditions in rural America, we dare not be misled by proposals and counterproposals that promise increased farm income, while at the same time a reduction in total cost of farm programs to the Federal Treasury. This would mean total reliance upon the marketplace for farm prices, therefore farm income, an economic situation that is unrealistic as long as the American farmer is called upon to supply an abundance of food and fiber, in excess of that needed to correctly match supply to demand. The amount produced over and above that needed to match supply to demand is a sufficient amount to destroy the marketplaces as the sole source of fair and reasonable prices for the producer; therefore, it is the opinion of the Grange that present farm programs, that supply a proper mix of public and private funds, must be continued if we are to have a viable family farm structure in American agriculture.

This, then, represents the National Grange's official position on future wheat programs, as it was overwhelmingly endorsed by the delegate body at its 103d annual session just concluded on November 18, 1969.

I fully realize that it does not recommend nor does it condemn the set-aside wheat program, as set forth in the summary of draft legislation submitted by the USDA on October 25, 1969. But such a strong position in favor of the continuation of the Food and Agricultural Act of 1965 can only be interpreted as a complete rejection of the set-aside wheat program, by the membership of the National Grange.

The Agriculture Committee of the National Grange did consider what little information they had concerning the new wheat program before recommending to the delegate body that the Grange support the coalition farm bill. The information the committee had was supplied to us by a member of the House Agriculture Committee and we have not had the privilege or the opportunity of being briefed on the set-aside wheat program by any members of the Department of Agriculture, although requests have been made to the Department both by letter and by phone.

In light of the limited information available to us, it is rather difficult, if not impossible, to pass judgment on farm program proposals that have not been sufficiently and clearly explained by the

Department and which have not reached a stage of development where one can judge the overall effect on such proposals on net farm income.

In all fairness to the Secretary of Agriculture and to the administration, it was the judgment of the National Grange's Committee on Agriculture that they were not in a position to pass final judgment on the "set-aside" program for wheat.

In general the reasons for rejecting the "set-aside," other than lack of sufficient information, can be summarized as follows:

1. Too much is left to the discretion of the administration. The National Grange knows and has a great deal of respect for the present Secretary of Agriculture, Clifford Hardin, but we don't know who will be the next Secretary of Agriculture. He may be someone totally in opposition to any farm programs, and therefore we would like to see as much of the program as possible spelled out in the legislative language. Furthermore, I'm not so sure that the Secretary of Agriculture, whoever he may be, would want to have this much authority over farm programs and their administrative decisions.

2. The National Grange is opposed to establishing price support loans and payments at 80 and 95 percent of a moving average of the last 3 years' market price. This, plus the fact that certificate payments would be established by the basis of "general criteria"—again at the discretion of the Secretary—would mean the abandonment of parity as the criterion for establishing domestic certificate value. As we stated earlier—from our policy statement—parity prices have served as guidelines for measuring fair and equitable prices for agricultural commodities relative to the prices of things farmers buy. The inflation that grips the national economy hits at the heart of the cost-price squeeze which is ruining our farmers. The only tenuous attachment the price side has is through the parity concept. The ability of farmers to secure credit would be adversely affected if the parity price index were to be discarded.

3. We do not feel that the "freedom to plant" feature of the proposal of the Department, while it may be attractive to some areas, is incentive enough to induce program participation, if in the long run, the set-aside program will not increase farm income. We have been told that this feature will allow farmers to grow the crop for which their farm is best suited and the crop they can grow with the cheapest inputs, thereby increasing their net farm income. We would like to point out that under the present programs, the farmer has the opportunity for free substitution between wheat and feed grains. For their own reasons, most farmers have not used this privilege or alternative in the present program to any large extent; therefore, we see no reason to expect any great change in their cropping history under the "freedom to plant" provisions of the set-aside proposal.

The "freedom to plant" is taking a step away from sound production controls. The marketplace—given sufficient time—can bring supply in line with demand, but at a considerable cost to the farmer from year to year as he adjusts or tries to adjust, and many are forced out of business during this period of ups and downs of the market. Independent decisions being made by so many individual producers cannot reflect market changes very rapidly. Farm problems cannot be solved simply by changing farm structure or production patterns—it's far

more complicated than that. Present programs provide the tools for effective, annual production control and will have our continued support.

4. Based on their knowledge of the proposal, it was the judgment of the National Grange Agriculture Committee that considered the set-aside wheat program that it would lead to a lowering of income to the wheat farmer, something that they can ill afford. They based their decision on the following criteria:

(a) Reduction in the value of the domestic certificate and pegging the processor portion at 75 cents per bushel. I might add here as most of you know, it has been the long-range philosophy that all of the certificate should come from the marketplace and not the Federal Treasury, and, although this is not in our present farm policy statement it still remains firm Grange policy that the entire market—domestic market certificate should come from the marketplace and not a portion coming from the Federal Treasury which the proposed legislation is taking out. We agreed to the taking out of the Federal Treasury, but we would ask that it be assessed in the marketplace.

(b) Certificate payments would be announced in advance, but would be scaled back at the end of the season if market prices rose above the "target level." This certainly is legislation that would limit the ability of the farmer to increase his income.

(c) A reduction in the loan rate from \$1.25 per bushel to \$1.15 per bushel. A cut in income of 10 cents per bushel and if it is to be administered like the present program, that is, \$1.15 at loan maturity, it would establish a cash market price at time of harvest of \$1.05 per bushel.

(d) Export certificate program would be discontinued. The discontinuance of the export certificate program would have far-reaching effects. The National Grange supports, and will continue to support, the U.S. participation in the international grains arrangement. The elimination of the export certificate provision would not be in the interest of the wheat farmer or the exporter, as it is the mechanism designed to bring U.S. export wheat prices in line with world export wheat price.

(e) Setting loan level at a figure intended to encourage exports without Federal subsidy, in our judgment, will lower farm income, without a corresponding increase in farm exports. Present wheat disappearance by exports, for cash, has increased from 1967 to 1968 by 10 million bushels. The big decrease has been in the area of exports under Government programs, which have decreased during the same period 189.1 million bushels, that is, from 471.2 million in 1967 to 242.1 million bushels in 1968. The breakdown for 1969 is not yet available as to exports for cash sales versus exports under Government programs. But we would hazard a guess that this trend continues. What we are saying is that increased exports for cash will not necessarily follow lower farm loan rates.

In studying the figures supplied with the set-aside wheat program, you have to use the optimistic column if you are going to improve farm income and with what little we know about the source of the figures or their meaning, the chart is useless in helping us to determine the net effect of the set-aside wheat program on wheat farmers and their real income.

It is for these reasons that we are unable at this time, knowing what little we know about the main set-aside proposals, to give National Grange support to such proposals or alternatives to farm programs.

In addition, it is apparent from some studies made in the field that the set-aside program, for wheat as well as for feed grains, will add to our already surplus wheat and will increase the production of corn and other feed grains substantially.

We have not made any reference to the limitation of payment feature of the set-aside proposals, either in this statement or in the statement last week when we testified on the feed grains provisions of the set-aside program.

The delegate body of the 103d annual session of the National Grange passed the following resolution pertaining to limitation of payments:

Farm program payment limitations: Supply management programs in agriculture must include producers of all acreage or unit levels to be effective. Payments under present programs to a few large producers has resulted in unfavorable publicity and creation of an unfavorable image of farm programs, through misunderstanding of the objectives and purpose of supply management farm programs.

We must recognize the increasing pressure for limitation of payments that may arise in considering the new farm program legislation. We therefore authorize and instruct the national master and executive committee to carefully review all proposals for payment limitations; their effect in the consideration and passage of farm program legislation; and the effect on proper administration and implementation of farm programs and take such action as will be in the best interests of agriculture as a whole.

We urge that no payment limitations be imposed unless workable supply control measures be simultaneously developed and we further urge that any payment limitation that might be imposed be such that the constitutionality of the cotton and wheat certificate programs will not be jeopardized.

Please allow me to add that agricultural support and adjustment programs have been long recognized as a means of strengthening our national economy and of assuring consumers of an adequate supply of food and fiber to meet all essential needs plus an additional reserve supply to protect against shortages which might otherwise arise from short crops or other unforeseeable conditions. Without such a program the additional reserve supply which is essential to protect the consuming public against food and fiber shortages would unfairly depress the price of agricultural products and destroy the productive capability of American agriculture and severely injure our national economy.

In the middle 1950's producer payments were adopted and used in varying degrees as a method of implementing the production adjustment program. The carrying out of price supports in part through the use of payments had as its objective and effect the lowering of the price of the commodities in the marketplace to a point substantially below parity or the fair market value which would have otherwise resulted from a loan or purchase-type program. This lowering of the price through payments had the effect of making our agricultural products more competitive in the export market and to a large degree eliminated export subsidies; but, of even greater significance, such payments served to reduce the price of agricultural commodities in the marketplace to the benefit of consumers. Thus the payments to farmers currently being made under the existing price support and adjustment programs clearly cannot fairly be categorized or analogized to gifts or welfare-type payments. They are, in fact, payments for the purpose

of offsetting the price reductions which farmers are taking for their products in the marketplace. If, therefore, we are to obtain and maintain the production needed and an agricultural plant capable of supplying such level of production to constantly assure consumers of an adequate supply to meet their needs and reserves to protect against short supplies, we must maintain an adjustment-support program through loans, payments, or other operations which will assure producers cost of production and fair returns for their products. Any attempt, therefore, to arbitrarily limit payments or price support, except in relationship to the quantity produced under the production adjustment program, would endanger the production capability of American agriculture to meet consumer requirements and would rapidly impair our national economy by destroying the balance between agriculture and other segments of our economy. If we have learned anything in the past, we have learned that the industrial and agricultural segments of our economy are interdependent and that one cannot prosper without the other.

I am sorry that we cannot be more constructive in our support or criticism of the "set-aside" wheat program, but the National Grange has not been invited to the council tables in the Department of Agriculture. Most, if not all, of the commodity groups have, on more than one occasion. We are glad they have had this opportunity to learn first-hand the explanation of the new proposals for wheat, feed grains and cotton. We have not been so privileged; therefore, our statement lacks the depth which we would like it to have and we cannot condemn too harshly that which we do not clearly understand.

We wish to compliment the efforts of the Secretary and the Committee on Agriculture for their long hours of work on new farm legislation and, as we told the Secretary, we hope the ultimate farm legislative package coming from this committee will be such that it can have the support of the National Grange.

We appreciate, Mr. Chairman, this second opportunity to present our views on wheat, and again express our thanks to you for your continued leadership in this area.

Thank you.

Mr. PURCELL. Thank you very much, Mr. Frederick.

Mr. Foley, do you have questions?

Mr. FOLEY. I do not have any questions, Mr. Chairman.

I would like to compliment Mr. Frederick on his statement. I think it is, again, a very useful statement. I am concerned with the statement made that the National Grange had not been invited to consult with the Department of Agriculture. It is my recollection that when the Secretary appeared before the committee on September 9, the Secretary assured the committee that as these program structures were developed by the Department that they would be made available to the relevant farm organizations and that they would be included in the consultations and discussions of the Department. I see no reason why this courtesy and cooperation should not have been extended to the National Grange, and I am sorry to hear that it has not.

Mr. FREDERICK. Well, it has not, Mr. Foley. The information we received, we received from one of the members of the committee and we had it duplicated several times and passed it out to our agricultural men at our annual session.

Prior to my trip to the IFAB, I wrote, on behalf of the Farm Coalition, to the Department, asking for a comparison of economics of the coalition farm bill with the present farm program and the new set-aside and new alternatives as outlined by the Secretary in his appearance on September 24. I imagine this letter was sent out the last of September. Prior to leaving for the Orient—because I thought this would be information I would like to have in discussing feed grains and wheat in the Grange commodity of the IFAB, I called the Department and asked if the answer to my letter was ready. They had some difficulty in finding the letter, which is not to condemn anyone—this happens many times—but I was told at that time that the answer to my letter was in the process of being drafted. I have not received it as of this date, so I cannot report to the coalition group a comparison of our program as compared with the set-aside proposal.

When we were at our annual session at Daytona Beach, a representative of ASCS called the Department and had three or four different people on the line before we could find out whether or not the Treasury report of the wheat certificate program was to be eliminated. There seemed to be a reluctance on the part of the people we talked to, to come up and admit that this was true. We called and asked for additional information from the Agricultural Committee and was sent a questionnaire which we were told was confidential, was not to be reported, which was a questionnaire being sent out to the ASCS committee men on a series of questions and answers on the set-aside proposals which was not information upon which we felt we could base a just decision upon.

Other than that, I have no other remarks to make in response to Congressman Foley. We have not had the privilege, and I think our Agricultural Committee kind of felt that the information we got from the member of the House Agriculture Committee was pretty much in confidence and that it was not to be circulated, and they kind of felt that they were not even supposed to have it, kind of like we were sneaking out behind the barn smoking when they were even looking at it, because it did not come from the Department.

MR. FOLEY. Thank you.

MR. PURCELL. Mr. Mayne?

MR. MAYNE. Mr. Frederick, you certainly do not mean to infer that some member of this committee has improperly released information to you that was confidential and should not have been released to you; do you?

MR. FREDERICK. This I do not know. All I can say is that is the only place we got it; we did not receive it from the Department of Agriculture.

MR. MAYNE. Well, I think the clear thrust of the last sentence you spoke in answer to Mr. Foley was that you had misgivings about the propriety of your source of information.

MR. FREDERICK. I said this was the feeling of the members of the Grange that served on the Agriculture Committee, that since it had not been made public that perhaps they did not have a public access or should not have public access to the information that we had in our hands and, therefore, they were reluctant to make it public.

MR. MAYNE. Well, just let me assure you that as far as I am concerned, from my knowledge of this committee on both sides, there is

not any member of the committee that would be leaking information to you that he was not entirely entitled to give to you, and I think you can rely on that.

Mr. FREDERICK. Well, I am glad, and I am sure this is so.

Mr. MAYNE. Now, how many groups are there in the coalition?

Mr. FREDERICK. I think, at last count, 24 or 25.

Mr. MAYNE. Well, Mr. Frederick, I think—and I might be mistaken on this, because I was not here at the first part of today's session, but I have been at the other sessions of the subcommittee—I do not recall a similar complaint from any of the other 20-some members of the coalition. So, it would appear that the Grange is the only one that feels it has been left out.

Mr. FREDERICK. No; I did not say that, sir. I said that the commodity groups had the privilege of being called into the Department for consultation. To my knowledge, none of the general farm organizations that are in the coalition have been invited, and I think that if you will go back and review the Farmers Union testimony, the NFO's testimony, which are general farm organizations that are members of the coalition, they have stated, as I have stated, that we do not think we have sufficient information and that what information we do have has not been explained so that we can make a just decision, honorably or dishonorably, so far as the set-aside program is concerned.

Mr. MAYNE. Well, I would agree with you that they felt that they did not have as much information as they would like to, but I do not believe that any of those other groups went as strong as you have in condemning the Department or accusing it of excluding you from any consultation. I think the Grange is, indeed, unique in that respect on this record.

Mr. FREDERICK. Well, the only thing I can say, sir, is the letter which has been sent or which was sent on behalf of the coalition has remained unanswered. In addition, I can say to the request by telephone from the annual convention asking for additional information and, in fact, for a representative from Washington to come down and address the committee they were unable to do so because of heavy schedules of people in ASCS who were traveling somewhere abroad, and some were not able to be there to explain it. I do not think that we are meaning to condemn the Department of Agriculture. Perhaps, it has just been a method that the whole program has been presented.

Mr. MAYNE. Those are the only questions I have.

No, excuse me. I do have one other area that I would like to explore with you.

I take it that your testimony is to the effect that your organization is against any limitation of payments?

Mr. FREDERICK. Basically, that is what I believe the adopted resolution stated which I quoted from. We will study it when it comes up and see its total effect upon farm programs and agricultural economy as well as the national economy, and then make our decision whether we would be for or against it. Presently, as we fought the limitation of payments on the House floor in the appropriations bill and as it comes before us now, we would be basically opposed to it until we saw the true effect of such a basic limitation. We feel that the minute you say you are for a limitation of payments, whether it is a top cut off the board at 20,000 or whether we say if they are going to be imposed, we would like to have them on sliding scale, you are admitting the limita-

tion of payments perhaps in the past has been wrong, that they are welfare payments and perhaps they should not be receiving them and the National Grange is not going to be taking this position.

Mr. MAYNE. Well, it is all very well to go down swinging, as a matter of principle, Mr. Frederick, but the votes in the House of Representatives indicate that a very clear majority of the members are committed to a limitation of payments, and I would like to suggest to you that it would be more constructive to point out what ways of imposing a limitation you think would be least damaging, most effective, rather than to just say, in essence, that your position is that you are against the limitation. There are a lot of people who are against the limitation, but on the basis of the voting pattern it looks like there is going to be a limitation.

Mr. FREDERICK. Yes, sir. And if you admit that you favor limitation of payments, you are relegating the farmer to a welfare status, and they are going to go right down to the basic welfare payments of \$3,000, or whatever it happens to be, for a family of four or up to a family of 12. We do not feel that in fact they are welfare payments and should be looked upon as such.

In the concluding statement that I made, starting on page 14, fully we hope, that will be driven home to the members, the urban Congressmen that look upon it this way, and I see no difference between this and a union wage scale, which is allowed to be arbitrated to reach that. I have seen no effort in Congress to limit this; I have seen no effort in Congress to limit the amount of minimum wage, nor to eliminate the minimum wage law, and I would think that this should be adopted as a national policy in food and fiber, that farm income is going to be maintained at a fair level and that it is going to be in the marketplace for the consumer. Twenty-five percent it has been estimated, 25 percent, of farm prices now come from farm payments.

Mr. MAYNE. Do you have any suggestion at all as to what would be the best or least objectionable way to limit payments?

Mr. FREDERICK. No, sir; I do not.

Mr. MAYNE. All right; thank you.

That concludes my questions.

Mr. PURCELL. Dr. Melcher?

Mr. MELCHER. I have no questions.

I do have one comment. I think it is to the advantage of this subcommittee and to the full committee that the various suggestions of the Department be made available to the Grange and general farm organizations. I would hope that in the future that whatever is brought out by the Department can be made available and consultation can be had with the Grange and general farm organizations.

I think they are worthwhile and we certainly need their suggestions. Thank you, Mr. Chairman.

Mr. FREDERICK. May I comment, Mr. Chairman?

Mr. PURCELL. Yes.

Mr. FREDERICK. In this same regard, tomorrow, on the floor, there will be a vote on the dairy section of title I, the dairy section of the farm bill. It was public knowledge on September 24, when the Secretary appeared, that they had proposals that they were going to send forth to this committee—not this committee but the full Committee on Agriculture of the House—on new provisions for a class I base.

Now, we would like to see what these recommendations are, to see whether they are in line with our support. We have not been afforded this opportunity, nor do I think any other farm organizations have seen the recommendations regarding the class I base milk plan. If we are going to have a consensus farm bill, all I am saying is: Let us in on the know so that we can make either a criticism or support. We have not seen this, as far as the recommendation of the Department on class 1 milk plan, either.

Mr. PURCELL. Mr. Kleppe?

Mr. KLEPPE. Thank you, Mr. Chairman.

Mr. Frederick, I think you have set forth your position on the various titles of the coalition farm bill very clearly. I have no specific questions on the statement you have given us.

You were in the room earlier today when Mr. Javits and Reuben Johnson were testifying for the Farmers Union?

Mr. FREDERICK. Yes, sir.

Mr. KLEPPE. And you heard the answers they gave to my questions on the proposed costs. Do you generally agree with those, Bob, or do you have any changes that you feel are in order?

Mr. FREDERICK. No, Congressman Kleppe, I think those estimates were right. One thing that they did not bring home, which I think should be brought home, is that the effect on farm income of the coalition bill would be to increase farm income from \$1.3 to \$1.4 billion, and this is if it was funded as it properly should be funded, according to our coalition bill. This would be that much increase on the income side and perhaps all of this would be income and net income.

Mr. KLEPPE. Have you got a specific break, for that difference?

Mr. FREDERICK. No; just a rough estimate of what the increase in farm income would be.

Mr. KLEPPE. In general terms, however, you do primarily agree with the figures that he gave me on the differences, from the standpoint of cost to the Treasury?

Mr. FREDERICK. Yes; and this was worked out not only by the coalition but worked out with the economists in the Department of Agriculture.

Mr. KLEPPE. Have these same figures been agreed upon generally by all members of the coalition?

Mr. FREDERICK. Yes, sir. I just stated, Mr. Congressman, that these were figures that we did not come up with; these were figures that were worked out with the economists in the Department of Agriculture.

Mr. KLEPPE. I did not understand it in that way this morning when he gave them to me, and I am glad to have this additional information. Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Sebelius?

Mr. SEBELIUS. I have no questions.

Mr. PURCELL. All right.

If there are no other questions, then, we appreciate your being here very much.

The subcommittee will stand in recess until 10 o'clock in the morning when we continue the hearings on the wheat section of the farm bill.

(Whereupon, at 11:40 a.m., a recess was taken until 10 a.m., Wednesday, December 3, 1969.)

WHEAT

WEDNESDAY, DECEMBER 3, 1969

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND GRAINS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:10 a.m., in room 1301, Longworth House Office Building, Hon. Graham Purcell (chairman of the subcommittee) presiding.

Present: Representatives Purcell, Foley, Jones of North Carolina, Montgomery, Lowenstein, Rarick, Melcher, May, Zwach, Price of Texas, and Sebelius.

Also present: Christine S. Gallagher, chief clerk; John A. Knebel, assistant counsel; L. T. Easley, staff consultant; Fred Ward, assistant staff consultant; and Martha Hannah, subcommittee clerk.

Mr. PURCELL. The subcommittee will please come to order. As is so often the case, we have other subcommittees meeting and other important matters involving several of our colleagues going on.

We will be joined later by some others of the members.

Our first witness this morning is Mr. Bob Zimmerman of the State of Washington. He is a former president of the Washington Association of Wheat Growers. We will ask our colleague and distinguished member from Washington, Mrs. May, to make whatever introduction she would like to.

Mrs. MAY. Very briefly, Mr. Chairman.

I would like to introduce to this committee Mr. and Mrs. Bob Zimmerman. Bob is one of the most efficient wheatgrowers we have in the State of Washington, and that is not a personal or a subjective finding, he was chosen as such by his peers and recognized as such by them.

By the way, we would like to have Mrs. Zimmerman sit with him at the witness table because she is a very efficient statistician. I have known the Zimmermans for some years, and they are outstanding representatives of an efficient wheat district in the United States. We are glad to welcome you both.

**STATEMENT OF MR. AND MRS. BOB ZIMMERMAN, ALMIRA, WASH.
(FORMER PRESIDENT, WASHINGTON ASSOCIATION OF WHEAT
GROWERS)**

Mr. ZIMMERMAN. Thank you, Mr. Chairman.

Thank you very much, Congresswoman Catherine May. I certainly appreciate the introduction.

Honorable Chairman Graham Purcell and distinguished members of the Subcommittee on Livestock and Grains, of course, as you have

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mentioned, I would like to introduce my wife, who is my partner. She is a bookkeeper, she is my statistician, she is my economist, and sometimes she is even my truckdriver.

I do feel that I represent a commercial wheat farm family in a low-rainfall area, the State of Washington, and I have farmed since 1947.

Now, the testimony that I intend to give today, I have gone through, and with your permission, I would like to ask you to bear with me; I have gone through it and rearranged it so that I can go through it faster, because I have not too much time to spend on some things. So I will go through this and if there is something that I would wish that you should turn to, I shall tell you.

I have included in your folders several copies of studies that we intend to use as examples of what we intend to show you.

I appreciate this opportunity to appear before you today. I have been an operator of what I considered a commercial family wheat farm in the low-rainfall area of the State of Washington since 1947. It is also important that I introduce to you my wife, who has been my partner, bookkeeper, sometime truckdriver and mother of our four children. During the past 20 years I have served on the community and county ASCS committees, have been active in numerous county and State agricultural committees and am a past president of the Washington Association of Wheat Growers.

As a citizen with a background in agriculture, I have been tremendously concerned about the future of our agricultural system in view of the drastic change in direction advocated by the "Food and Fiber for the Future" study and its close relationship with the new farm proposals. I believe that this was a bipartisan study which is the most comprehensive and far reaching ever done on agriculture. During my presentation I intend to make you aware of the possibilities that this study was set up as a springboard for these new farm proposal or that it is being used as a basis for new farm legislation.

I think you should also be aware that the staff economic analysis and the studies conducted for background information given to the Commission as a basis for their recommendations contained information which was false, biased, and slanted. The following is one example of a study done in my area which was used in the conclusion to make the commission believe that the "time is now" to drastically change our commodity programs by legislation to eliminate the parity concept and impose limitations on income vastly deviating from past successful methods of producing cheap food.

A few weeks ago we were asked by an editor of one of the leading farm magazines, "The Farm Journal," to look over and advise on the accuracy of a new study done on the production costs of wheat. We were told that this study was extremely important because the USDA intends to use them in their supply-management program to determine what price the farmer should receive for his wheat. This latest study is entitled "Cost of Production Budgets for Dryland Crops in Eastern Washington," Circular 501, and was authored by Norman K. Whittlesey and R. E. Oehlschlaeger, Washington State University, February 1969.

An earlier study by Dr. Whittlesey, Bulletin No. 674, August, 1966 under the same project number, No. 1386, was prepared upon request of the Economic Research Service shortly after his arrival at Wash-

ington State University from employment by the USDA/ERS. The area encompassed by this study is the highest yielding dryland wheat area in the United States, if not the world. Some of the figures in this study were used in the staff economic analysis of the food and fiber for the future report on page 192 as follows:

A Washington State University report illustrated this in a study of the effects of wheat prices on three different sized farms with 271, 638, and 1,293 acres respectively. With wheat at 87 cents a bushel, the small farm would make \$309; the medium-sized farm \$754; and the large farm \$2,932 profit. If the price of wheat was raised to \$1.77, the small farm could make a profit of \$3,075; the medium-sized farm could make \$17,062; and the large farm \$43,084. This testifies to the advantages of scale in agriculture. Of course, it also illustrates the folly of trying to help the small farmer through commodity prices. Most of the money will inevitably go to the larger farmer.

In front of the ag bureau luncheon of the Spokane Chamber of Commerce, Dr. Whittlesey said his study No. 674 of 1966 was "taken out of context" and admitted that there could not have been a study done anywhere else in the United States that would have given those results as it required an average yield of 70 bushels or more per acre on dry land.

With this study as a basis for their deliberations, the Food and Fiber Commission concluded on page 5:

"Raising farm prices and incomes enough to substantially improve conditions of life for the families living on small farms with inadequate capitalization would create fantastic riches for the efficient commercial farmers."

The public, the Congress, the Food and Fiber Commission, and the President, whose executive order established it, would have every reason to feel that figures given to them were correct and could be substantiated. President Johnson, "to make sure that our bountiful land is used to the best of our ability to promote the welfare of consumers, farmers, and the entire economy," stated, "I am placing on the Commission Americans of broad experience and great talent. I am asking this Commission to make a penetrating and long-range appraisal of our agricultural and related foreign trade policies . . . These men will construct the most thorough study ever conducted of the effects of our agricultural policies on the performance of our economy and on our foreign relations."

The area used for Dr. Whittlesey's study No. 674 includes parts of Spokane and Whitman Counties in Washington and several counties in Idaho which make up the highest yielding dryland wheat area in the United States. On page 9 of this study it states that yields in this area under different practices range from 60 to 75 bushels per acre compared to a national average of 25 to 30 bushels. In the conclusion on page 23, it is stated that "In the long run considering all production cost except return to operator's labor and management, wheat can be produced at \$1.48, \$1, and \$0.85 per bushel on small, medium, and large farms, respectively." It was not specifically stated in the study that land values in this area run from \$450 to over \$600 per acre compared to a national average of \$150. When used in the food and fiber report these land values were not mentioned nor were the facts that these were hypothetical farms assuming no Government restric-

tion on wheat acres, all farms were owner operated, all production methods were representative of the most efficient operators, that unlimited capital is available at 6.5 percent interest, and 10 other assumptions.

For something so important as this food and fiber study, the public, Congress, the Commission, and the President have a right to expect that the figures given to them are accurate and, unless otherwise specifically stated, are representative and could be applied to all wheat-producing farms in the United States.

In his newer study, circular No. 501 which is a cost study, the area used in his earlier study, (No. 674, August 1966) corresponds to his area 1. In this study (circular No. 501, February 1969) Dr. Whittlesey states that wheat can be produced from 74 cents to \$2.25 a bushel. In order to produce wheat at 74 cents he has to use this expensive land area and give it a value of \$100, a yield of 90 bushels, labor at \$1 per hour and interest at 3 percent. (Researching yield data, the average yield is nearer 60 to 65 bushels.)

Realizing the possible importance of this later study to support the premise that wheat can be grown at feed grain prices, we undertook an analysis of the study. All our observations have been carefully checked with both producers and qualified economists and corrected yields have been substantiated by statistical data.

The question of why some individuals would go to such elaborate lengths to have Dr. Whittlesey come to the highest yielding area in the country to conduct these studies in a deliberate attempt to show that the efficient farmer is making a profit and can raise wheat at feed grain prices has not been answered. However, these individuals are in important positions in agriculture.

It is imperative at this time when we are considering new farm legislation that Congress and the President have the true picture of American agriculture and base their decisions for farm programs on true and honest facts.

The following quotes are from "Cost of Production for Dryland Crops in Eastern Washington," circular No. 501, by N. K. Whittlesey and R. E. Oehlschlaeger—Project 1386.

SUMMARY AND INTRODUCTION

A range of costs per unit of production is shown for each crop as a result of alternative land costs, labor costs and crop yields. A summary table has the estimated average costs of producing each regional crop."

As will be shown later, this range in land costs ranges from a low price which has not been seen since the depression era to a high of the current average selling costs. Thus, the summary table which shows the average of the three prices is not average, but lower than average. (Area No. 1 shows \$100, \$300, and \$475 as land prices, where \$475 is average, \$450, low; and \$625, high for an average of \$520, not 300).

The yields, however, in several areas are high. (Area 1 ranges from 65 to 90 with an average yield of 75. Actually, yields run from 50 to 75 in good years, with the 65 bushel as average.) More information on yields later.

Thus, the summary table by using higher than average yields and lower than average land price does not represent the average costs of

production in each area. See figure No. 1 for a revised summary table using average yields, real land values and current interest rates.

PROCEDURE

Farm size: Since calculation on machinery costs were assumed to apply to "farms large enough to have nearly exhausted the economies of machinery use to be obtained by increasing farm size" then enlarging farm size would not lower machinery costs.

FARM PROGRAMS

"It is assumed that farm programs have no influence on the costs of producing individual crops."

Since 1968, the year used in this study, we have had reductions in allotments for wheat and in the 1970 crop year these diverted or "black" acres will be 23 percent of the base in the summer fallow area. This will definitely increase the costs of production since no income will be forthcoming from these acres while they must still be farmed. (See table No. 2.)

WEED CONTROL

In most areas perennial or noxious weeds are controlled with chemicals much more expensive than 2-4D amine.

INTEREST ON OPERATING CAPITAL

Many farmers borrow operating capital which includes not only fertilizer, seed and pesticides, but labor, fuel and diesel, machinery repairs, taxes, insurance, supplies, and family living expenses. The current rate of interest is 9 percent and over.

MACHINERY

Since machinery was not listed, it was not possible to know whether machinery adequate for the job was used or not. The Nebraska tractor test data including drawbar pull and fuel consumption would not be meaningful for the hilly topography of most of the wheat areas. Seven and three-tenths cents per mile is very low for transportation (Hertz is Spokane charges 14 cents per mile for trucks).

The value of machinery was assumed to average 55 percent of its new price. However, due to inflation in machinery prices, machinery purchased in the last 4 years could be worth nearly as much as new price and the "opportunity cost" of capital invested should be raised from 7 to 9 percent.

LABOR

In estimating labor requirements, it was assumed that 10 hours of labor were required to operate a machine 9 hours. The extra hour was used in travel to and from field, servicing, adjusting, and repairing machines. Even the newest farm implements hit rocks, vibrate apart, break down, and plug up. Therefore, there are not too many days where this ideal situation takes place. Also, seasonal labor is not always available so that it is sometimes necessary to have a man year round to have help when needed.

Since the equipment listed on table 1 lists a 2-ton and a 1½-ton truck, and since two trucks would be needed to harvest a 65-plus bushel crop, it seems that 250 bushels would be too much of a load in the hilly Palouse area for the 1½-ton truck.

Since \$2.50 was the average rate for hired labor, then \$1 should not have been used at all. Newest wage rates given to construction workers average more than \$11 per hour. Because farmers must not only be welders, machinery operators, plumbers, mechanics and, of course, top managers, it would seem that the sheetmetal workers' wages of up to \$11.72 an hour for the first 35 hours and \$23.44 an hour for overtime could be used. Since farmers put in 60 hours and more a week, this would amount to \$409.20 for 35 hours plus overtime of \$586 or a total of \$995.20 per week or an average of \$16.41 per hour. However, since farm operators are not unionized as yet, we might add a figure of \$7.50 to cover labor and management. (Figure No. 2.)

LAND

Land values have not "increased remarkably fast in recent years." Land prices have not even kept up with the inflated value of the dollar. Land in the dryland wheat areas of eastern Washington which sold for around \$125 per acre in 1939, now sells for around \$225 while the 1939 dollar is now worth around 36 cents. While \$100 invested in the stock market 20 years ago would now be worth \$600.¹

Commercial lending institutions base land values on the most recent sales in the area taking out any unusually high or low figures. Since the highest value in the study is the current estimated market value, only that price should be used in any meaningful study.

Someone who purchased at a lesser price should feel fortunate, however, he should realize that the current market price is what he could get if he sold out, and compare the returns he receives on his investment with this amount in stocks or even savings. (The usual return to landowner seems to run from 2 to 3 percent in the wheat areas according to Dr. Whittlesey.)

Current interest rates on farm real estate loans by commercial lending agencies is 9 or 9½ percent. There are some contracts of 6 percent made before the rise in interest rates, however, the 3 percent should not even be listed since the study is supposed to determine real cost of production.

CROP YIELD:

The study states: "Each crop budget shows assumed regional average yield for that crop. In calculating production costs, two additional yields, one higher and one lower are used to represent the expected range of yields in each region."

When questioned about his source of yield data, Dr. Whittlesey stated that he based his yields on information given him by local farmers and county agents. It is customary in cost studies done by agricultural economists for various universities to obtain the average yields from the State ASCS office and the Statistical Reporting Service. You would certainly expect that this would be the case. Using figures from the Statistical Reporting Service and consulting with the State ASCS

¹ Better Homes and Gardens, October 1969, p. 8.

office, it was found that in areas 1 and 2, where an average of 75 and 70 bushels was used, that out of 2,500 farms, there were only 261 with proven averages of 70 bushels or better. A yield of 65 in area 1 and 60 in area 2 would be more average. (In 1968 two of the largest counties used in areas 1 and 2—Spokane and Whitman Counties—averaged 47.3 and 47.9 bushels respectively.)

In area 9, an average yield of 27 bushels was used. The ASCS office reported no dryland proven yields in this area of 27 and the yield in 1968 was 16 bushels per acre. For this area 27 should have been the high average and 18 the average yield. As for area 10, the average was nearer 55 bushels than the 65 bushels used.

The study adds: "The cost per bushel obviously depends greatly on whether one divides the total costs by 30 or 50 bushels." This is certainly true. Using more accurate yield data greatly increased the production cost per bushel. It would appear that the use of yields which were much higher than average enabled the authors to artificially lower production costs. (The average yield for the State of Washington for the years 1964–68 was 39.6 bushels. In 1957 before the release of the new high-yielding wheats, the State average was 38.3, so there has been no dramatic increase in yields.)

Even after adjusting the yields to a more realistic figure, these averages show only good years. For instance, Washington State had averages of 38 bushels and then the rust epidemic of 1961 dropped the average to 28. In 1968, Benton County abandoned more than 30,000 acres and averaged 13.5 bushels per seeded acre. The 1969 crop year brought much winter damage and subsequent reseeding in the spring which resulted in very reduced yields in areas 5 and 6 and parts of area 4. These areas had many farms with averages of 10 to 20 bushels. Foot rot in wheat after wheat can reduce averages tremendously. Hail, hot weather, freezing, and disease can dramatically reduce yields despite the best farming practice. Spring wheat and peas are especially risky. This drop in yield greatly increases the cost of production per bushel.

RESULTS

A table in the study "shows a broad range of possible wheat production costs from 74 cents per bushel to \$2.25 per bushel."

This is not a valid conclusion as the lowest cost uses 90-bushel yield (too high), land cost of \$100 an acre (unheard of in this area) and 3 percent interest (extinct as the Dodo bird). The high cost of \$2.25 per bushel used 65 as the low yield when the counties' averages were 74-plus bushels, so 65 certainly was not low.

The study continues: "We assume that the middle of the three yields is the current average yield * * * the middle land value shown for each region is below the current selling price of land, but is probably a generous estimate of average investment in land."

As has been pointed out, the middle yields in areas 1, 2, 9, and 10 are not average, but high and certainly current selling prices is the average for the area especially since actual selling price was used with the lowest and highest taken out. (See table 1 for revised averages.)

After all these adjustments and variations, the authors add the following footnote: "The authors recognize that even this procedure probably overestimates real production costs because it ignores the rather substantial appreciation of land values." This statement in-

validates all conclusions as being too high. Since a high percentage of farm operators in Washington are tenants on a $\frac{1}{3}$ - $\frac{2}{3}$ or $\frac{2}{5}$ - $\frac{3}{5}$ basis, land appreciation should have no bearing on real production costs. This footnote indicates how the authors have slanted this study.

Table 2 summarizes: "The most representative costs of producing a crop in each region." As has been pointed out in every case, land costs below selling price, interest below current rates and inflated yields make this table invalid. (See revised tables.) The author stated that the low land price, interest rate and wage rate was included so that each farmer might locate his costs. However, the real result was to permit a lower average cost of production in every area. This is certainly of no benefit to the farmer who wants to really know how he stands. If his yield exceeds the average or if his land investment is less his arithmetic is certainly adequate to adjust the figures himself. But USDA economists who are not farmers would conclude that the current average cost of production is lower than the actual costs. If a farmer, whose yield exceeds the average in his area, must do a little figuring to find his costs this has no effect on the price of wheat. However, if a Congressman or Senator is given "doctored" figures which show an unrealistically low production cost and subsequently higher net farm profits, the price of wheat could very well be affected. Certainly the earlier study done by this author (under the same project number) showing unrealistic returns which was used in the economic study of the Food and Fiber Commission—did more to lower wheat prices and was more damaging than any study ever done. With revised yields, current interest rates, current land prices and \$2.50 labor this same farm showed a cost per bushel of \$2.16, and at a price of \$1.77 per bushel would go in the hole 39 cents per bushel for a net loss in wheat of \$12,555. Quite different than the \$43,000 plus profit Dr. Whittlesey showed in the first study (Bulletin No. 674). The study was used in the food and fiber report to prove that it would do no good to try to help the farmer by raising commodity prices because it would make the large farm operators "fantastically rich" (1,200 acres). This study has also been used as propaganda by the proponents of payment limitations. It was also used to show that parity price must be revised as a measure of farm prosperity. The revised tables which follow show that parity is still valid and is in fact necessary in the high risk farming operation.

The following tables use Dr. Whittlesey's figures for each area using his costs with labor at \$2.50, current land values and current interest rates as shown in his Circular No. 501, tables 3a through 41a. It should be noted however, that the current interest rate (9 percent) applies only to returns on land investment and interest on machinery and operating capital are still 7 percent as he computed them.

To compute cost of production using a revised labor figure to give a return for management, which was missing from his report, the added cost of \$5 per hour (the difference between \$7.50 and \$2.50) spent per acre was added to Dr. Whittlesey's total cost per acre and then divided by average yield to get cost per bushel. This management cost is, of course, only figured on the actual hours taken to produce wheat.

The figures for table 3 were obtained by using Dr. Whittlesey's current costs and adjusting for loss of income incurred in the 1970 program. The reduced yield was figured on average yield produced on permitted wheat acres divided by permitted acres plus diverted acres.

Yield and gross income is reduced by 21 percent. The reduction could occur because of adverse weather or disease problems also and shows the effect on costs per bushel in each area of below average crop yields.

The cost of production with an average yield under the 1970 program ranged from \$2.39 to \$3.86 with an average of the areas of \$2.90. Partity price as of November 1, 1969, is \$2.77. It certainly doesn't seem outmoded.

TABLE 1.—CURRENT COST OF PRODUCING WHEAT AFTER FALLOW FOR EACH AREA

[Current labor cost \$2.50, current estimated market price, current interest rate of 9 percent]

	Region										Average
	1	2	3	4	5	6	7	8	9	10	
Area yield, bushel---	65	60	42	40	35	26	32	26	18	55	39.9
Cost per bushel-----	\$2.16	\$2.06	\$2.23	\$2.12	\$2.15	\$2.75	\$2.14	\$2.36	\$3.00	\$2.04	\$2.30

TABLE 2

[Labor charge for management and labor \$7.50 using current land and interest charges.]

	Region										Average
	1	2	3	4	5	6	7	8	9	10	
Cost per bushel-----	\$2.33	\$2.25	\$2.43	\$2.30	\$2.36	\$2.99	\$2.35	\$2.61	\$3.29	\$2.24	\$2.52

TABLE 3

[1970 Farm Program 16 percent diverted, 23 percent for wheat on feed grain acres. Areas 1, 2, and 10, using 16 percent diversion and Areas 3, 4, 5, 6, 7, 8, and 9 using 23 percent diversion because of wheat on feed grain acres ¹]

	Region										Average
	1	2	3	4	5	6	7	8	9	10	
Cost per bushel-----	\$2.55	\$2.47	\$2.92	\$2.74	\$2.69	\$3.58	\$2.74	\$3.06	\$3.86	\$2.39	\$2.90
Reduced yield, bushel-----	55	50	32	31	28	20	25	20	14	47	32.2

¹ Estimate figured on actual farm. Program is so complicated that diversion must be figured on individual farms.

I would like to point out to you a few of the recommendations and assumptions printed in the "Food and Fiber for the Future" in 1967 which would coincide with the new farm proposals:

FOOD AND FIBER

The Commission recommends that price supports be set at modestly below the average of world market prices. Price supports should be set 5 to 10 percent below a moving average of world prices. The report continues: a long-term downward trend in the market demand and price of a commodity suggests that resources used to produce that commodity should be shifted to some other commodity or out of agriculture production. It is in the national interest as well as the interest of farmers not to interfere with such market signals.

Summary of draft legislation (new farm proposals): Loans would be established at 80 to 95 percent of a moving average of market prices.

FOOD AND FIBER

The majority of the Commission recommends that the Department of Agriculture study the possibility of varying payments partly on the basis of level of individual farm income to accomplish the purposes of voluntary supply adjustment programs at minimum cost and without undue subsidy to large businesses. The parity price concept be supplanted as a device for measuring and evaluating changes in net farm income. The Commission further recommends that a new concept of parity income for farmers be developed and put into use, taking into consideration changes of productivity. This concept should be predicated on the idea of comparing the return to labor, capital, and management used in farm production with the return on such resources used in other parts of the economy.

NEW FARM PROPOSAL

The Secretary shall provide for the issuance of marketing certificates whose value shall be in such amount as the Secretary determines fair and reasonable taking into consideration farm income, a farm price target, and so forth. Thus, the value of certificates has been "divorced" from parity and left up to the Secretary's determination.

FOOD AND FIBER

The Commission recommends that payments be made so as not to increase additional production, and also that setting bases once and for all would counteract this tendency.

NEW FARM PROPOSAL

Yields per farm would be established as of 1967, 1968, and 1969. Provision is made for adjusting yields for abnormal factors during these particular years, but the yields used as the basis for payments are frozen at levels determined for the indicated years.

FOOD AND FIBER

The Commission recommends that the United States gradually reduce and eliminate the use of export certificates and substitute other methods for meeting the income needs of U.S. farmers.

NEW FARM PROPOSAL

Under the new program the export certificate program would be discontinued. There is no provision for a substitute for meeting the income needs of farmers.

FOOD AND FIBER

The Commission says that consideration should be given to the limitation of payments for the largest farm businesses. In a footnote, three members of the Commission, including the two representatives of organized labor, urged a "cut-off" now, with a maximum dollar limit put on Government payments to any farm enterprise. A variable payment graduated downward as total production increased would be a reasonable alternative.

NEW FARM PROPOSAL

The new legislation offers four different options for payment limitation including a flat "cut-off", a very gently graduated, a more steeply graduated, and a proposal "originating in the Department which would apply the limitation only to the part representing income supplement."

The last option was not spelled out, but the term income supplement is used in the "Food and Fiber" report on pages 95 and 96. The whole concept of income supplement is spelled out very articulately, and every Congressman should read it. An interesting sentence in this section describing this concept follows: "Income protection in agriculture as in other sectors of our society, should be extended to the individual rather than property. Toward this end, the concept of 'temporary income supplements' is proposed." Karl Marx also believed that income should go to labor rather than land.

In conclusion since time does not permit fuller discussion, I would like to state some of the common assumptions often used against farm programs and the farming industry which I believe are untrue and which, if given the opportunity to do so, I believe I can substantiate as untrue:

1. High commodity support prices cause surpluses to accumulate.
2. Parity is no longer a true measure of the economic condition of our agricultural system.
3. Wheat yields with the development of new high yielding varieties with better equipment and know-how will continue as they have in the last 100 years. I believe the ERS computer as programed are about 10 to 15 years behind since in many areas we have reached a plateau of wheat yields and any rise will only evolve as a few remaining farmers adopt the new production practices or as more land is brought under irrigation or because of the taking out of production of vast low-producing areas. Thus, farmers unit costs will not be lowered by increase in yield, but costs of inputs will rise due to inflation.
4. Figures used by the Department to show the appreciation of farmland values in the United States are based on all land used for real estate acquisition, irrigation development, recreational uses, et cetera, and do not coincide with the appreciation of the average 30 bushel wheat land in the United States which has barely kept up with the deflated value of the dollar.
5. I do not believe a farm program can be developed which will discourage the American farmers from trying to obtain maximum wheat yields where possible unless they are subjected to a program that they know would limit their effort to become solvent by price limitations, in come adjustment programs, freezing of yields and other methods to stabilize their income regardless of supply and demand or unless they are subjected to programs where they could never obtain ownership of their land.
6. I do not believe you can develop a farm program which would stop or reverse the appreciation of farmland values if that land is producing raw commodity whether it is from oil exploitation, real estate development, timber, or mining unless that land is under a communistic system of government. Our Government expects extra compensation from federally owned land which has become valuable

because of mineral discoveries. Some economists maintain that appreciation of land values has been one of the most important equity benefits to the producer who continues to hold his land.²

7. I do not believe the authors of the new farm programs are as concerned about surpluses of wheat as they are about a constant, adequate supply of low priced wheat for future needs.

8. I do not believe there is a surplus of manpower and land in agriculture.

1. I do believe we have the most efficient system of agriculture in the world with fewer producers and cheaper food (16.5 percent of disposable income goes for food and even adding all the subsidies for agriculture only totals 17 percent).

2. I believe that the subsidy program is a bargain for the taxpayers when agriculture, which is the largest industry in the United States, receives only .5 percent of the subsidies paid by the Government. (Propaganda put out makes the consumer believe that agriculture is the most subsidized of all).

3. I believe that if the proposed program were enacted and implemented that:

(a) Many in low yielding wheat areas where size alone cuts the cost of production would be forced by limits on payments into involuntary land retirement programs without payment.

(b) Since payments and prices would be frozen within a target area which would probably be below the cost of production, many efficient farmers would be forced out of business.

(c) If young efficient farmers realize what is planned for their future they would take their capital and know-how out of agriculture.

4. I believe that Congress and the President will have to work together on a bipartisan basis if they want to retain control of farm policy. According to Neustadt, "While the President and Congress fight over who is to control them, the great executive agencies tend to escape control by both."³

5. I believe that the "synthetic" studies done by the ERS do not show the real costs of production. They should be done on equal studies on real farms. (As for example, Bulletin EM 2960, August 1968, done by the extension Service in Grant County, Wash.) These studies are so accurate they are used by farmers and processors to determine price. I further believe that cost studies used for this purpose by any government agency, whether originating from the ERS or the universities, should list any financial contributors to the study. The economists doing the study should also make public any prior fees or monetary considerations of any nature which could slant the studies to the benefit of either party.

6. I believe that if the wheat producing industry was in as good shape as the studies by the ERS show that insurance companies and other traditional financiers of agriculture would continue to do so. A study done by Iowa State University suggests that the total value of capital employed in agriculture will increase by 35 to 40 percent by 1980.⁴ Why then would Mr. Janke, Governor of Farm Credit Administration in Washington, D.C., predict a rise in farm debt from

² Cochrane, Willard W., "The City Man's Guide to the Farm Problem," University of Minnesota Press, Minneapolis 1965, p. 66.

³ "Food and Fiber in the Nation's Politics, 1967," p. 17.

⁴ "Food and Fiber Report, 1967," p. 140.

\$50 billion to \$150 billion by 1980? He also said that Federal farm agencies will have to increase their share because other private lenders will make more elsewhere. I was told by an exbank official that insurance companies who loaned farmers heavily on land were "burned" by the last farm depression when farmers could not repay loans, and were reluctant to invest in an uncertain future.

7. And finally, the food and fiber report states:

The overall goal of agricultural policy, as of all national policy, is to make the greatest possible contribution to national welfare. We seek a long-range policy for agriculture which will assure the Nation an abundant supply of food and fiber to meet domestic and foreign demand. We seek to achieve this production with the most efficient use of resources—in the belief that this is the best way to provide the highest standard of living for all of our citizens. We believe departures from most efficient use must be evaluated in terms of their probable cost and social benefits.

With that goal in mind, I believe that in order to keep a healthy agricultural industry we should lower support rates and make up the difference with increased domestic and export certificates without freezing yields or limiting payments and with a blend price equal to parity—period. Then by 1980 or after, Congress will be assured of having the finest farmers to produce the amount of food they may need for this Nation and the world.

Thank you very much.

Mr. PURCELL. Thank you very much, Mr. Zimmerman.

Mr. Montgomery, do you have any questions?

Mr. MONTGOMERY. Mr. Chairman, thank you.

I would like to commend the gentleman for his detailed and informative report to this committee. I was digging around in my portfolio here and I came across this group of papers. Can you explain it to me? (Indicating.)

Mr. ZIMMERMAN. The reason I inserted this is because in Mr. Jaenke's statement he said that in order to finance agriculture that they would have to either institute new Government lending agencies or they would have to rely more—he did not say this, excuse me—but he did say they would have to depend more on the present farm agencies that we have.

In the food and fiber report they said the National Farmers Home Administration would have to carry a heavier load as far as financing agriculture on the larger farms.

Now, I have a man that works for me on my farm, and this man is a very poor credit risk. He has never been able to pay his bills. But he was able to go down and borrow \$8,000 from the Farmers Home Administration to buy some cows. You will see on the second page it says he has an operating loan, which he assumed was an operating loan. So that they also loaned him enough money to buy a wagon to put behind the combine to cut the straw. So we dumped a lot of straw for him, free of charge, and so he had to use my truck and he had to rent a tractor from a neighbor to pick up the straw.

When he came back I said that I felt it was only fair that he pay for the gas. He said sure, and he said "But I can't pay it out of my check."

He said, "I will write you a check on this operating loan." Which is the way it works, if the farmer has to write a check, they send it 60 miles down to their agency, the check is countersigned and then

sent back. So this is what happened, and they said they would not pay that \$60 gas fee because it was not in his agreement.

Now, he said, "Well, now, I have these cows and I do not have enough hay." He said, "I have to buy some hay for the cows; where am I going to get money to buy the hay."

He said, "I am sorry, but it is not in your operating loan and we cannot loan you money to buy the hay."

So he said, "Well, what am I supposed to do?"

He said, "You will have to find some money some other place."

Now, in order to get a loan from this company, this Farmers Home Administration, you have to be turned down by other sources of credit. So this man cannot get financing anywhere. I mean, he is at the point he cannot.

So one of my neighbors said, "Well, it looks to me like the Government is going to end up with a lot of dead cows." Of course, he can sell them. He also asked them if he could get a check to pay a veterinarian to come out and check on the cows. They said, "No, it is not in the operating loan." That cow died.

My point is that if we get into a system where we have this kind of a system to finance our efficient farmers, I would never survive. I have to be able to make decisions to finance my operation by the hour. I could not take the delay necessary to revise a program or some kind of a system in order to get long-range credit to operate efficiently. It just would not be possible. And not any of the other efficient farmers in my area that borrow from private sources could do it.

This is why I included it. The Farmers Home Administration has a lot of good qualities, they have done a lot of good things, they have started a lot of farmers, helped a lot of farmers, and I am not trying to discredit this agency. The only point I am making is it would be very difficult for an efficient operator to operate under this kind of a system. Absolutely impossible. That is why I had it included in there.

Mr. MONTGOMERY. Thank you very much.

No other questions, Mr. Chairman.

Mr. PURCELL. Mrs. May.

Mrs. MAY. I have been over some of this testimony with Mr. Zimmerman before, and I think that probably the greatest contribution he has made here is to raise what, as we study his testimony and his background facts, could be very valid questions. Any program we work on in this committee, and the Administration works on, must have good sound reliable statistics on which to reach their conclusions.

I cannot say at this point, Mr. Zimmerman, as I told you yesterday, how heavily the Administration, and those that are working with us in fashioning our new approach to the farm program, are depending on figures from the latest ERS report or the Food and Fiber Commission. We will find that out and should find that out, though it may be that they, themselves, are already aware that there are discrepancies.

You have raised a number of relevant questions here, and in that way have made a good contribution. I might ask you this question: You, of course, have confined your studies and analyses of the Food and Fiber Commission's report and other bulletins to the part of the country that you know well.

Mr. ZIMMERMAN. Yes, ma'am.

Mrs. MAY. Have you had any indication that the same discrepancies of figures might exist in other parts of the country where they have done similar studies on wheat producing land?

Mr. ZIMMERMAN. Honestly, I will have to answer "No."

Mrs. MAY. What you are saying then is if these figures can be discredited, or questions raised about them on restudy by either economists that you have talked to, or yourself, then it is quite possible that there are other areas in error throughout the country?

Mr. ZIMMERMAN. There is a bulletin that was put out by Washington State Experiment Station and it said that while this one study was being done, this study is part of a much larger one conducted cooperatively throughout the Western Great Plains States. In order for similar results to be comparable from all States and lend themselves to a comparison, this analysis was conducted by the Kansas City based prize grade of wheat and feed grains, and for this reason—and so on and so forth. This was related to Dr. Whittlesey's studies. So that is the only thing, it is possible that the other studies could be wrong.

But I have not examined the other studies and so I could not tell you whether they are incorrect, or not.

Mrs. MAY. Thank you very much.

That is all, Mr. Chairman.

Mr. PURCELL. Mr. Foley.

Mr. FOLEY. Mr. Chairman, I just want to belatedly welcome Mr. and Mrs. Zimmerman to the committee. I was unable to be here earlier because of another committee responsibility but I have, of course, read Mr. Zimmerman's testimony, in advance, and I share Mrs. May's feeling that it raises some very important questions for the future consideration of this committee.

I think that in all of the economic studies that we review we must be careful that the statistics accurately reflect operating realities and we must have the testimony of efficient farmers like Mr. and Mrs. Zimmerman, who I can assure the committee are among the most efficient farmers in our entire region. I am very happy to at least have had the opportunity to present these views to the committee.

Mr. PURCELL. Mr. Zwach.

Mr. ZWACH. Mr. Chairman, I want to commend Mr. and Mrs. Zimmerman for the presentation. And, Mr. Chairman, I think they portray and indicate that producers, themselves, are beginning to spend more of their time in the area of price and distribution, and not their entire time and effort in the area of production.

I am just happy to see a producer, himself, spending evening hours and perhaps in my area it would be rainy days, and Sundays, working in these other very significant areas, if producers are going to survive, they must spend more of their time and effort and money in these other areas.

I just want to commend them. That is all, Mr. Chairman.

Mr. PURCELL. Mr. Jones.

Mr. JONES. No questions, Mr. Chairman. Thank you.

Mr. PURCELL. Mr. Sebelius.

Mr. SEBELIUS. I would like to commend Mr. and Mrs. Zimmerman for their efforts here. I know a lot of time was involved in what they

have prepared and brought to us. I especially am impressed with their final paragraph.

I have no questions, Mr. Chairman.

Mr. PURCELL. Dr. Melcher.

Mr. MELCHER. Thank you, Mr. Chairman.

Mr. Zimmerman, on page 13, on the 1970 crop year, you project a cost in your area of \$2.92 per bushel. Is that correct?

Mr. ZIMMERMAN. Yes.

Mr. MELCHER. What will make up the difference between that projected cost and the amount that you really anticipate getting for 1970 crops? You are projecting a loss for yourself, are you not?

Mr. ZIMMERMAN. That is absolutely right.

Mr. MELCHER. It will take up that loss, will it be increased debt, or increased value of your land? Do you own your own land?

Mr. ZIMMERMAN. We farm approximately 4,000 acres and we have, I think, six landlords. We have about 3,600 acres, crop acres that we farm. We are in a very low rainfall area but we have produced a very high yield for that area.

But the question you ask me, during the 22 years I have farmed, I have been able to build up a little equity in some land and machinery, and the first thing that happens when I go down to the banker, and I tell him I have to have so much to finance my operation and if I cannot pay him back that year, then he wants a chattel mortgage on my machinery, that I own. Then in the next year he wants a mortgage on my land, and after that, if it does not look like I can make it, he says that I should quit farming and go into some other business. This is what is happening.

Now, it happens just "bing," just either 2 or 3 years. You cannot definitely finance any business.

Mr. MELCHER. For the 1970 crop, the next crop year, you are projecting higher cost and to make up that difference, you are projecting a greater debt for yourself?

Mr. ZIMMERMAN. That is true.

Mr. MELCHER. And you mentioned that you had been farming for 22 years. Do I assume that you are around 40 years of age?

Mr. ZIMMERMAN. I was born in 1925—44.

Mr. MELCHER. You are 44. I note that the average age of farmers and ranchers throughout the Nation now is 53 years of age, and this brings me to this point, that your projection for the immediate future leaves very little opportunity for young men to get into agriculture, then.

Mr. ZIMMERMAN. Well, it is very difficult because of the financing situation. Of course, the high interest rate, and the only thing that they can take over is a family farm. This is a good point.

I have got a friend who is 19 years old. He is very intelligent and he runs the combines and does all of the field work with me, and he likes to farm. One day I said to him, I said, "Patrick, if I should die, would you take over this farm and run it?"

He said, "Are you kidding?" He said, "I can make money, way better money other places." He said, "You have to worry about the weather, you have to worry about the Government." He said, "I wouldn't consider it."

Mr. MELCHER. I think that is regrettable.

Mr. ZIMMERMAN. I think it is regrettable, too.

Mr. MELCHER. You do ask for a lower loan rate; is that your recommendation?

May I ask you what your loan rate is in your area?

Mrs. ZIMMERMAN. \$1.16.

Mr. MELCHER. Ours is Montana averages about \$1.07 or \$1.08.

Many of our producers feel that the loan rate tends to set the market. Do you feel that the lower loan rates will work to that effect, in other words, to lower the price?

Mr. ZIMMERMAN. There is no question about it. It will lower the price of wheat. It always lowers the price of wheat unless, of course, there is a shortage of wheat. And then, like when I was president of the Wheat Growers in 1967, it was a very interesting situation, because we had the lowest level of wheat, white wheat in the Pacific Northwest at that particular time. I had to give a talk at Spokane, and the wheat was about \$1.30, and at that time it was the lowest it had been and our supplies were at the lowest.

So the price started climbing, but just as soon as the Department announced the 15 percent increase, the price dropped right back down again.

There are all kinds of factors that affect the price of wheat, but a lower loan rate does have a tendency unless there is a shortage of supply and it is not controlled.

Mr. MELCHER. Mr. Chairman, there is one thing I would like to point out about the testimony of Mr. and Mrs. Zimmerman. This is a farm wife from a farm family that is helping their family and their area, who is testifying before us. I think this is a point we should take note of. I know that farm and ranch wives perform a very valuable function as hired hands truly, in the operation, and they do drive the trucks.

Would you tell us, for the record, Mrs. Zimmerman, what size truck you drive?

Mrs. ZIMMERMAN. Well, actually, since my daughter has gotten old enough, I have gone back to the kitchen. But it is a 2-ton truck. She is a college girl and that is the way she earns her way through college. She drives it.

Mr. MELCHER. How much does it haul? How many tons?

Mrs. ZIMMERMAN. How many tons?

Mr. ZIMMERMAN. That truck hauls 300 bushels and that is a lot of truck for a girl to drive.

Mr. MELCHER. That is a 2-ton truck with a 90-pound driver.

Mr. ZIMMERMAN. That is right.

Mr. MELCHER. Thank you. I think that is very fine testimony. I think it is a great tribute to the farm and ranch wives of America to have one of them speaking up for themselves and for agriculture before this committee.

Thank you, Mr. Chairman.

Mr. PURCELL. Thank you very much, Mr. and Mrs. Zimmerman. We appreciate your testimony. We could spend a long time with you. There are questions that have been brought up in your testimony, and I think you have done a good job, but in the interest of time we must move along.

Mrs. MAY. Mr. Chairman, I would like to make just one comment, come to think of it. We arranged for Mr. and Mrs. Zimmerman to

speak to the Department. I have not talked to them since then, but as I understand, you were able to present to the Department of Agriculture yesterday the conclusions of this study and raise the question on the validity of figures in both the ERS report and the Food and Fiber Commission; am I correct, Bob?

Mr. ZIMMERMAN. Yes, you are.

Mrs. MAY. Thank you.

Mr. ZIMMERMAN. Thank you for the opportunity of appearing.

Mr. PURCELL. Thank you.

At this time, I think we are particularly honored in welcoming Dr. John Schnittker back before us. Dr. Schnittker was the former Under Secretary of Agriculture. He returned to the academic world. I hope his freedom has not let him forget those things we taught him here so well. Of course, sometimes he is a little independent in his thinking.

So we welcome you very much being here, Dr. Schnittker, and will be glad to hear your statement at this time.

**STATEMENT OF DR. JOHN A. SCHNITTKER, DEPARTMENT OF ECONOMICS, KANSAS STATE UNIVERSITY, MANHATTAN, KANS.—
(FORMER UNDER SECRETARY OF AGRICULTURE)**

Dr. SCHNITTKER. Thank you, Mr. Chairman. I do appreciate the invitation to appear before the subcommittee.

I speak only for myself today, not for any institution or association. I hope I can contribute to constructive long-range programs to strengthen agriculture in the United States, and to a pattern of Federal spending which distinguishes between higher and lower priority by public programs.

My prepared statement will add only a little to what you have already heard. I will proceed by first giving some general views, and then by commenting on the administration drafts and farm organization proposals advanced so far. I hope I can help the Committee on Agriculture steer a steady course among the wide-ranging and conflicting recommendations you have before you.

The principal objectives of agricultural price and income support and production adjustment policies and programs are to stabilize the agricultural economy, to benefit those who produce and market agricultural products, and to help insure an adequate and reasonably priced food supply. In the early years of modern farm policy, there was an element of truth to the rhetoric which said that farm programs were needed to help or even to save the small family farmer. This meant most farmers in the 1930's. It is different today. The United States counts 3 million farms in the census but only 1 million of them are serious producers and major beneficiaries of farm programs.

This is increasingly obvious, but still not fully acceptable politically. Conventional farm programs can seldom help persons on small farms get the better life they want.

Commodity-oriented agricultural policy must be designed principally for full-time farmers. But we also need people-oriented programs. Only if we understand the need for both can we design and finance future farm policies in harmony with national priorities.

We must look at Federal farm policies in long-term perspective if we are to understand their place in the economy. The present debate over price stabilization, production control, and income support programs is only one step in a long transition from an agriculture of 7 million farms in an economy dominated by depression, to an increasingly concentrated agriculture in an economy characterized by growth and stability.

This debate is also one step in the transition from policies which priced our major agricultural commodities out of world markets and built record surplus stocks by 1961.

Agricultural legislation underwent major revision in the 1960's. New provisions were designed principally to liquidate existing surpluses, and to break away from the unworkable minimum acreage allotments and rigid price support formulas carried over from 1938-60. The key features of the Agricultural Act of 1965 were a system of direct payments coupled with price support formulas linking feed grains, wheat, and cotton to world markets, and effective acreage control programs. Direct payments replaced so-called high price supports, and voluntary acreage diversion programs replaced—in some cases supplemented—the old system of acreage allotments. These principles from the 1965 act should serve as building blocks for future commodity stabilization programs, and I am pleased to find that all three major alternative approaches presented to the full committee would preserve some of them.

My general views on farm policy changes from 1970 were given in detail at a conference at Iowa State University in May of this year, and in an article in the August 1969 Atlantic Monthly.

With the chairman's permission, I will submit these articles for the record, and summarize briefly.

Mr. PURCELL. You have in mind putting all of these articles in the record, to be made a part of the official record?

Mr. SCHNITTKER. If it is appropriate, sir.

Mr. PURCELL. Would it be satisfactory if you just filed those articles with the committee and made reference in the record to the fact that they are here?

In that way we will have access to them but not, frankly, pay for printing of them in the record that way.

Dr. SCHNITTKER. That will be fine with me.

Mr. PURCELL. All right, thank you.

Dr. SCHNITTKER. The feed grain program in the 1965 act is an excellent piece of legislation. It is flexible both in respect to price support and payment levels. It gives the Secretary of Agriculture broad discretion to administer the program. It has succeeded beyond all expectations.

Feed grain payments under this act were set at levels which encouraged just enough farmers to participate to reduce the stored surplus and later to gear annual crops to current needs.

This is the right kind of payment formula. At present price support levels, the existing framework would permit continued surplus-free stabilization in the 1970's with annual Federal expenditures ranging upward from the current \$1.5 to \$1.75 billion levels, to well over \$2 billion per year later on if yields rise faster than use, as expected.

However, if program costs are to be stabilized or reduced, price supports would have to be reduced by the Secretary of Agriculture.

Amendments are needed, however. For example, the 1959-60 base for feed grain acreages and conserving acreages on individual farms is out of date, and should be changed.

I continue to believe that the 1965 wheat program was a constructive change from the previous approach. Wheat is now priced as a feed grain; wheat and feed grain acreages are interchangeable on the farm; the amount of wheat produced beyond domestic food needs is supported at world prices; the Secretary of Agriculture has broad discretion in administering the program.

All these features should be continued, except insofar as they can be improved to add to farmer income, increase flexibility on the farm and equity among producers, or to lead to expanded markets.

The certificates or payment formula in the wheat program provides total payments to producers roughly 50 percent greater than required to hold acreage and production in check over the long run.

This payment formula was adopted in 1965 together with the so-called Ellender amendment for cotton. The latter provides total cotton payments one-half to two-thirds greater than would be required to hold surpluses in check. Both these formulas should be carefully examined by the Congress in the interest of equity among farmers and the allocation of Federal money to other programs.

I am not sure I should comment directly on other commodities before this subcommittee. Yet all these programs are related so I want to add a word on cotton.

Of the programs for major commodities, the cotton program is most in need of amendment from the standpoint of equity among commodity producers, flexibility on the farm, and total costs.

The payment level is excessive if not exorbitant, and should be reduced sharply; cotton payments should be computed only on a domestic allotment; acreage allotments are rigid, in contrast to the producer flexibility available on feed grain and wheat farms, and should be phased out.

My views on payment limits are well known. The details appear in the two papers that I have submitted to the committee.

I strongly urge this subcommittee to act to limit farm program payments to \$5,000 per program or \$10,000 per farm.

At this point I would like to call to the attention of the committee, but not necessarily for the record, the November 6 study by the Legislative Reference Service of the Library of Congress, recently issued with the newest information on payments limitation effects and a summary of all of the payment limitation proposals that have been put before the country and the Congress so far.

ADMINISTRATION DRAFT PROPOSALS

I have no way of knowing what the administration will propose to the Congress, or what it will fight for. The skeleton presented so far builds on the 1965 act, and includes some sensible changes.

The program would not have a terminal date.

Distinctions between wheat and feed grains, already minimized by the "substitution clause," and by price support formulas linking all the grains together, would be further reduced. The cotton program would utilize features, like payments on domestically used cotton only,

and greater producer flexibility, already proved in the feed grains and wheat programs.

Payment and acreage formulas would give the Secretary broad discretion.

Price supports would be based on recent market prices, and not on parity.

Wheat, feed grains, and soybeans are closely related, both on the farm and in the market. If price support levels for the three groups of products are kept in balance, somewhat greater flexibility of land use may be achieved through the proposed set-aside, without serious risk of surpluses.

The cotton program should be similar to the grain programs in this respect. Cotton has some hard problems, like competition with man-made fibers. But cotton does not require special arrangements. I view with some concern the suggestion that cotton should be treated apart from the grains.

I know that it is difficult for Congress to give the executive branch broad discretion in commodity programs. I would not be surprised if members of this subcommittee consider the administration's drafts too discretionary. Adequate executive discretion can make programs effective; rigid acreage and price support formulas are inappropriate for today's agricultural economy.

Price support levels should be set near current and expected market prices. This can be done with a formula based on parity if the Secretary has adequate discretion. It can also be done with a formula based on recent domestic and/or world prices.

I am for parity as a concept; parity is equity. For a price support formula, however, I prefer the other approach, which was supported by the previous administration, and has actually been in use for some years for cotton, feed grains, and wheat.

We are planning for the past instead of the future if we insist on price supports at parity. We mislead ourselves when we say that we base price supports on parity, and then set actual support levels at 44 or 55 percent of parity. I urge the Congress to move toward the concept of parity income as spelled out in the 1967 report to the Congress, and to phase out parity prices as a standard for price supports.

FARM ORGANIZATION PROPOSALS

My opening remarks and the references to the administration's draft bills have also given you my general views on two proposals made by farm organizations.

One bill features a 5-year formula for a transition to long-term land retirement. It will not work, in my opinion. First, the struggle waged 20 years ago over formulas for reducing price supports convinced me that rigid formulas do not work.

Second, long-term land retirement is a useful and efficient supplement but not a replacement for annual programs. I favor a long-term program, and had something to do with developing the cropland adjustment program.

Long-term contracts should be expanded and annual diversion programs reduced in size over time. But long-term contracts alone are

not enough. Authority for annual diversion or for a set-aside should be continued for a time.

The other comprehensive bill before the committee has many good features arising principally out of the 1965 act. These will be apparent from my previous remarks. It includes, however, a number of provisions not referred to above which lack merit as long-range agricultural legislation and would be wasteful of public funds.

These provisions would set a minimum loan rate and minimum total price support for grains, establish an export payment for wheat, and inaugurate a minimum price support level and an acreage diversion program for oilseeds.

There is no justification for raising feed grain price support levels, and good reason not to do so. At present prices, we must remove 25 percent of our acreage from production each year, at an annual cost approaching \$2 billion in order to avoid a surplus. With higher prices guaranteed, more land would be set aside, at much higher costs. No one should seriously consider increasing the incentive to expand grain production in such circumstances.

For wheat, the concept of an export certificate is contradictory to the excellent guiding principle of the wheat used for food, and to produce wheat for export and feed at competitive world and feed grain prices. Enactment of a payment to farmers on export wheat would be a serious setback.

It would also be a mistake to establish an acreage diversion program for soybeans. Soybean production responds indirectly to the feed grain program and to relative prices of corn and soybeans. Soybean utilization responds directly to price changes. Nothing more is needed, except careful executive action each year in setting the soybean price support level in relation to grains and to world oilseed prices and conditions.

The extra annual cost of perhaps \$500 million for feed grains, up to \$400 million for wheat export payments, and \$600 million for soybean payments, is unconscionable when one considers the distribution of farm program benefits and the clear need for greater funding of many programs.

These are my views, Mr. Chairman, on the central issues before this subcommittee, and on some related questions. I know there are aspects of various bills before you which I have not mentioned, notably for references on some of the bills to rice, to the commodity reserve, and to milk, but I have left those out because they were not the primary business before this subcommittee.

Thank you.

Mr. PURCELL. Thank you very much, Dr. Schnittker.

Mr. Foley, do you have questions at this time?

Mr. FOLEY. I will reserve them at this time.

Mr. PURCELL. Mrs. May.

Mrs. MAY. Not at this time.

Mr. PURCELL. Thank you. You have made it so complicated they are still studying it.

Mr. Jones, do you have questions?

Mr. JONES. No questions.

Mr. PURCELL. Mr. Zwach?

Mr. ZWACH. No questions.

Mr. PURCELL. Mr. Sebelius?

Mr. SEBELIUS. No questions.

Mr. PURCELL. Dr. Melcher will always accommodate us.

Mr. MELCHER. Dr. Schnittker, you mentioned \$400 million for wheat export payments. Am I to assume you are projecting a figure then of between 600 and 700 million bushels exported?

Dr. SCHNITTKER. Approximately that, although in the bill there is a reference to payments on 40 percent of the production on the acreage allotment. I took a billion and a half bushel crop, 40 percent of that is 600 million bushels. So that would be the amount on which payments would be computed but not necessarily the total amount of exports. It would be possible if exports would be on that to have some on which there were no payments.

Mr. MELCHER. Then, you mention in your testimony the interrelationship of feed grains and soybeans and yet you project, assuming you did have a soybean diversion program of 600 million additional cost, a \$500 million additional cost for feed grains. Is that correct?

Dr. SCHNITTKER. Yes. Assuming that the diversion program were placed in effect for soybeans.

Mr. MELCHER. Yes; assuming that it were. But in your testimony you mentioned the interrelationship of the two. Do you think there would be such an increase in both programs?

Dr. SCHNITTKER. It is possible, I think that the feed grain program is implicitly carrying some of the costs of holding soybean acreage in line at the present time. This could be some substitution between the increased cost for feed grains and for soybeans.

Mr. MELCHER. In other words, the combined total of \$600 and \$500 million, \$1.1 billion may be a little high?

Dr. SCHNITTKER. I agree it could be a little high.

Mr. MELCHER. Thank you.

Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Sebelius.

Mr. SEBELIUS. Mr. Chairman. I would just like to commend Dr. Schnittker for his able presentation here, and his evaluation of what we have now and what has been proposed both by the administration and the coalition.

I would just state that the doctor has stayed very active in the field, even though he has returned to the academic realm. I had the pleasure of observing him participating in the World Symposium on Food and Hunger in Manhattan a week ago last Sunday, and he is working hard with the problems we deal with here on another level at the university.

Good to have you, Doctor.

Mr. FOLEY. Mr. Chairman, I would certainly like to join in congratulating Dr. Schnittker on his testimony, although I do not want to underwrite everything he said.

I do think he has always provided a most useful and informative base of information for consideration by the subcommittee. Of the many things you raised, Dr. Schnittker, I want to dwell for a moment on one, and that is your remark concerning payment limitations. I see in your testimony that you suggest a payment limitation of \$5,000 per program or \$10,000 per farm.

I assume you mean that to apply across the board, regardless of commodity involved; is that correct?

Dr. SCHNITTKER. Yes, I do mean that. I think in the article in the Atlantic Monthly in August of this year, which some of you may have seen, I suggested that strategically wool and sugar might be left behind at first, but that is apart from the principle. I believe that payment limitations ought to be across the board, including wheat, feed grains, cotton, wool, and sugar, and any other commodities that we happen to have payments, which I have forgotten about.

Mr. FOLEY. Would you indicate to the committee what you think the effects of payments limitations of that character would have in the wheat and seed grain program, in particular?

Dr. SCHNITTKER. Yes. In wheat and feed grains payments of this level would affect the very, very small percentage of the farmers. I do not have the numbers before me, but it is down in the area of 2 or 3 percent. A payments limitation at about \$5,000 per program would be in effect approximately \$10,000 per farm on many, many wheat and feed grain farms, since many of them have approximately equal acreages of the two kinds of grain.

There would be almost no effect on production adjustment in these areas. So few of the farmers and a relatively small fraction of the acreage would be affected so that there is, to my opinion, absolutely no risk of a serious surplus development as a result of payment limitations.

I feel the same thing is true of the cotton, but for different reasons.

As to the effect on farmers, those large farmers who would be directly affected by payment limitations, I think the effect in the longer run of 2 or 3 or 4 years would be, of course, to reduce the income stream and eventually to stabilize, possibly even decrease, asset values in the first year. I think that would be washed out after several years, and production could proceed very profitably, and I would even expect land values over time to continue to rise because of the increasing from both urban and agricultural uses for land.

Mr. FOLEY. In the interim period, would you expect larger land-owners, assuming the continuation of something like the present program, to refuse to cooperate on acreage limitations and plant largely increased acreage to whatever commodity is involved?

Dr. SCHNITTKER. I would not expect that. First of all, for the grains, only a little acreage would be affected, and if the cost situation is as tough on many farms as it is sometimes represented to be, one would not expect the farmers to plant any increased acreage. I think there would be some small increases in acreage, however, and this may have to be offset by slightly larger diversions on other farms.

If I may say a word on cotton, I think the cost situation in cotton is a very serious matter, and I believe that cotton producers, even those affected by payment limitation would not produce very much beyond their allotments. They would have better alternative ways of using their land.

Mr. FOLEY. If there would be increased acreage planted on the larger farms, and you say that required more stringent acreage limitations on the more moderate and smaller farms, would not the net result be a loss of income on those smaller and moderate farm operations?

Dr. SCHNITTKER. No, not under the voluntary program system where any acreage diversion is compensated for by payments. The payments under the feed grain program, for example, had been always computed

to give the farmer approximately the amount that he would have earned as net income, had he produced corn or sorghum or barley on that acreage. So if farmers, the great mass of farmers not affected by the payment limitations were asked to divert 2 percent more or 1 percent more, because a few of the larger farmers planted increased acreages, but would be compensated for by increased payments to them.

Mr. FOLEY. But would not the reduction in payments to the larger producers be partially washed out by increased costs to avert the acreage on the smaller farm?

Dr. SCHNITTKER. I think a very small part of it would be, but it is a little difficult to discuss payment limitations before a subcommittee for commodities which would be scarcely affected. Payment limitations under the present commodity programs are almost entirely applicable to cotton, to sugar, and, to a small extent, to wool. All wheat is also in the picture and feed grains are scarcely in it at all. Feed grain production is simply not concentrated on large farms. But, Mr. Congressman, there would be some tendency for the great mass of farmers, 97 or 98 percent of the farmers not affected by the limitation, to possibly have to divert a slightly larger acreage in some years, and they would get presumably slightly larger payments and this would use up some but only a small part of the savings resulting from the payment limitations on large farms.

This would be particularly evident in the cotton program where, by my own computations and by the Secretary of Agriculture's computations, two-thirds of the present payments in cotton are pure income supplement not required to secure adequate acreage diversion.

Mr. FOLEY. So in your judgment these suggested payment limitations would have little or no effect on feed grains, a moderate effect in wheat and a substantial effect in the cotton and sugar programs, and particularly in cotton?

Dr. SCHNITTKER. Yes, but not a substantial effect in shifting the location of production of cotton, or in leading to a surplus in the production of cotton, but a substantial impact upon those large growers who would be affected by the payment limitation in terms of their immediate current income stream, and the land values, their asset values, for the short run.

Mr. FOLEY. Thank you.

Mr. PURCELL. Mr. Lowenstein.

Mr. LOWENSTEIN. We are fortunate to have Dr Schnittker here with us today and I want to join in expressing my gratitude to him for his statement. I am sorry I did not hear it in full, but I have had a chance to read through it and it shows the depth of information and commitment to high purpose that we have come to expect from him. I am curious about the specific figure you chose as a payment limitation and the program to which it applies. Are there particular reasons that led you to decide on a limitation of \$5,000 to those programs you mentioned?

Dr. SCHNITTKER. Well, I have not been able to pick out any rule or principle for arriving at a figure for payment limitations. I think we spend too much money in some of these commodity programs, money which flows to very large, highly capitalized and generally high-income farmers. I think we should save a substantial amount of that money. So that is a kind of a rule.

Second, I do not believe that payment limitations should apply to most farms. If I thought they should, perhaps we should go down to \$1,000, but even payment limitations at \$1,000 per farm, which is approximately \$5,000 per commodity program, would affect only about 1.3 percent of the farmers.

This is on page 2 of the new Library of Congress study, a tabulation showing that from 98.7 percent of the farmers would be exempt from payment limitations and a \$10,000 per farm level.

I am impressed, Mr. Lowenstein, with the fact that a survey about a year ago indicated some 85 percent of the farmers favor payment limitation; a recent progressive farmer surveying the South indicated, I believe, that 78 percent of the southern or cotton farmers favored payment limitations. I am convinced that 95 percent of the American people favor a payment limitation that bites in, that is effective, in saving money in the Federal Treasury, money which could be better spent for other purposes. So I am for it.

Mr. LOWENSTEIN. That is a very helpful explanation. Those of us who feel there should be some limitation are struggling to figure out what would be the fairest way to arrive at limitations, and we are especially indebted to you for your thoughtful proposals and comments. Thank you.

Mr. PURCELL. Dr. Schnittker, my caution a while ago on the possibility you might have forgotten what we taught you, I think, has proven maybe you have not forgotten. I am trying hard to be funny; nobody appreciates it.

Dr. SCHNITTKER. Mr. Chairman—

Mr. PURCELL. Now, wait a minute, please. I would like to go into this matter further, right now.

Now, then, if in the feed grain and wheat area this limitation of payment affects so few people and has a little effect on the production side of it, in your judgment, what is so bad about continuing it then, if it does not have any more influence than that?

Dr. SCHNITTKER. Mr. Chairman, I think to put it in your terms, what is so bad about continuing unlimited payments, it is simply a matter of transferring an additional \$250 million or an additional \$500 million to very large farmers, farmers who typically have good incomes and who have good asset portfolios. I think that money could be better spent on some other Federal programs.

Mr. PURCELL. Well, I suppose we could all pick out things we are not in on, that we would rather fiddle with, but is there not some degree of equity and business fairness in paying these people for what, under the program, we require them to do and treat everyone alike?

Dr. SCHNITTKER. Everyone has his own concept of equity and fairness, and sometimes people's concepts do converge and overlap.

I do not see any equity at all, Mr. Chairman, in a \$4 million payment to a highly capitalized—

Mr. PURCELL. Wait a minute. I am talking about wheat and feed grain and you are not going to find any wheat farmer that has gotten any \$4 million.

Dr. SCHNITTKER. Perhaps a million, or half a million, or even \$250,000, Mr. Chairman.

Mr. PURCELL. There may be. I do not know what the figures show. There may be one somewhere.

Dr. SCHNITTKER. This, Mr. Chairman, is simply an income stream beyond the amount needed to prevent that farmer contributing to surpluses, and which adds eventually to his assets value. I think we have some obligation in this country to provide stabilization for regular, full-time family farmers. I do not think we have any obligation to support the land values of the Campbell Wheat Farming Corp., to cite a wheat growing farm in Montana, or the Garst corn interests in Iowa, or the Hoffman wheat farm in Colorado or Kansas, or the Boswell cotton interests in California, just to name some of the outstanding examples.

Mr. PURCELL. I thought you might name examples like that, but outside of those, which are purely incidental to a program that provides a kind of stability, provides to a degree an income that is not yet even what any other type investor would get from a like investment. It seems to me that although I certainly have no desire for these corporate-type farms you are mentioning to receive huge payments, and I wish there was some way we could keep all of the big ones from having to occur, I do have some desire to present equity to everybody. My definition of equity is rather simple, that is, treat everybody alike. And if they participate in an allotment to compensate them in the same way. Maybe this is a naive attitude and maybe my example is naive. But it seems to me that, while realizing these programs are voluntary, if they require the contribution of the use of the land—and I am sorry we have to live in the negative and get accused of letting people be hungry when we are not using all of our land but surely anyone who knows anything about our food situation knows there is an abundance of food at the cheapest that any country has it now, so I do not think that is a fair comparison.

But, getting back to the point, it seems to me just as simple as when a freeway goes through Kansas from Manhattan on west, that those landowners through whose land this thing goes are going to be paid in about the same ratio. If it is a city lot, it may be very valuable and would get paid big sums, but if it is a 10-acre patch of land and not very good, that land will be paid for at the value of that land.

But then if it goes through a large landowner's holdings, he is going to and should get paid about the same rate per acre as the small farmer next to him would get. The Government is getting more from the big landowner.

Now, is this just not a good comparison of these two situations?

Dr. SCHNITTKER. Well, I think there are some holes in the analogy, Mr. Chairman. The road could not be built any other way. In the case of the—

Mr. PURCELL. I do not think the wheat people would work in any other way, either.

Dr. SCHNITTKER. No, sir; I disagree with that.

Mr. PURCELL. I know you do, but I just want the other viewpoint to be reflected.

Dr. SCHNITTKER. If we can have a payment limitation which affects only 1.3 percent of the farmers, or one-half of 1 percent, if you want to say \$10,000 instead of \$5,000 per program, and not affect the operation of the wheat program in any significant and adverse way, and save \$250 million or \$500 million to be spent on programs which the American people and Congress consider higher priority that, to me, would be a great gain.

Mr. PURCELL. Well, the place I really argue with you about is that although I know it affects a very few farmers, and you could win an election on letting the other guy get relief, it seems to me that it does affect the percentage of payment this amount of money would represent. So I just cannot see how it would not affect the participation in the program.

And again, to me, it is an unfortunate necessity that those who are the bigger producers must be in the program, and if they are not paid in the same way other people are, I do not see why they are going to stay in. If they do not, they do not have anything to do but grow wheat from fence to fence, and they are going to, I think, throw the production off. I am not worrying about their welfare, I am worrying about the welfare of the general wheat producer, and I just think we have to treat them alike.

Dr. SCHNITTKER. Mr. Chairman, one of the payment limitation proposals that has been made would give the farmer affected by the payment limitation the opportunity to plant a greater acreage, an acreage that would be increased somewhat in proportion to the reduction in payment. This was spelled out, I think, in one case, in the administration draft, and also in the amendment presented by Senator Goodell in the Senate debate earlier this year.

I think this could be an equitable way to approach payment limitations, and again, I repeat, so little acreage in feed grains and wheat would be affected so that I would argue that the danger of increased surplus or the risk of sharply increased diversion burden on the other farms is minimized.

In cotton—I stop there, thank you.

Mr. PURCELL. Yes, you stay off cotton, that is their business.

Mr. FOLEY. Dr. Schnittker, it is not my intention to prolong the payment limitation discussion. I think whatever our feelings on this committee are about payment limitations philosophically, we all recognize there is very strong support for it in the Congress. This is evidenced by some recent votes which I think demonstrate pretty clearly that this is going to be an important issue to face when the bill reaches the floor, if not before.

I would like your comments on one area in particular. There are some large holdings in the United States that are participating in the program which are not owned by individual producers or by corporations, and are in effect public lands. The proceeds are pledged to public purposes. In my own State there are very large acreages of public lands which under our Constitution divert income to the benefit of the public schools.

In view of the fact that most of your support for payment limitations is based on feelings of social equity and the appropriate use of public funds, do you think there would be justification in exempting such public land domains from the restrictions of the payment limitation?

Dr. SCHNITTKER. I think it certainly ought to be considered, and not ruled out arbitrarily at the start. As you recall, public lands has been always considered and in some cases have had certain exemptions or certain exceptional rulings under the various programs. I think this could be very well considered.

Mr. PURCELL. Dr. Schnittker, I apologize for usurping as much time as I am, but I am not through with you yet.

Do you remember when we were worrying about the 150-acre exemption in the area of Ohio/Indiana/Illinois, something like that?

Well, while we were philosophizing, I do not remember whether your philosophy including thinking those exemptions were wise or not. Do you remember what you thought about that?

Dr. SCHNITTKER. I favored terminating the exemption in 1962 or 1963, treating those producers and their acreage as acreage history, so that they received then a small acreage allotment as the price of terminating the exemption for the future.

Mr. PURCELL. I remember when I used to get to go to the Department to try to be on the inner circle and meet with those that had some authority in the executive, we called a bushel of wheat a bushel of wheat whether it came from 15-acre places or some other place. Do you remember that?

Dr. SCHNITTKER. Yes, sir.

Mr. PURCELL. And we were very interested in getting the 15-acre boys in a program.

My point in bringing this up, it just seems to me that if there is this much money that can be saved by having a drastic reduction in the limitation of payment, that if our reasoning was valid then in worrying about a bushel of wheat that came from a noncommercial wheat producing area, offsetting a bushel of wheat that came from a commercial wheat producing area, I just cannot see how the philosophy now of disregarding what would happen to these big producers and saying that this would be unimportant, how the two sets of reasonings can be parallel or you can reach a conclusion, the conclusion you do with the worry and work that we put in on trying to lessen the amount of wheat that came from these 15-acre use producers.

Dr. SCHNITTKER. Well, Mr. Chairman, any farmer, any person who can get ahold of a piece of land today can produce wheat. Without price support, if he does not have an allotment, he will not receive any payments, if he does not have any wheat acreage allotments. Not many people are doing it. In short, we have an open-ended wheat production program today, and farmers who do not have wheat acreage history or allotment are not adding grossly to the wheat surplus. So I would not expect farmers affected by the payment limitation to add seriously to the production of wheat, leading potentially to an increased surplus.

Mr. PURCELL. I will quit at this point. But the only point I make there is people are talking now in the business of producing wheat. The bigger producers come basically from areas where they are pretty much a one-crop area, they do not come primarily from areas that can be in other types of crops, and so I do not see that they have any alternative. But as I said before, to protect themselves by getting as many units out as they can, hoping that they can offset the loss in price payment by just multiplying their units.

I do not know whether it will work or not, but I do not think they have any alternative.

Well, I do not think there is any use of taking up more time. Let me say in connection with what Mr. Foley said, I realize from a press standpoint we must be working toward a practical thorough study, on this price limitation problem; and I do not want you or the record

or those who write these things down to think that I am so impractical that I do not see reality. But I do think there could be a better way than just saying arbitrarily \$5,000 per commodity or \$10,000 per farm.

So while we are still in good humor, let us quit.

Dr. SCHNITTKER. Thank you, Mr. Chairman.

Mr. PURCELL. Any other questions?

Thank you very much.

Our next witness is Eugene Moos, president, Washington Association of Wheat Growers.

We have pretty much usurped your time. If you move with dispatch you can be heard pretty well at this time.

STATEMENT OF EUGENE MOOS, PRESIDENT, WASHINGTON ASSOCIATION OF WHEAT GROWERS

Mr. Moos. Thank you very much.

Mr. Chairman and members of the subcommittee, my name is Gene Moos. I am a wheatgrower from the State of Washington.

I would like to present testimony on behalf of the Washington Association of Wheat Growers, the organization I serve as president. Although the Washington Association of Wheat Growers is a relatively small association, some 3,600 members, it is with a great deal of pride that I point out that Washington Association of Wheat Growers is recognized as one of the most active and well-informed State agricultural commodity organizations in the United States.

We wish to express our appreciation to the members of the Livestock and Grains Subcommittee for this opportunity to express our viewpoints concerning new farm program legislation.

Speaking quite generally, the wheat producers in my State recognize that the basis of our economic problem lies in trying to overcome the effects of cost inflation by overproducing the market requirements of today, thereby contributing to weak prices and inadequate income.

This ability to overproduce makes it impossible for wheat to survive economically by the return from the marketplace alone. As a result of this dilemma, Washington Association of Wheat Growers supports the continuation of farm programs that are designed to stabilize production while maintaining adequate income to insure a viable agricultural economy.

Washington Association of Wheat Growers is well aware of the public disenchantment with farm programs and farm program costs. We understand the ever-increasing budgetary needs rising out of the problems of our complex society.

We believe that any new farm legislation must meet both the needs of agriculture and that of the national interest. We believe for the Congress of the United States to support the cost of new farm legislation, then this legislation must not only meet the criteria of stabilizing production and adequate farm income, it must also do it in a more effective manner than has been the case with past programs. To accomplish this requires that agricultural interests and administration interests must work closely with the House Agriculture Committee in the preparation of such legislation.

It is in this context that we offer our recommendations, feeling that the first step forward is the consensus of opinion of those vitally interested in the future of agriculture. After this has been accomplished, we can then concern ourselves with the task of soliciting approval on the floor of Congress.

The present policy of the Washington Association of Wheat Growers is the same as the National Association of Wheat Growers. We strongly urge the extension of an improved version of the present supply-management program as embodied in H.R. 14014, the so-called coalition farm bill.

This legislation most nearly meets the needs of the wheat industry as we see it. However, leaders in Congress and Government tell us there is little likelihood of this piece of legislation, in its entirety, receiving serious consideration. Because of this uncertainty about the future of H.R. 14014, we wish to be on record registering our recommendations on some of the specific points being proposed in the various farm program alternatives.

The following are the Washington Association of Wheat Growers recommendations—

1. Price support loan levels: We oppose any effort to establish loan values on the basis of a percentage of the moving average of the last 3 years' domestic market prices. We understand the need for support loans to be established at a level providing easy entry into export markets as well as into residual feed markets. But if any adjustment is necessary—it must be at fixed levels subject to the approval of the commodities affected.

2. Wheat certificate values: We oppose any effort to establish certificate values on any other basis except as the difference between support loan levels and 100 percent of parity.

The present parity concept of determining wheat certificate values is the only tool left to the wheat industry to prevent its economic lifeblood being drained away by inflation.

3. Diversion of set-aside requirements: We support the principle that these should be adjusted annually to provide the proper supply of food and fiber. We urge that all agricultural commodities supported by any new farm legislation make an equal and fair contribution to total production control through diversion or set-aside.

4. Voluntary diversion: We support the policy of additional payments to encourage voluntary diversion of cropland.

5. Freezing ASCS projected yields to fix the amount of money required for wheat certificates: We support this principle but object to using the production years of 1967, 1968, and 1969, as the only basis for determining these yields. To offset the weather abnormalities in some areas in the last few years, Washington Association of Wheat Growers urges the consideration of the optional method of using the highest yield assigned a particular farm since 1964 as shown by the local county ASC records.

6. Conserving-base adjustments: Because of the lack of uniformity in conserving-base adjustments over the last few years, annual cropping areas have experienced an unnatural advantage over the summer fallow areas.

In effect, the annual cropping areas have not made the same contribution to overall production control as have the summer fallow wheat areas.

Mr. Chairman, with your permission, I would like to make a further statement in this record. The conserving-base problem is further aggravated in my State because of loss of wheat base incurred as a result of the misinterpretation of the Anfuso amendment. Some effort should be made to correct this loss of the wheat base.

Furthermore, the overriding factor of 80 percent in the State of Washington has reduced the crop base, and conversely, increased conserving-base requirements.

For there to be any kind of equity in future production control, some sort of an adjustment must be made.

7. Maintaining wheat and feed grain bases: We recommend that there be no cross-compliance requirements in any new farm legislation.

8. Payment limitations: We oppose any type of payment limitation since this can only dilute the effectiveness of production control programs.

We do recognize that payment limitation is a very emotional issue nationally and that Congress may insist that some form of payment limitation be a part of any new legislation. In that event, we would consider a plan where payments in excess of \$20,000 would be limited on a graduated basis as being the least objectionable type of payment limitation. In any case where payment limitations affect a particular farm—the number of acres to be diverted or set aside should be correspondingly reduced.

And again, Mr. Chairman, with your permission, I would like to include the fact that the average Government payment for the summer fallow wheat farm in the Pacific Northwest in 1967 was \$6,723.

9. Land retirement: Washington Association of Wheat Growers supports the need for some type of limited land retirement program. We urge that the cropland adjustment program be funded to accomplish some land retirement.

10. Program simplicity: Washington Association of Wheat Growers is very concerned over new farm program proposals involving many annual variables as well as producer options. Farm programs with this built-in complexity do much to discourage producer understanding and support.

11. Farm program costs: Washington Association of Wheat Growers believes that farm programs should not be measured in terms of dollars alone. They should also be measured by the opportunity for agriculture to provide ample supplies of food and fiber as agriculture's contribution toward both national stability and national security. Measured in these terms, farm program costs subsidize the national interest rather than the interest of a select few in agriculture and they should be considered in this light.

In summary, the Washington Association of Wheat Growers supports those principles in farm programs that insure effective production control while maintaining adequate farm income. Evaluating new farm legislation proposals on this basis, we make the following judgments:

1. Extension of present supply-management still seems to be the most attractive type of farm program to the wheat producers in my State. We support this extension despite the fact there are some deficiencies—both in terms of effective production control and adequate income to producers.

We would like to suggest that our present program could be improved by the inclusion of some of the features of the other farm program alternatives.

2. The administration's set-aside program has some good features. But on the short term, this plan seems to provide the opportunity for increased production. At the same time, the plan also seems to suggest lower farm income as a result of lower domestic prices combined with reduced Government support.

As the Washington Association of Wheat Growers now understands the specifics of the set-aside program, Washington Association of Wheat Grovers feels it would have little appeal to the commercial wheat grower.

3. Massive land retirement programs would take many years to assure adequate farm income to producers. Effective production control under this kind of program is dependent upon low returns to producers in order to phase out excess production.

Thank you.

Mr. PURCELL. Thank you, Mr. Moos.

Mr. Foley, do you have questions?

Mr. FOLEY. I would like to say, Mr. Chairman, Mr. Moos in addition to being president of the Washington Association of Wheat Growers is a constituent of mine and I can tell the subcommittee that he has not only been active as one of the most knowledgeable and concerned members of his organization, but he is one of the most efficient producers in our area, as well. He speaks from very personal experience.

I would just like to ask one question, because I know the time is late. I wish we had more time to spend with Mr. Moos.

Mr. Moos, would you want to comment on the suggestions made by Dr. Schnittker that \$5,000 per commodity and \$10,000 per farm would not increase production substantially or adversely affect the farmer income on noneaffected farms?

Mr. Moos. Well, of course, I would have to disagree with his philosophy or his point in this regard, because as I pointed out in the testimony, the average Government payment for a summer fallow farm in the Pacific Northwest was \$6,723, which means on the average, if every farm in the Pacific Northwest would then be affected by a \$5,000 payment limitation—and, of course, being the average—this means there are farms that receive larger payments. And the point that was made earlier by the chairman, of the lack of alternatives, and particularly in the Pacific Northwest as far as cropping is concerned, would almost demand that those producers would suffer through payment limitations would go out of the program and plant fence to fence.

Mr. FOLEY. Thank you.

Mr. PURCELL. Mrs. May.

Mrs. MAY. I do not think we are unique, are we, Mr. Moos, necessarily, on what would happen in our area under a \$5,000 payment limitation?

Mr. Moos, one question. I am not sure I understand one point you made on your WAWG recommendations. Starting at the bottom of page 2, concerning price support low levels, in which you do oppose any effort to establish any loan values on the basis of a percentage

of the moving average of the last 3 years domestic market prices, in other words, going from parity to this concept.

Then you say at the top of page 3:

But if any adjustment is necessary it must be at fixed levels subject to the approval of the commodities affected.

Could you just enlarge on that, just a little?

Mr. Moos. Well, first of all, we do recognize that there is or could be some reasons possible for adjustment of support rates to insure easy and adequate entry into both export channels and into the feed usage. However, the objection from my State on the moving average lies in the fact that we are in a surplus condition as far as wheat supplies are concerned. And this type of a moving average under these conditions would seem to indicate that only the price would spiral downwards, but if the supply situation was in balance, perhaps then you could go on the basis of a moving average of the past 3 years' market prices.

But under the conditions of today, we feel that it would be very detrimental in terms of domestic prices and producer income.

Mrs. MAY. And the other, the specific question the chairman and I both have, what do you mean, "subject to the approval of the commodities affected"? Are you talking about a referendum? Is that what you are suggesting?

Mr. Moos. No; what we are talking about is with our understanding of the problem, that we are not unreasonable in terms of recognizing the need for certain adjustments they could possibly make.

Mrs. MAY. I see.

In this regard, in other words, you do not quarrel completely with Dr. Schnittker's statement on this—I am trying to find it in his statement—that when we stay with the present price support formula and parity formula we are planning for the past instead of the future. And he says we mislead ourselves when we say that we base price supports on parity and then set actual support levels at 44 or 55 percent of parity. And that, of course, has been going on.

In other words, your association realizes there has been a peculiar kind of situation here that might be improved.

Mr. Moos. Yes. Producers in my State look toward price support as an insurance of income to the producers in terms of overproduction or declining markets.

Mrs. MAY. If the supply-demand situation were in balance, and the impact of inflation not so high, it might be possible then to depend more heavily on the recent 3 years' market prices, without disorienting your income so much.

Mr. Moos. Yes.

Mrs. MAY. Thank you. That is all.

Mr. PURCELL. Mr. Rarick.

Mr. RARICK. Thank you, Mr. Chairman. I enjoyed Mr. Moos' statement. I especially appropriate his comment that he does not support farm payment limitations.

In his statement he called farm payment limitations an emotional national issue. He might be interested in telling his farm friends that the emotional national issue has been generated by some of the news

media. Yet in this same Congress, so interested in limiting the payments to the farmers, a payment limitation on postal bills as far as subsidies to the magazines and big city newspapers was defeated. A double standard for the free press. No emotional issue was made to demand payment limitations to foreign countries receiving our foreign aid. I have heard no talk about limitations on tax-free status to foundations, or limitations on tax writeoffs for big companies and corporations.

Only the farmer whose food products supplies the strength and nutrition for all this brainpower is made the whipping boy.

There are many who agree with your statement, Mr. Moos, that to put a limitation on the farmer would only defeat the effectiveness of any program. Thank you, Mr. Chairman.

Mr. SEBELIUS. The time has run out, Mr. Chairman. I would like to thank Gene Moos, whom I met out in Washington, and the Zimmermans, for taking the time and energy to come back and present this story to us. I really appreciate it.

Mr. MELCHER. Mr. Chairman, are we going to get to the next witness today?

Mr. PURCELL. Well, it depends on how long you take.

Mr. MELCHER. I appreciate the answer, and I appreciate your testimony. I shall not take any time.

Mr. PURCELL. All right, we thank you very much. I think that you will find most of us in pretty good understanding and probably basic agreement with what you say. Thank you.

Mr. Moos. Thank you.

Mr. PURCELL. Very briefly, Mr. Stelzer, would you finally come forward, please?

If there are questions, and I know we are subject to anybody making a point of order at this time, Mr. Stelzer has been held available for us to ask him any remaining technical questions in regard to how the set-aside program would work, remembering our understanding that he is not here to discuss the philosophy of it.

STATEMENT OF ROLAND STELZER, ASSISTANT TO THE ADMINISTRATOR, ASCS, U.S. DEPARTMENT OF AGRICULTURE—Resumed

Mr. PURCELL. Do you have a question in that regard?

Mr. MELCHER. Yes, thank you, Mr. Chairman.

Mr. Stelzer, in the testimony that we have had from witnesses today and also Monday from Mr. Hofer and today from Mr. Moos, the point of a conserving base has come up. I notice there is quite a little variance between different States. Mr. Moos points out how it effects a hardship on summer fallow areas and Mr. Hofer has listed in his testimony on page 5, the conserving base percentages in Nebraska, Colorado, and Oregon. This aroused my interest on Monday, and I have found since then that there is a great deal of difference. Some States have their conserving base percentages as low as 8 percent, and I note here in Oregon it is as high as 58 percent.

This apparently is not at the discretion or the direction of the Department then; is that correct?

Mr. STELZER. The conserving base, as I am sure you know, was first established to represent the acreage used for conserving crops in the

base period 1959-60. And since that time it has been subject to some adjustment to bring it more up to date.

Mr. MELCHER. Does the Department have a study that indicates a variance between States?

Mr. STELZER. Yes, we do. I have here, Mr. Chairman, only one copy. We went out this spring and obtained from all of our States and counties the total acreage of conserving base acreages on farms that have a cotton base, feed grain base, and wheat allotment. These have been summarized and I have here a copy of the summary that shows this by States.

It shows Mr. Congressman, the conserving base established in 1966 on these farms, the conserving base established on these farms by States for 1969. The total cropland that goes with these farms, and the percentage the 1969 conserving base is of cropland.

This is by States. I would be very glad to let you have it. I do not see any objection to my giving it to you for the record.

Mr. PURCELL. Without objection, I will ask that it be put in the record at this point so we will have it there for study.

(The document follows:)

CONSERVING BASE AND CROPLAND RATIOS, 1966 AND 1969—FEED GRAIN AND WHEAT COTTON FARMS

State	Per 1,000 acres			Percent	
	Conserving bases, 1966	Conserving bases, 1969	Cropland, 1969	Portion 1969 conserving bases are of 1966 conserving bases	Portion 1969 conserving bases are of 1969 cropland on these farms
Maine.....	117.5	109.0	140.8	93	77
New Hampshire.....	61.3	58.6	68.6	96	85
Vermont.....	352.5	368.6	440.1	105	84
Massachusetts.....	100.5	93.6	126.2	93	74
Rhode Island.....	8.6	7.9	1.1	92	60
Connecticut.....	109.5	106.2	147.4	97	72
New York.....	2,995.0	2,668.9	5,564.2	89	48
New Jersey.....	272.5	250.4	726.5	92	34
Pennsylvania.....	3,196.5	2,934.3	6,345.3	92	46
Delaware.....	62.8	46.8	494.8	75	9
Maryland.....	663.0	603.4	1,791.2	91	34
Northeast.....	7,939.7	7,247.7	15,858.2	91	46
Michigan.....	3,286.4	1,951.5	10,129.7	59	19
Wisconsin.....	5,447.0	5,041.5	11,764.2	93	43
Minnesota.....	4,456.9	3,237.6	22,212.9	73	15
Lake States.....	13,190.3	10,230.6	44,106.8	78	23
Ohio.....	3,428.8	2,846.5	12,650.3	83	23
Indiana.....	2,950.9	1,802.6	14,415.1	61	13
Illinois.....	3,489.8	2,281.0	24,929.7	65	9
Iowa.....	4,865.1	3,085.8	26,949.7	63	11
Missouri.....	5,913.0	5,522.4	18,476.3	93	30
Corn Belt.....	20,647.6	15,538.3	97,421.1	75	16
North Dakota.....	7,982.4	6,643.4	27,122.4	83	24
South Dakota.....	4,155.0	3,397.7	17,601.9	82	19
Nebraska.....	4,527.4	3,952.0	20,457.8	87	19
Kansas.....	7,486.4	6,446.3	29,857.5	86	22
Northern Plains.....	24,151.2	20,439.4	95,039.6	85	22
Virginia.....	1,745.0	1,472.2	3,694.7	84	40
West Virginia.....	456.0	449.5	670.5	99	67
North Carolina.....	1,784.5	1,094.9	7,103.8	61	15
Kentucky.....	7,129.9	6,683.5	10,094.0	93	66
Tennessee.....	4,121.6	3,627.0	8,532.4	88	43
Appalachian.....	15,237.0	13,327.1	30,095.4	87	44
South Carolina.....	1,246.9	659.9	4,731.7	53	14
Georgia.....	2,513.3	1,377.2	8,294.1	55	17
Florida.....	647.5	461.0	1,790.7	71	26
Alabama.....	1,561.3	1,084.8	6,335.2	69	17
Southeast.....	5,969.0	3,582.9	21,151.7	60	17
Mississippi.....	1,505.9	977.1	7,632.7	65	13
Arkansas.....	1,347.2	1,257.0	7,953.1	93	16
Louisiana.....	1,323.2	1,240.6	4,585.6	94	27
Delta States.....	4,176.3	3,474.7	20,171.4	83	17
Oklahoma.....	2,532.0	1,891.9	12,887.1	75	15
Texas.....	4,663.7	2,869.0	35,778.1	61	8
Southern Plains.....	7,195.7	4,760.9	48,665.2	66	10
Montana.....	7,673.5	7,163.6	14,723.8	93	49
Idaho.....	2,490.3	1,893.8	5,707.8	76	33
Wyoming.....	930.5	877.0	1,812.6	94	48
Colorado.....	4,592.3	3,725.8	10,678.3	81	35
New Mexico.....	488.0	177.3	2,280.1	36	8
Arizona.....	420.7	240.6	1,448.0	57	17
Utah.....	934.9	913.6	1,727.4	98	53
Nevada.....	158.3	153.9	272.2	97	57
Mountain.....	17,688.5	15,145.6	38,650.2	86	39
Washington.....	3,138.0	2,925.3	7,015.3	93	42
Oregon.....	1,637.4	1,570.8	3,906.3	96	40
California.....	2,065.2	2,009.2	8,203.1	97	24
Pacific.....	6,840.6	6,505.3	19,124.7	95	34
Total United States (48 States).....	123,035.9	100,252.5	430,284.3	81	23

Mr. STELZER. In the case of Oregon, this figure for the State as a whole is 40 percent for 1969.

It is slightly different in the farm example that was used the other day by Mr. Hofer, but it is in line with it.

In the case of Nebraska, that figure is 19 percent. This shows some of the range from State to State.

Mr. MELCHER. Then, there is a point in the back of my mind, if it varies so much from one State to another, and we did enact a set-aside program, would this lead to a great increase in production in some areas due to the difference in the conserving base? After the set-aside acres were established and the smaller conserving base was added to that, then the remainder of the cropland would be available for the production of any crop that the operator chose. Would this lead to increase in production in some States?

Mr. STELZER. It only would to the extent that this conserving base is not fair and equitable. If it does not include all of the land that is currently in use for conserving purposes.

Mr. MELCHER. Well, under the circumstances, is this a danger, then?

Mr. STELZER. There is some of this danger. I think this is recognized, Mr. Congressman, and this is one of the reasons why we went out and got this basic data.

We have it county by county. This table is a State summary. We are planning to make a complete analysis to see what changes should be made in the conserving base acreage and in the instructions to the States and counties to attempt to make them fairer and more equitable.

Mr. MELCHER. How long would it take you to complete the study?

Mr. STELZER. I am not prepared to state at this time, but they are working on it.

Mr. MELCHER. I wonder if it could be made available to me and perhaps the committee?

Mr. STELZER. You mean the county-by-county data?

Mr. MELCHER. The conclusions you arrive at as to whether or not there would be increased production.

Mr. STELZER. I am sure, Mr. Chairman, you will keep in contact with the Department, and if any instructions do go out to the States and counties, you would be made aware of it. I will keep this in mind.

Mr. MELCHER. Mr. Stelzer, would the projected crop or the projected yield be made available to us as soon as possible? To guide us on whether or not we could anticipate a greater production in certain States as a result of the set-aside program?

Mr. STELZER. Projected yield; you are back to the projected yield, now?

Mr. MELCHER. Yes.

Mr. STELZER. I am not sure we are doing anything on the projected yield at this particular point.

Mr. MELCHER. Maybe I used the wrong term. My question simply is: Is there going to be a danger of overproduction, increased production because of the set-aside, and if your study shows that, will we be notified?

Mr. STELZER. It should be made a part of the overall study as to what may result under the set-aside program, that is correct. It should be a part of that.

Mr. MELCHER. Thank you.

Mr. PURCELL. Any other questions?

Mrs. MAY. Mr. Stelzer, you have had a chance to read the testimony of Mr. Glen Hofer, I believe?

Mr. STELZER. Yes, ma'am.

Mrs. MAY. There are just a few points that I would like to comment on. One suggestion their association has made is on processor certificates, referring to the language that is in the draft set-aside proposal we have before us. The wording is "processor certificates would be continued in effect at a cost of not to exceed 75 cents per bushel." Their recommendation is that that language be changed to say at a cost of not less than 75 cents per bushel.

Would you comment on what the attitude of the Department might be on that change? Or can you, at this time?

Mr. STELZER. I think I understand what the difference is. If at the present time the present legislation requires the processor to pay the difference between \$2 a bushel and the loan rate. Currently, the loan rate is \$1.25 per bushel which means a processing certificate of 75 cents a bushel. I think the intent of the Department's proposal was that in no case should the cost to the processor exceed this 75 cents. This should be kept at this level or less.

Now, under Mr. Hofer's proposal, if for example the loan rate were to go down to \$1.20 a bushel, this could result in the processor's certificate going up to 80 cents a bushel, or more.

The only purpose was to maintain this at 75 cents or less, with the understanding, too, Miss Congresswoman, that under the set-aside, where you have loan rates varying with moving average, the intent is that the market price should continue to be up to \$1.25 or higher, so that the total cost of wheat to a processor should be the market price which might be around \$1.25 plus, plus not more than the 75-cent certificate so the overall cost would continue to be near the \$2.00 level.

Mrs. MAY. I see.

Well, we have not the time to indicate some of the fears we have on other conditions that might result from this, but I would hope that they would listen to our analysis on this point, and some others, as to what the projected effect will have.

On another point that was made in Mr. Moos' testimony this morning, on freezing the projected yield, and to fix the amount of money required for wheat certificates, WAWG has made the suggestion, well, first, they have objected to the use of the production years 1967, 1968, and 1969, as the only basis for determining this yield. But again have suggested to offset abnormalities in some areas in the last few years, and there have been some significant impacts on other areas over the last few years, that the bill might include an optional method of determination, going back to 1964.

Do you have any thoughts right now as to what reaction to that suggestion might be?

Mr. STELZER. My reaction, without looking into it, would be that the 1964 projected payment yield we used in some areas were not fair and equitable as compared with other areas, and that there should be some major adjustments in such areas to bring them in line with other areas.

I think there are two or three States—I would have to check this out to be sure—where the yield used at that time was out of line and not

fair and equitable with other States, and it would not be right to continue perpetuating them.

Mrs. MAY. What you are saying is there might be some adjustment on this, but to include the year 1964 as an optional method of doing it would not be the way to accomplish this?

Mr. STELZER. As I recall, he said he wanted to use the yields that were established in 1964.

Mrs. MAY. Yes, this is true, I see.

Mr. STELZER. There is a difference.

Mrs. MAY. That is a bad year as far as you are concerned?

Mr. STELZER. For yields that we used for program purposes, yes.

Mrs. MAY. I see.

Thank you, that is all, Mr. Chairman. I had some other questions, but I will stop there.

Mr. PURCELL. Thank you very much, Mr. Stelzer.

(The following statement and letter were also received by the subcommittee:)

STATEMENT OF MILLERS' NATIONAL FEDERATION

This statement is submitted in behalf of the Millers' National Federation, the national association of the wheat flour milling industry.

It is a long-standing policy of the Millers' National Federation not to take a position on farm legislation except to the extent that it has a direct effect on the milling industry.

Our basic interest is in the development and maintenance of a healthy and profitable total wheat economy. This, of necessity, must include not only millers, but wheat producers, bakers, and all others who make up that economy. It should be beyond question that we want growers to receive a fair return for their wheat; our interest in their economic stability and well-being is obvious.

The Wheat Marketing Certificate Program implemented in 1964, requires wheat processors to pay to the Commodity Credit Corporation 75 cents for each bushel of wheat processed for domestic food consumption. This fixed levy is in addition to prevailing market prices. The funds thus collected are then commingled with other funds available to the Commodity Credit Corporation from the U.S. Treasury in making payments to wheat producers. It is this feature of the present program to which the Millers' National Federation objects.

Under the 1968 program, wheat processors contributed some \$382 million to the \$746 million total direct Federal payment to growers, leaving a net Federal cost of \$364 million. By way of contrast, direct Federal payments to feed grain producers in that year were about \$1.3 billion. The total cost of the cotton program was \$783 million. All of these feed grain and cotton payments come direct from the Federal Treasury, while over half of the wheat price support program is being financed by processors and wheat product consumers.

During the past five years when market prices have had an opportunity to reflect competitive market values, the domestic *farm price of wheat* has averaged slightly above the average farm price of corn on a pound-for-pound basis. On the other hand, the *cost of wheat to the miller, including the certificate*, since the inception of the certificate program in 1964 has been between about 172 percent and 190 percent of the corn price on a pound-for-pound basis, although the differential has narrowed in recent months. This spread between wheat and corn is consistently greater than existed in the years prior to the certificate program, even though at that time also wheat was held at artificially high levels.

This price disadvantage is causing ingredient buyers to substitute, in varying amounts, corn and other grain products for wheat. Because of the problems inherent in changing product formulations this has been a gradual process, but one which will be equally difficult to reverse.

Wheat products compete, directly or indirectly, with most items of food available to the consumer. Particularly, they must compete with corn and other grain products in bread and rolls, breakfast foods, specialty bread, crackers, cookies, snack foods, and a host of other products.

One of the most unfortunate side-effects of this shift in consumption is its apparent effect on nutrition in the United States. Several prominent nutritionists

have referred publicly to the critical role played by the flour and bread enrichment programs in the near-elimination of dietary deficiency diseases from 1941 to recent years. Now they are beginning to note an increased incidence of iron deficiency anemia and other diseases they associate with the decline in consumption of enriched wheat products. The milling and baking industries are now taking steps to improve the nutritional value of each unit of wheat product. These advances will be lost, however, to the extent that enriched wheat products are rendered non-competitive because of artificially high wheat costs in relation to other food grains.

These factors inevitably lead us to the conclusion that if the Congress feels that wheat market prices provide producers with inadequate returns, any supplemental payments should be provided direct from the Federal Treasury in the same manner as other commodity programs are financed. We believe the singling out of wheat for this unique treatment will be self-defeating to the entire wheat industry in the long run.

We strongly urge the elimination of the wheat processor financing feature of the wheat program. However, we recommend that, if at this time this is not possible, the principle be extended to all grains in such a manner that competitive values will be accurately reflected for food use. In this way, users of other grains for food products would share in the cost of the price support programs for those grains, as wheat processors do now in the case of wheat. Admittedly, such an approach would continue an artificial system of establishing food values, but it could at least offer a degree of equity among competing grains.

Needless to say, we are strongly opposed to any provision of the bills before the House Committee on Agriculture which could lead to an increase in the certificate levy. The Administration's proposal would continue the certificate levy, but in such a way that it would not exceed the present 75 cents per bushel. H.R. 9009 and a number of identical bills provide for the phasing out of the certificate levy over a five-year period. We heartily endorse that particular provision in that it comes closest to satisfying Federation policy.

We urge that the levy on processors be eliminated at the earliest possible time.

AMERICAN SOYBEAN ASSOCIATION.

Hudson, Iowa, December 18, 1969.

HON. MASTON O'NEAL,
*Chairman, Oilseeds and Rice Subcommittee, House Committee on Agriculture,
House of Representatives, Washington, D.C.*

DEAR CONGRESSMAN O'NEAL: As your Subcommittee and the full Committee consider farm legislation for the 1970's, the effect of that action on soybean acreage and income to soybean producers deserves priority attention. Congressional or administrative action on feed grains, cotton, wheat and other crops directly affects soybean acreage and producer income.

In developing a farm program, or specific commodity programs, the provisions relating to feed grains, wheat, cotton and rice, especially, need to be developed in such a manner that they will not cause an increase in soybean acreage.

During the past 27 years, soybeans have absorbed over 30 million acres of land formerly planted to other crops most of which are now under acreage restriction. Soybeans have given farmers a profitable alternative crop. What American Agriculture would have done without this growing worldwide demand for soybeans no one can truly evaluate; but there is a limit to how much acreage soybeans can absorb.

Production of soybeans has increased approximately 5% annually the past five years. While total usage has gone up, it has not increased as fast as production.

Carryover stocks in 1966 amounted to a two-weeks supply. The carryover September, 1969 was nearly a four-months supply. The stocks in 1966 were not adequate but the rate of increase in carryover stocks is of major concern.

It's projected by Ray Ioanes, Administrator, Foreign Agricultural Service, USDA, that domestic usage and overseas demand will result in 96% of the 1969 crop being utilized. This would mean a carryover of approximately 350 to 360 million bushels September, 1970. This is an adequate carryover to meet all foreseeable needs worldwide. No farm policy decisions should be made regarding other crops, nor such action as payment limitations should be taken, that would stimulate soybean acreage.

Farmers should *not* be allowed to plow up a crop on which they receive a diversion or compensatory payment then plant that acreage to soybeans except in case of proven emergency such as a hurricane or extreme, wide-spread drought.

Fourteen states from Minnesota to Mississippi to the Carolinas produce more than 20 million bushels each. This means soybeans are now grown over such a wide area that poor growing weather in one area will not materially threaten total U.S. production. New producers are raising beans in new areas. They are gaining experience and know-how. Increased use of technology and increased yields per acre in recent years indicates this trend toward improved yields per acre will continue. All of this adds up to every assurance there will be a more than adequate supply of soybeans next year if the 1970 planted acreage remains the same as in 1969. The objective in farm program planning should be to hold 1970 soybean acreage to no more than in 1969. Present supplies are largely in Commodity Credit Corporation hands to act as an adequate "strategic reserve" or "buffer stock".

Growers weigh many factors in determining how many acres of soybeans to plant including crop rotation plans, cost of production, availability and cost of credit, government program incentives or restrictions on soybeans or other crops and anticipated prices.

On the matter of price, the support level is a factor but only one of many in this crop that is directly affected by competing crops and government policy conditions around the world. On the price support matter, our Association took the following position: "The American Soybean Association favors a realistic price support mechanism and recommends that the U.S. Department of Agriculture be cognizant of rising costs of production in setting the support level; therefore, for the 1970 U.S. soybean crop, the Association favors a price support no lower than the present support level but with that level applied to No. 2 soybeans."

The policy of this Association, of the administration and we believe the policy favored by a majority of growers is a "production for use" policy. Any additional acreage resulting in increased carryover and additional government storage costs would increase the threat of acreage controls. Controls would throw soybeans into the same trouble as other major crops. Farmers strongly favor one major crop remaining free of restrictions. They strenuously oppose acreage restrictions on soybeans. That's why it is important for your Committee and Congress to keep in mind the effect on soybean acreage when setting policy on other crops. There must be a proper relationship that will establish and maintain the present level of soybean acreage. An increase in soybean production would be expected to lower prices. Lower prices would cause a swing away from soybeans into other crops. Preventing wide swings in production and price is desirable. Holding the line on soybean acreage, the nation's No. 1 export crop and No. 2 cash crop, should do two things: Cause a realistic improvement in prices for farmers next year, and, assure adequate supplies which is in the best interest of farmers in the long run.

Yours truly,

CHET RANDOLPH,
Executive Vice President.

Mr. PURCELL. This concludes the hearings that we have scheduled. We will begin having executive sessions as soon as we can arrange the time, and we would like to notify you when we are doing that, Mr. Stelzer, as we may still need your technical advice when we are in executive session, you and other people technically oriented in the Department.

But the committee now recesses, subject to the call of the Chair and I will notify everyone as soon as we can work out time schedules for executive sessions on a wheat program.

We stand in recess.

(Thereupon, at 12:15 p.m. the hearing in the above matter was adjourned, subject to call of the Chair.)

LEGISLATIVE HISTORY
Public Law 91-671
H.R. 18582

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Index and summary of H.R. 18582.....	1
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INDEX AND SUMMARY OF H.R. 18582

- June 12, 1969 Sen Aiken introduced S. 2370 which was referred to Senate Agriculture and Forestry Committee.
- July 7, 1969 Senate Agriculture and Forestry Committee reported S. 2547, an original bill. S. Rept. 91-292. Print of bill and report.
- Sept. 23, 1969 Senate began debate on S. 2547.
- Sept. 24, 1969 Senate passed S. 2547 with amendment.
- Sept. 25, 1969 S. 2547 was referred to House Agriculture committee. Print of bill as referred.
- July 22, 1970 Rep. Poage introduced and discussed H.R. 18582 which was referred to House agriculture committee. Print of bill as introduced and remarks of Author.
- July 23, 1970 House agriculture committee voted to report H.R. 18582.
- Aug. 10, 1970 House committee reported H.R. 18582 with amendment.
✓ H. Rept. 91-1402. Print of bill and report.
- Dec. 1, 1970 Rules Committee granted rule for consideration of H.R. 18582.
- Dec. 16, 1970 House passed H.R. 18582 but failed to consider committee amendment.
- Dec. 17, 1970 Senate passed H.R. 18582 with amendment; striking out all after enacting clause and substituting language of S. 2547. S. 2547 was tabled. Print of bill as passed Senate. Senate conferees were appointed.
- Dec. 18, 1970 House disagreed to Senate amendment.

House conferees were appointed.
- Dec. 22, 1970 House received conference report. H. Rept. 91-1793.
✓ Print of report.
- Dec. 30, 1970 House agreed to conference report.
- Dec. 31, 1970 Senate agreed to conference report.
- Jan. 11, 1971 Approved: P.L. 91-671

June 12, 1969

Agriculture and Forestry Committee

July 7, 1969

... and Forestry Committee ...
... an original bill ...
... of bill and report.

September 1, 1969

Senate again debate on S. 2517.

2/1/70

... passed ...

Sept. 22, 1969

... bill ...

22, 1970

... was referred to House Agriculture Committee ...

July 23, 1970

Agriculture Committee voted to report H.R. 1

Oct. 10, 1970

... is coming ...

2. 18882.

committee amendment.

Oct. 1, 1970

... passed ...

... and ...

... conference with ...

Oct. 18, 1970

... agreed to Senate amendment.

House conference was appointed.

Oct. 22, 1970

... conference conference report ...
... of report.

1970

... agreed to conference report.

1970

Senate agreed to conference ...

11, 1971

... 11-071

S. 2370

IN THE SENATE OF THE UNITED STATES

JUNE 12, 1969

Mr. AIKEN (for himself, Mr. COOK, Mr. CURTIS, Mr. DIRKSEN, Mr. MILLER, Mr. PEARSON, and Mr. YOUNG of North Dakota) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To amend the Food Stamp Act of 1964, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 2 of the Food Stamp Act of 1964, as amended,
4 is amended to read as follows:

5 “It is hereby declared to be the policy of Congress, in
6 order to promote the general welfare, that the Nation’s
7 abundance of food should be utilized cooperatively by the
8 States, the Federal Government, local governmental units,
9 and other agencies to safeguard the health and well-being
10 of the Nation’s population and raise levels of nutrition among
11 low-income households. The Congress hereby finds that the

1 limited food purchasing power of low-income households con-
2 tributes to hunger and malnutrition among members of such
3 households. The Congress further finds that increased utiliza-
4 tion of foods in establishing and maintaining adequate
5 national levels of nutrition will promote the distribution in a
6 beneficial manner of our agricultural abundances and will
7 strengthen our agricultural economy, as well as result in more
8 orderly marketing and distribution of food. To alleviate such
9 hunger and malnutrition, a food stamp program is herein
10 authorized which will permit low-income households to pur-
11 chase a nutritionally adequate diet through normal channels
12 of trade.”

13 SEC. 2. Subsections (a) and (b) of section 4 of the
14 Food Stamp Act of 1964, as amended, are amended to read
15 as follows:

16 “(a) The Secretary is authorized to formulate and ad-
17 minister a food stamp program under which, at the request of
18 the State agency, eligible households within the State shall be
19 provided with an opportunity to obtain a nutritionally ade-
20 quate diet through the issuance to them of a coupon allotment
21 which shall have a greater monetary value than the charge to
22 be paid for such allotment by eligible households. The
23 coupons so received by such households shall be used only
24 to purchase food from retail food stores which have been
25 approved for participation in the food stamp program.

1 Coupons issued and used as provided in this Act shall be
2 redeemable at face value by the Secretary through the facili-
3 ties of the Treasury of the United States.

4 “(b) In areas where the food stamp program is in
5 operation, there shall be no distribution of federally donated
6 foods to households under the authority of any other law ex-
7 cept that distribution thereunder may be made: (1) during
8 temporary emergency situations when the Secretary deter-
9 mines that commercial channels of food distribution have
10 been disrupted because of a disaster; (2) on request of the
11 State agency, for such period of time as the Secretary deter-
12 mines necessary, to effect an orderly transition in an area
13 in which the distribution of federally donated foods to house-
14 holds is being replaced by a food stamp program; or (3)
15 on request of the State agency if the State agrees to finance,
16 from funds available to the State or political subdivisions
17 thereof, all of the costs, subsequent to the delivery of such
18 foods within the State, of handling, storing and issuing fed-
19 erally donated food to eligible households in the area.”

20 SEC. 3. Section 5 of the Food Stamp Act of 1964, as
21 amended, is amended to read as follows:

22 “(a) Except for the temporary participation of house-
23 holds that are victims of a disaster as provided in subsection
24 (b) of this section, participation in the food stamp program
25 shall be limited to those households whose income and

1 other financial resources are determined to be substantial
2 limiting factors in permitting them to purchase a nutrition-
3 ally adequate diet.

4 “(b) The Secretary, in consultation with the Secretary
5 of Health, Education, and Welfare, shall establish uniform
6 national standards of eligibility for participation by house-
7 holds in the food stamp program and no plan of operation
8 submitted by a State agency shall be approved unless the
9 standards of eligibilty meet those established by the Secre-
10 tary. The standards established by the Secretary, at a mini-
11 mum, shall prescribe the amounts of household income and
12 other financial resources to be used as criteria of eligibility:
13 *Provided*, That the Secretary may also establish temporary
14 emergency standards of elegibility, without regard to income
15 and other financial resources, for households that are vic-
16 tims of a disaster which disrupted commercial channels
17 of food distribution when he determines that such households
18 are in need of temporary food assistance, and that commercial
19 channels of food distribution have again become available to
20 meet the temporary food needs of such households.”

21 SEC. 4. Subsections (a) and (b) of section 7 of the
22 Food Stamp Act of 1964, as amended, are amended to read
23 as follows:

24 “(a) The face value of the coupon allotment which State
25 agencies shall be authorized to issue to any households certi-

1 fied as eligible to participate in the food stamp program
2 shall be in such amount as the Secretary determines to be
3 the cost of a nutritionally adequate diet.

4 “(b) The maximum amount which State agencies shall
5 be authorized to charge any eligible household for the coupon
6 allotment issued to it shall not exceed 30 per centum of the
7 household's income: *Provided*, That coupon allotments may
8 be issued without charge to households with little or no in-
9 come or other financial resources under standards of eligibil-
10 ity prescribed by the Secretary.”

11 SEC. 5. Subsection (e) of section 10 of the Food
12 Stamp Act of 1964, as amended, is amended to read as
13 follows:

14 “The State agency of each State desiring to par-
15 ticipate in the food stamp program shall submit for approval
16 a plan of operation specifying the manner in which such
17 program will be conducted within the State, the political
18 subdivisions within the State in which the State desires to
19 conduct the program, and the effective dates of participation
20 by each such political subdivision. In addition, such plan
21 of operation shall provide, among such other provisions as
22 may by regulations be required, the following: (1) the
23 specific standards to be used in determining the eligibility
24 of applicant households; (2) that the State agency shall

1 undertake the certification of applicant households in ac-
2 cordance with the general procedures and personnel stand-
3 ards used by them in the certification of applicants for bene-
4 fits under the federally aided public assistance programs;
5 (3) safeguards which restrict the use or disclosure of in-
6 formation obtained from applicant households to persons
7 directly connected with the administration or enforcement of
8 the provisions of this Act or the regulations issued pursuant
9 to this Act; (4) for the submission of such reports and
10 other information as from time to time may be required;
11 (5) that the State agency shall undertake effective action,
12 including the use of services provided by other federally
13 funded agencies and organizations, to inform low-income
14 households concerning the availability and benefits of the
15 food stamp program and insure the participation of eligible
16 households; and (6) for the granting of a fair hearing and
17 a prompt determination thereafter to any household ag-
18 grieved by the action of a State agency under any provision
19 of its plan of operation as it affects the participation of such
20 household in the food stamp program. Upon the joint ap-
21 proval of the Secretary and the Secretary of Health, Educa-
22 tion, and Welfare the State plan may provide for withholding
23 the amount to be paid by a household for its coupon allot-
24 ment from any payment made by the State agency to such
25 household under a federally aided public assistance program,

1 if such withholding is authorized by such household. In ap-
2 proving the participation of the subdivisions requested by
3 each State in its plan of operation, the Secretary shall pro-
4 vide for an equitable and orderly expansion among the sev-
5 eral States in accordance with their relative need and readi-
6 ness to meet their requested effective dates of participation.”

7 SEC. 6. Subsection (b) of section 15 of the Food Stamp
8 Act of 1964, as amended, is amended to read as follows:

9 “(b) The Secretary is authorized to pay to each State
10 agency an amount equal to 50 per centum of the sum of:
11 (1) the direct salary, travel, and travel-related cost (includ-
12 ing such fringe benefits as are normally paid) of personnel,
13 including the immediate supervisors of such personnel, for
14 such time as they are employed in taking the action re-
15 quired under the provisions of subsection 10 (e) (5) of this
16 Act and in making certification determinations for house-
17 holds other than those which consist solely of recipients of
18 welfare assistance; (2) the direct salary, travel, and travel-
19 related costs (including such fringe benefits as are normally
20 paid) of personnel for such time as they are employed as
21 hearing officials under section 10 (e) of the Act; and (3)
22 an amount equal to 25 per centum of the cost computed
23 under (1) and (2).”

24 SEC. 7. Section 16 (a) of the Food Stamp Act of 1964,
25 as amended, is amended to read as follows:

1 “To carry out the provisions of this Act, there is hereby
2 authorized to be appropriated not in excess of \$315,000,000
3 for the fiscal year ending June 30, 1969, \$610,000,000 for
4 the fiscal year ending June 30, 1970, such sums as the Con-
5 gress may appropriate for the fiscal years ending June 30,
6 1971, June 30, 1972, and June 30, 1973, and not in excess
7 of such sum as may hereafter be authorized by Congress for
8 any subsequent fiscal year. Sums appropriated under this
9 section shall, notwithstanding the provisions of any other
10 law, continue to remain available for the purposes of this Act
11 until expended. Such portion of any such appropriation as
12 may be required to pay for the value of the coupon allotments
13 issued to eligible households which is in excess of the charges
14 paid by such households for such allotment shall be trans-
15 ferred to and made a part of the separate account created
16 under section 7 (d) of this Act. This Act shall be carried
17 out only with funds appropriated from the general fund of
18 the Treasury for that specific purpose and in no event shall
19 it be carried out with funds derived from permanent
20 appropriations.”

21 SEC. 8. State plans of operation approved by the Sec-
22 retary of Agriculture under the Food Stamp Act of 1964,
23 as amended, prior to the date of the enactment of amend-
24 ments thereto by this Act shall continue in effect until such
25 plans are changed to accord with such amendments: *Pro-*

1 *vided*, That no such previously approved plan shall remain
2 unchanged for more than one hundred and eighty days after
3 the enactment of such amendments.

4 SEC. 9. (a) Notwithstanding any other provision of
5 law, the Secretary of Agriculture, after June 30, 1970, shall
6 not approve, or continue the approval of, the participation
7 of any State in the food stamp program or the program for
8 the distribution of federally donated foods to households
9 unless the State makes provision for the operation of one of
10 such programs in each political subdivision within such
11 State: *Provided*, That the Secretary of Agriculture may
12 extend the period for compliance with this section to
13 June 30, 1971, upon notification by the Governor of any
14 State that State legislative action is required to provide
15 authority or funds to meet the requirements of this section
16 and that the legislature of such State will not convene in
17 regular session between the date of enactment of this Act
18 and June 30, 1970: *Provided further*, That federally do-
19 nated foods may be made available, under terms and con-
20 ditions prescribed by the Secretary of Agriculture, to meet
21 temporary emergency food needs of disaster victims of those
22 States not approved in accordance with this section for par-
23 ticipation in the food stamp program or the program for
24 the distribution of federally donated foods to households.

25 (b) In making provision in accordance with subsection

1 (a) of this section for operation of a food stamp program
2 in any political subdivision, the State shall provide for the
3 distribution of federally donated food to households in such
4 political subdivision until the request by the State agency
5 for the food stamp program in such political subdivision has
6 been approved by the Secretary of Agriculture in accord-
7 ance with the requirements of section 10(e) of the Food
8 Stamp Act of 1964, as amended, relating to the equitable
9 and orderly expansion of the food stamp program among
10 the several States.

A BILL

To amend the Food Stamp Act of 1964, as amended.

By Mr. AIKEN, Mr. COOK, Mr. CURTIS, Mr.
DIRKSEN, Mr. MULLER, Mr. PEARSON, and Mr.
YOUNG of North Dakota

JUNE 12, 1969
Read twice and referred to the Committee on
Agriculture and Forestry

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued July 8, 1969
For actions of July 7, 1969
91st 1st No. 111

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HIGHLIGHTS: Senate passed agricultural appropriation bill. Senate committees reported food stamp and Appalachian regional development bills. Sen. Talmadge introduced and discussed bill to provide improved food service programs for children.

SENATE

1. APPROPRIATIONS. Passed, 88-2, with amendments H. R. 11612, the agricultural appropriation bill (pp. S7605-40).

Adopted the following amendments:

By a vote of 53-34 a committee amendment to eliminate language that would limit to \$20,000 payments to any producer in any price support program. pp. S7605-24

Two committee amendments increasing funds for plant and animal disease and pest control. pp. S7624-25

By Sen. Javits to increase from \$10,000,000 to \$15,000,000 special food service program funds, to remain available until Sept. 1971. pp. S7625-27

Committee amendments providing funds for special milk program, and milk for children in non-profit organizations. p. S7628

By Sen. Pastore to eliminate the proviso directing the Secretary of Agriculture to consider certain factors in determining the eligibility for food programs to relieve hunger. p. S7635

By Sen. Hart to bar the use of funds for purchase or application of chemical pesticides, except for small quantities for testing purposes, in any State which by law or regulation would prevent the use of such pesticide. pp. S7636-39

By Sen. Mundt to increase from \$2,000,000 to \$3,000,000 funds for mutual and self-help housing. p. S7639

Rejected, 26-65, a motion by Sen. Goodell to suspend the rules for the purpose of proposing an amendment to limit the price support and acreage diversion payments under each of the 1970 price support and adjustment programs of upland cotton, extra long staple cotton, wheat, and feed grains, to a single producer to \$10,000 and to provide that the "snap-back" provision not apply to the 1970 crop of cotton. (pp. S7628-32). Prior to this action a point of order raised by Sen. Holland was sustained on the ground that the amendment would constitute legislation on an appropriation bill (p. S7631).

Conferees were appointed (p. S7640). House conferees have not been appointed.

2. APPALACHIA. The Public Works Committee reported (on July 3 during adjournment) with amendments S. 1072, to authorize funds to carry out the purposes of the Appalachian Regional Development Act of 1965, as amended, and title V of the Public Works and Economic Development Act of 1965, as amended (S. Rept. 91-291). p. S7561

3. FOOD STAMPS. The Agriculture and Forestry Committee reported (on July 7 during adjournment) S. 2547, an original bill to amend the Food Stamp Act of 1964 (S. Rept. 91-292). p. S7561

4. CLEAN WATER. Sen. Muskie inserted a list of organizations which have "launched a citizens' crusade for clean water." pp. S7575-77

5. LAND ACQUISITION. Sen. Symington discussed a GAO report "pointing out what the auditors believed to be errors" in the Depts. of Army and Interior joint policy for reservoir land acquisition. pp. S7586-7





91ST CONGRESS
1ST SESSION

Calendar No. 283

S. 2547

[Report No. 91-292]

IN THE SENATE OF THE UNITED STATES

JULY 7, 1969

Mr. ELLENDER, from the Committee on Agriculture and Forestry, reported the following bill, under authority of the order of the Senate of July 1, 1969; which was read twice and ordered to be placed on the calendar

A BILL

To amend the Food Stamp Act of 1964.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 CONCURRENT FOOD DISTRIBUTION DURING TRANSITION

4 PERIOD

5 SEC. 1. Section 4 (b) of the Food Stamp Act of 1964
6 is amended by inserting “(i)” after the word “except”,
7 and by inserting before the period at the end thereof a semi-
8 colon and the following: “and (ii) at the request of the State
9 agency, during the transition period (not exceeding ninety
10 days) when a food stamp program is being initiated in an

1 area in which such distribution is being made at the time
2 of such initiation”.

3 ELIGIBILITY STANDARDS

4 SEC. 2. Section 5 (b) of the Food Stamp Act of 1964
5 is amended to read as follows:

6 “(b) In complying with the limitation on participation
7 set forth in subsection (a) above, each State agency shall
8 establish standards to determine the eligibility of applicant
9 households. Such standards shall (1) include income and
10 resource limitations which take into account the income and
11 resource standards used by the State agency in administra-
12 tion of its federally aided public assistance programs (other
13 than those established for the purpose of title 19 of the So-
14 cial Security Act), local factors affecting the cost of living,
15 and such other matters as may be appropriate; and (2)
16 comply with national minimum and maximum standards of
17 eligibility, which shall be prescribed by the Secretary of
18 Agriculture. The standards of eligibility to be used by each
19 State for the food stamp program shall be subject to the
20 approval of the Secretary.”

21 VALUE OF COUPON ALLOTMENT

22 SEC. 3. Section 7 (a) of the Food Stamp Act of 1964
23 is amended to read as follows:

1 “(a) The face value of the coupon allotment which
2 State agencies shall be authorized to issue to any households
3 certified as eligible to participate in the food stamp program
4 shall be in such amount as the Secretary determines to be
5 the cost of a nutritionally adequate diet.”

6 COST OF COUPON ALLOTMENT

7 SEC. 4. Section 7 (b) of the Food Stamp Act of 1964
8 is amended to read as follows:

9 “(b) Households shall be charged for the coupon
10 allotment issued to them, and the amount of such charge
11 shall represent a reasonable investment on the part of the
12 household; but in no event—

13 “(1) less than 50 cents per person per month for
14 a household of five or less persons, or \$3 per household
15 per month for a household of six or more persons; or

16 “(2) more than 30 per centum of the household's
17 income.

18 The State agency shall arrange for payment from State
19 or local sources, including sums made available by char-
20 itable and similar organizations, of such portion of the
21 minimum charge as may be necessary to insure the par-
22 ticipation of all households certified for participation at the
23 minimum charge.”

1 CERTIFICATION OF HOUSEHOLDS ALREADY RECEIVING
2 PUBLIC ASSISTANCE—ISSUANCE OF COUPONS AT
3 LEAST TWICE MONTHLY—WITHHOLDING OF CHARGE
4 FROM WELFARE CHECK

5 SEC. 5. Section 10 (b) of the Food Stamp Act of 1964
6 is amended by inserting after the first sentence thereof the
7 following: "Certification of households receiving any other
8 type of public assistance may be based upon information in
9 the possession of the State agency without further investiga-
10 tion, if such information is adequate. Coupons shall be issued
11 on at least monthly and semimonthly schedules. The amount
12 to be paid by a household for its coupon allotment may be
13 withheld from any payment made by the State agency to
14 such household under a federally aided public assistance pro-
15 gram, if such withholding is authorized by such household."

16 PROGRAM INFORMATION AND HEARINGS

17 SEC. 6. (a) Section 10 (e) of the Food Stamp Act of
18 1964 is amended—

19 (1) by inserting before the period at the end of the
20 second sentence thereof a semicolon and the following:
21 "(5) for the granting of a fair hearing and a prompt
22 determination thereafter to any household aggrieved by
23 the action of a State agency under any provision of its
24 plan of operation as it affects the participation of such
25 household in the food stamp program; and (6) that the

1 State agency shall undertake effective action, including
2 the use of services provided by other federally funded
3 agencies and organizations, to inform low-income house-
4 holds concerning the availability and benefits of the food
5 stamp program and insure the participation of eligible
6 households”; and

7 (2) by striking the word “and” where it appears
8 before “(4)”.

9 (b) Section 15 (b) of the Food Stamp Act of 1964, is
10 amended (1) by inserting “(i)” after the word “in” where
11 it first occurs in each of the first two sentences, (2) by
12 inserting “, and (ii) the employment of hearing officials”
13 before the period at the end of each of the first two sentences,
14 (3) by striking out “and (3)” and inserting “(3) the
15 direct salary, travel, and travel-related costs (including such
16 fringe benefits as are normally paid) of personnel for such
17 time as they are employed as hearing officials under section
18 10 (e) of this Act; and (4)”, and (4) by striking out “(1)
19 and (2) above” and inserting “(1), (2), and (3) above”.

20 APPROPRIATIONS (AUTHORIZATION AND CARRYOVER)

21 SEC. 7. (a) Section 16 (a) of the Food Stamp Act of
22 1964 is amended—

23 (1) by striking out that portion of the first sentence
24 thereof beginning with “June 30, 1969” and ending
25 with “December 31, 1970”, and inserting “June 30,

1 1969; not in excess of \$750,000,000 for the fiscal year
2 ending June 30, 1970; not in excess of \$1,500,000,000
3 for each of the next two fiscal years"; and

4 (2) by inserting after such first sentence the fol-
5 lowing: "Sums appropriated under this section shall, not-
6 withstanding the provisions of any other law, continue to
7 remain available for the purposes of this Act to and
8 including June 30, 1972."

9 FEDERAL ADMINISTRATION IN CERTAIN AREAS AND
10 NATIONAL NUTRITION COMMITTEE

11 SEC. 8. The Food Stamp Act of 1964 is amended by
12 adding at the end thereof the following new sections:

13 "FEDERAL ADMINISTRATION IN CERTAIN AREAS

14 "SEC. 17. Notwithstanding any other provision of this
15 Act, if the Secretary determines that there is a manifest and
16 urgent need for the food stamp program in any area which
17 cannot be alleviated through the direct distribution of fed-
18 erally donated commodities, and if the State agency, after
19 being notified of such need, fails and refuses for more than
20 ninety days, or such longer period as the Secretary deems
21 appropriate, to request the formulation of a food stamp pro-
22 gram for such area, upon the request of the Governor, the
23 Secretary may (1) undertake such a program in such area;
24 (2) carry out all of the functions herein provided to be per-
25 formed by the State agency for such area; and (3) utilize the

1 facilities of the Department of Agriculture in carrying out
2 such functions.

3 "NATIONAL NUTRITION COMMITTEE

4 "SEC. 18. The Secretary shall establish an interdepart-
5 mental committee, which shall be known as the 'National
6 Nutrition Committee', to advise him on matters relating to
7 the administration of this Act and other similar and related
8 food assistance and nutritional education programs adminis-
9 tered by the Secretary, including, but not limited to, those
10 programs carried out under the National School Lunch Act,
11 the Child Nutrition Act of 1966, clause (2) of section 32
12 of Public Law 320 of the Seventy-fourth Congress, and
13 clause (3) of section 416 of the Agricultural Act of 1949.
14 The Secretary shall appoint such persons from the various
15 departments and agencies of the Federal Government as he
16 determines are exceptionally well qualified by virtue of their
17 background, training, education, and experience in matters
18 relating to food, diet, and nutrition. The Secretary of Health,
19 Education, and Welfare, and the Secretary of Housing and
20 Urban Development shall serve as members of such com-
21 mittee. The Secretary shall also appoint to such committee
22 one or more representatives from the food industry."

23 SAVINGS CLAUSE

24 SEC. 9. State plans of operation approved by the Sec-
25 retary of Agriculture under the Food Stamp Act of 1964,

1 as amended, prior to the date of the enactment of amend-
2 ments thereto by this Act shall continue in effect until such
3 plans are changed to accord with such amendments: *Pro-*
4 *vided*, That no such previously approved plan shall remain
5 unchanged for more than one hundred and eighty days after
6 the enactment of such amendments.

Calendar No. 283

91ST CONGRESS
1ST SESSION**S. 2547**

[Report No. 91-292]

A BILL

To amend the Food Stamp Act of 1964.

By Mr. ELLENDER

JULY 7, 1969

Read twice and ordered to be placed on the calendar

FOOD STAMP PROGRAM

JULY 7, 1969.—Ordered to be printed

Mr. ELLENDER, from the Committee on Agriculture and Forestry,
submitted the following

Filed under authority of the order of the Senate of July 1, 1969

REPORT

together with

INDIVIDUAL VIEWS

[To accompany S. 2547]

The Committee on Agriculture and Forestry, reported an original bill (S. 2547), to amend the Food Stamp Act of 1964, and recommends that the bill do pass.

SHORT EXPLANATION

This bill would amend the Food Stamp Act of 1964 to expand the program, simplify participation procedures, correct grievances, assure participants of an adequate diet, reduce coupon costs for the neediest households, and assure all eligible households of the opportunity to participate. It would—

(1) Increase the appropriation authorization from \$315 million in fiscal 1969 to \$750 million in fiscal 1970 and \$1.5 billion in each of the fiscal years 1971 and 1972;

(2) Assure program participants of a nutritionally adequate diet;

(3) Assure all eligible households of the opportunity to participate in the program by requiring the State agency to arrange for payment of the minimum charge, and limiting the maximum charge to 30 percent of household income;

(4) Permit direct administration by the Secretary in local areas where such action is necessary;

(5) Provide for State eligibility standards which take local factors into account, but meet national standards prescribed by the Secretary;

- (6) Provide for program information activities to insure participation of eligible households;
- (7) Provide a hearing procedure for aggrieved participants;
- (8) Permit direct commodity distribution during the transition to a food stamp program;
- (9) Simplify certification for certain assistance households;
- (10) Provide for issuance of stamps at least twice monthly;
- (11) Permit recipients to have the cost of coupons deducted from welfare checks; and
- (12) Provide for an interdepartmental committee to advise the Secretary on food assistance programs.

COMMITTEE DELIBERATIONS

Earlier this year a number of bills to extend and revise the food stamp and commodity distribution programs were introduced and referred to the committee. On May 22, 23, 26, and 27, 1969, hearings were held on the President's message on hunger and malnutrition and on all bills. These were S. 6, S. 339, S. 1608, S. 1864, and S. 2014. Subsequent to the hearings S. 2370, an administration bill, was introduced.

Later, on June 19 and 20, in executive session, the committee tentatively adopted a number of amendments to existing law, based upon the hearings and the suggestions made in the bills before it. A committee print was developed. Again on June 30 and July 1, in executive session the committee considered all proposed amendments and finally adopted the proposal now presented to the Senate.

Meanwhile on June 20, the committee ordered reported an original joint resolution providing only that the appropriation authorization for fiscal 1970 be increased from \$340 million to \$750 million. The reason for the joint resolution was the fact that the fiscal 1970 agricultural appropriation bill was in the process of being developed and it was felt by the committee that the increased authorization should be available immediately. The Senate passed Senate Joint Resolution 126 on June 24 and the agricultural appropriations bill reported to the Senate on June 25 contains an authorization of \$750 million for the food stamp program for fiscal year 1970.

DESCRIPTION OF THE CURRENT PROGRAM

The food stamp program is designed to improve the nutrition of low-income households and, as a consequence, to constructively use this Nation's food abundance.

Under it, eligible households exchange the amounts of money they normally would be spending for food for allotment of food coupons worth more. (Under the bill the cost would be the reasonable investment value, but not more than 30 percent of household income.) The households then spend the coupons for more and better food (except for certain imported items) at regular retail food stores. Retailers redeem the coupons through the commercial banking system.

The State welfare agency (the agency that administers federally aided public assistance programs such as old-age assistance) is responsible for the administration of the program within the State. Merit system personnel in the local counterpart offices of the State agency

certify households as eligible and assign them an approved coupon schedule, that is, the total value of the coupon allotment they will be issued each month, and the monthly charge to be paid by the household. The State agency or local governmental units arrange for the sale of coupons to eligible households in accordance with their assigned issuance schedule.

The Department of Agriculture is responsible for approval of participating food retailers and wholesalers and for working with the commercial banking system in connection with any problems that may arise in coupon redemptions for retailers and wholesalers.

Eligible households

Households eligible for participation are those whose income is determined to be a substantial limiting factor in the attainment of an adequate diet.

Households in which all members are receiving welfare grants are eligible to participate—by approving their applications for such welfare assistance, States and localities have already determined such households to be needy. Other nonassistance households—which may have some members who receive welfare assistance—are eligible to participate if the income and other financial resources of the household fall within the maximum income and resource standards of each participating State.

¹Section 5 of the Food Stamp Act provides that the maximum income standards that can be established by each State must be consistent with the income standards used by the State in its own federally aided public assistance programs. (Under the bill eligibility would not be so rigidly tied to other State programs, and the Secretary could require more uniform standards.) These income standards are established in terms of a maximum monthly household income and the level of that maximum is adjusted in accordance with the number of members in the household. (Throughout the act the term "income" means income available to the household from any source, including any welfare payments it receives.)

Thus, the food stamp program is available to households with incomes as low as, or lower than, that of households which receive welfare assistance but which, for a variety of reasons, cannot qualify for welfare assistance. However, because income standards for public assistance vary from State to State, food stamp eligibility standards also vary from State to State.

The coupon schedules

The Department of Agriculture determines the coupon schedules for participating States. These schedules show the value of the total coupon allotment to be issued to certified households and the charges to be paid by the household. There is one basic schedule that applies to most of the country and a second schedule for 10 States in the South¹ where retail food prices are somewhat lower than in the rest of the country. In the second schedule, both the charges for coupons and the value of the total coupon allotment issued are somewhat lower than in the basic schedule. Within a State, the approved schedule is uniformly applied in all food stamp areas.

¹ Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia.

In each of the two schedules, the charges to be paid by the household (also called the purchase requirement) have been established on the basis of household size and income—in amounts determined to be equivalent to amounts the households would be expected to spend for food in the absence of a food stamp program. The level of such charges were based upon the amounts low-income families reported they spent for food in surveys undertaken by the research agencies of the Department.

The schedules provided to the States by USDA also show, by income and household size, the value of the total coupon allotment States are authorized to issue to certified households. (Under the bill such value would have to equal the cost of an adequate, nutritious diet.) The difference between the value of the total coupon allotment to be issued and the charge to be made represents the Federal food subsidy (usually called the bonus coupons).

For households of the same size, the charge to be paid for the coupons increases as income increases, since higher-income families normally spend more for food than do lower-income families. On the other hand, the value of the Federal subsidy in the form of bonus coupons is larger for the lower-income families because they are in greater need of financial assistance in more nearly obtaining an adequate diet.

The certification process

A low-income household applies at the local certification office of the State welfare agency where its household size, income, and other qualifying criteria are verified. If determined to be eligible, it is assigned its coupon issuance schedule.

For example, a household of four might be assigned one of the following individual monthly coupon schedules based upon the income of the household as determined at the time of certification. (The complete table appears on p. 35 of the hearing record.)

Monthly income	Coupon schedule		
	Charge	Bonus	Total
\$10.....	\$2	\$58	\$60
\$50.....	20	44	64
\$80.....	36	36	72
\$100.....	44	34	78

Individual households may qualify for certain hardship adjustments which affect their normal food buying ability. For example, in the above illustration, if the \$100-a-month household was paying \$20 a month for special medicine needed for one of its children, it would be accorded a hardship deduction and certified as an \$80-a-month household. Likewise, if the income of the \$100-a-month household was reduced to \$50 because of the loss of part-time or seasonal employment, it would return to the certification office and be assigned the coupon schedule established for a \$50-a-month household.

Issuing the coupons

The State agency and local governmental units are responsible for arranging facilities through which certified households may regularly purchase their assigned coupon allotments. In some areas, the State

welfare agency or local governmental officials establish their own issuing offices. In other instances, they pay commercial banks, credit unions, savings and loan associations, or other agencies to issue coupons for them.

Each certified household is provided with an identification card and the certifying offices notify the issuance offices of the coupon schedule they are authorized to use for each certified household. Although coupon charges are normally expressed in terms of monthly amounts, nearly all of the currently operating food stamp areas have arrangements for semimonthly or weekly schedules to accommodate those households who do not receive their income on a monthly basis. (Under the bill at least monthly and semimonthly schedules would be required.)

The food coupons

Food coupons are printed in two denominations—50-cent and \$2 coupons. For ease in handling, they are issued in booklets—containing \$2, \$3, \$10, or \$20 worth of coupons.

The coupons are engraved documents, manufactured by the Bureau of Engraving and Printing, and are about the size of a dollar bill.

Use of coupons in retail stores

Households use the coupons, as they would regular currency, to purchase food in retail stores at prevailing retail prices. Stores use the 50-cent coupons they accept to make change for the food stamp customer. If the change due the food stamp customer is 49 cents or less, the store will issue the customer a credit slip—good for the future purchase of eligible food stamp foods.

Redeeming the coupons

The sums collected from the households as coupon charges by local issuing offices are deposited in local banks which, through the Federal depository system, transfer such sums to a special food stamp account maintained in the U.S. Treasury. The Department regularly transfers into that account sufficient sums from the annual food stamp appropriation to cover the cost of the bonus coupons issued to participating households. Thus, the special account has sufficient sums to cover the value of all coupons issued—both purchased and bonus.

The retailer handles the coupons in the same manner he handles the cash or personal checks he accepts from his customers. Using a special deposit slip supplied by USDA (called a redemption certificate), he deposits the coupons in his bank along with his other receipts. The commercial banks send the coupons to the Federal Reserve bank, which reimburses the bank. The Federal Reserve bank destroys the coupons and, in turn, draws upon the special food stamp account maintained in the U.S. Treasury.

Authorizing retailers and wholesalers

Personnel of USDA individually authorize each retail food store or wholesale food concern that wishes to participate in the program. Although participation is at the election of the retail food store, almost all retailers choose to participate. Thus, the food stamp household is not forced to alter its shopping practices, to forgo the use of conveniently located retail stores, or required to purchase

food in larger quantities than it can conveniently use or store in its home.

Wholesale food concerns need be approved for participation only if they wish to act as an intermediate coupon redemption agent for retailers.

Approving areas for participation

The Food Stamp Act requires that State welfare agencies must make application to USDA for participation in the food stamp program on behalf of their political subdivisions. USDA has no authority, under the act, to consider any area for participation unless such a request is on file with it.

After the USDA's appropriation act is approved each year, USDA requests State welfare agencies to submit to it the political subdivisions it wishes to be considered for designation, together with the State's priority ratings in case available funds are not sufficient to meet all such requests.

Within funds determined to be available for geographic expansion under the funding authorizations provided in the Food Stamp Act, the Department designates new areas under the guidelines contained in section 10(e) of the act which provide for an equitable and orderly expansion among the several States in accordance with their relative need and their readiness to undertake the program expansion they have requested.

As the fiscal year progresses, actual expenditure rates are analyzed in relation to the current year's appropriation and the limitation on appropriation authorizations for the succeeding fiscal year. Additional designations from those requested by States are made, if revised funding requirements permit.

Program costs

As is true of the food stamp program's administrative structure, there is a sharing of total program costs between the Federal Government and sources within the State.

The Federal Government finances the cost of the bonus coupons; prints the special food stamp currency used; and provides a small payment to the State welfare agency to assist in part of the local costs incurred in the certification of nonassistance households.

Sources within the State must finance State-level program direction and supervision of the program; pay most of the costs incurred in the certification of applicant households; and are responsible for all of the costs involved in the issuance of the coupons.

THE SCOPE OF USDA FOOD PROGRAMS

The food stamp program is only one in a series of USDA food assistance programs designed to improve national nutritional levels.

These programs have been expanded in scope as additional knowledge has been gained concerning the complex causes of poor diets; their emphasis has been increasingly focused on the food problems of those who live in direst poverty, and their funding has been increased—and additional increases are being provided in 1970.

These expanded efforts have involved both child feeding and family assistance programs.

The National School Lunch Act, enacted in 1946 to provide assistance in furnishing school lunches, was amended in 1962 to provide

special Federal financial assistance to schools serving low-income areas where the need for free or reduced-price lunches was the greatest.

In 1966, Congress passed the Child Nutrition Act (Public Law 89-642) providing assistance for school breakfast programs and financial assistance to schools in low-income areas to obtain the equipment needed to start or to expand their food services.

In 1968, Congress passed the special food service program for children (Public Law 90-302) to assist day care centers, settlement houses and summer recreational programs, again directed toward children from low-income areas.

In both 1967 and 1968, amendments to the Food Stamp Act were passed which increased the authorized level of annual appropriations. The alternate program of family food assistance, commodity distribution, has been expanded into new areas and the level of assistance has been increased by adding new foods to the list of those available for donation.

Additionally, a new supplemental package program has been inaugurated under section 32, Public Law 320, 74th Congress and the Department's Appropriation Act for fiscal 1969 to supply critically important foods to the high-risk group of mothers in the prenatal and postnatal period and for the young children in their families.

Finally the Senate has already approved Senate Joint Resolution 126 which would increase the fiscal year 1970 authorization for the food stamp program from its present level of \$340 million to \$750 million.

The Senate Committee on Appropriations has reported out the Department of Agriculture Appropriation Act which provides a total of \$1,955 million for USDA food assistance programs in 1970 (three times the level of support provided in 1966—or an additional \$1.3 billion) as follows:

USDA FOOD PROGRAMS : FUNDING IN FISCAL YEARS 1966-69 AND AMOUNTS PROVIDED BY THE SENATE APPROPRIATIONS COMMITTEE IN THE USDA APPROPRIATION ACT FOR FISCAL YEAR 1970

[In million of dollars]

Activity	Fiscal years				Senate Appropriations Committee, 1970
	1966	1967	1968	1969	
Child feeding.....	414.0	489.5	502.9	623.1	722.0
Family programs:					
Commodity distribution.....	134.1	118.8	184.8	267.5	399.5
Food stamp program.....	70.4	116.3	184.7	279.9	750.0
Nutrition aides.....				10.0	30.0
Total.....	204.5	235.1	369.5	557.4	1,179.5
Institutions ¹	27.4	19.2	36.5	62.8	53.8
Grand total.....	645.9	743.8	908.9	1,243.3	1,955.3

¹ Includes commodity donations to charitable institutions, VA, Armed Forces, and certain penal institutions.

Despite the expansion in the scope of USDA food programs and the increases in their funding level, the food problem needs further exploration. More definitive information is needed on both the extent and causes of poverty-induced malnutrition. In the interest of good public policy and effective public programs, solutions must be geared to specific causes, not broad generalizations.

The problem of fair or poor diets—caused by lack of motivation or knowledge among the marginally poor or the near poor—should be

separated from the problem of hunger or severe malnutrition that can result from dire poverty.

REVIEW OF THE FOOD STAMP PROGRAM

The committee remains convinced that the food stamp program is the most effective approach to improving the diets of poor families. It permits the needed food assistance to be delivered through our efficient commercial food marketing system, thereby relieving States and localities of the need to establish a second distribution system to handle and distribute federally donated commodities.

It gives the low-income family access to the wide variety of nutritious and economical foods in the retail store—the mother with teenage children will want to select very different foods than does an aging couple—thus allowing families to better meet their dietary needs. It permits the family to shop for food as frequently as is necessary in view of their limited food storage facilities in their homes. Despite the best efforts of many poor families, food waste is unavoidable when they are required to handle a month's supply of 15 to 20 donated foods—many of which need refrigeration.

Currently, the food stamp program is operating in 1,489 areas throughout the country (about half of the U.S. counties) and more than 3 million persons are participating. Of the remaining counties, all but about 400 counties are serving 3.7 million needy persons through the commodity distribution program.

Survey data provided by the Department of Agriculture indicate that the stamp program is reaching substantial numbers of our poorest families. In the 10 Southern States,² an estimated 23 percent of the persons participating in the program lived in households with an income of less than \$50 a month and about half of the persons lived in households with incomes of less than \$100 a month. Nationally, these percentages are 11 and 25, respectively. The complete survey data is as follows:

FOOD STAMP PROGRAM: ESTIMATED PERCENTAGE DISTRIBUTION OF FOOD STAMP PARTICIPANTS BY INCOME OF THE HOUSEHOLD IN WHICH THEY RESIDE, OCTOBER-NOVEMBER 1968¹

Monthly income	South ² (percent)	North and West ³ (percent)	Total (percent)
0 to \$29.99.....	13.5	4.1	7.2
\$30 to \$39.99.....	4.8	.2	1.7
\$40 to \$49.99.....	5.0	.5	2.0
\$50 to \$69.99.....	10.3	1.9	4.7
\$70 to \$99.99 ⁴	15.6	6.5	9.5
\$100 to \$149.99 ⁵	22.6	20.1	21.0
\$150 to \$199.99.....	13.9	11.5	12.3
\$200 to \$299.99.....	11.9	22.9	19.2
\$300 to \$399.99.....	2.3	19.4	13.7
\$400 and over.....	.1	12.9	8.7
Total.....	100.0	100.0	100.0

¹ Based upon data collected by USDA on household coupon issuance schedules in 21 areas in 12 States. These areas represented 14 percent of the total number of participants in October-November 1968.

² Includes the following 10 States: Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia.

³ Represents the remaining 32 participating States and the District of Columbia.

⁴ Includes some 1-person households with incomes over \$100 a month.

⁵ Includes some 2-person households with incomes over \$150 a month.

² Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia.

But, the program needs to reach even more people with poverty-induced hunger. In its review of the progress made under the act, supplemented by testimony from many groups and individuals, the committee found that modifications in program design must be made in order to increase program effectiveness and to reach all of those that needs its benefits. The amendments to the Food Stamp Act, being reported out by the committee, are designed to achieve that objective.

The committee believes that the food stamp program should progressively replace the program of family food donations. However, it believes that first priority should be placed upon an orderly modification of the program in the areas in which the program is now operating, which will require intensive efforts on the part of Federal, State, and local officials—taxing both their skills and available staffs in the months following the enactment of the proposed amendments.

Orderly geographic expansion is envisioned by the committee—even in the fiscal year 1970. But, the transfer to a nationwide food stamp program should not, and cannot, be accomplished in a short period. The interest of the poor families the program is designed to help can best be served by an orderly change in program requirements in existing food stamp areas—with that experience forming the basis for further effective geographic expansion. In the interim, USDA should take all practical efforts to maintain a high level of assistance for other poor families under its commodity donation operations.

SECTION-BY-SECTION EXPLANATION

Section 1. Concurrent food distribution during transition period

This section would permit the distribution of federally owned foods to households to be continued during the initial period of a food stamp program in order to provide for an orderly transition to the new program. Concurrent distribution could be made in such cases only if the State agency requested it, and then only for a period not exceeding 90 days. Generally, there should not be two competing federally sponsored food programs for households in the same area. Each tends to weaken the other, and provides confusion and administrative difficulties. The food stamp program is generally the superior program, since it provides recipients with a more adequate and varied diet, eliminates the need to carry heavy packages from remote distribution points, and permits recipients to obtain food at times and in quantities which meet their needs and their storage facilities. However, there may be cases when a food stamp program is being initiated when there will be some benefit in continuing direct distribution for a short period. At present the law permits both programs to operate in the same area only in disaster emergency situations; and the bill would not remove the authority to have both programs in such situations.

Section 2. Eligibility standards

This section provides for State eligibility standards which take local factors into account but fall within national minimum and maximum standards fixed by the Secretary. The objective is to assure that all deserving households will be eligible to share in the program,

and to assure that the program will not be wasteful. Medicaid standards could not be considered.

At present the act provides that the State standards must be consistent with those used in the State's federally aided public assistance programs. This was felt to be too rigid, so the bill provides that the State only need take into account its federally aided public assistance program standards, and that it must also take into account local factors affecting the cost of living and other relevant matters. The requirement that State standards must comply with national minimum and maximum standards fixed by the Secretary is a new one, not now in the law. As at present the State standards would be subject to approval by the Secretary.

Section 3. Value of coupon allotment

This section would raise the coupon allotment to an amount equal to the cost of a nutritionally adequate diet (from an amount which will provide an "opportunity more nearly to obtain a low-cost nutritionally adequate diet"). The purpose of the program is to end hunger and malnutrition; and this section would assure all participants of a fully adequate diet. The cost of such a diet would, of course, be determined by the Secretary on the basis of all information available to him which may include local factors affecting food costs, dietary habits, or other factors he deems appropriate in the interest of an effective and prudent program.

Section 4. Cost of coupon allotment

This section makes the following changes in section 7(b) of the act, which deals with the amount paid by a household for its food stamps:

First, it provides for payment of an amount which will represent a "reasonable investment on the part of the household," instead of an amount equivalent to its normal expenditures for food. This will provide greater flexibility, permitting the Secretary to fix a charge which is reasonable for the household to pay, rather than tying the charge to normal food expenditures, which for many poor families are unreasonably high in relation to their income.

Second, it imposes an upper limit on what can be charged for stamps. No household would be required to pay more than 30 percent of its income (including welfare payments, of course, since for all purposes under the act the term "income" includes welfare payments).

Third, it retains and incorporates in the act the present minimum charge, which has heretofore been determined administratively. That minimum is 50 cents per person per month for the first six persons in each household and nothing for each additional person.

Fourth, and most important, it assures that even those persons who are too poor to pay the minimum charge can participate in the program and receive fully adequate diets. For those persons the State agency would be required to arrange for payment from State or local sources, such portion of the charge as may be necessary to insure their participation. The State agency might make arrangements with local charities to underwrite these minimal charges, or it might arrange with local authorities to apply general assistance welfare payments to the purchase of coupons, or it might use State funds. The objective of this provision is to assure every low-income household a completely adequate diet, without shifting the historic State and local responsibilities for minimum basic relief to the Federal Government.

Section 5. Simplification of participation procedure

This section makes three changes in the act designed to simplify procedure and make participation easier for needy families.

First, it provides for certification on the basis of information already in the possession of the State Agency in the case of families already receiving public assistance where that information is adequate.

Second, it provides that coupons shall be issued on at least monthly and semimonthly schedules. The committee realizes that for some families it may be difficult or impossible to accumulate at one time enough money to pay for a full month's allotment. For other families, who may receive a monthly welfare or pension check, a monthly payment is more practical. The bill therefore provides that both schedules must be available to make it as easy as possible for both of these households to participate. The States may provide additional schedules if they see fit and find it administratively feasible to do so.

Third, it provides for deduction of the charge from federally aided public assistance payments when authorized by the applicant household. This would relieve the applicant household of making a separate trip each time coupons are being issued. The State agency could simply make the deductions and mail the coupons.

Section 6. Program information and hearings

This section provides that each State plan must provide (1) for the granting of a fair hearing to any aggrieved household and prompt action on the grievance; and (2) that the State agency shall take effective action to inform low-income households about the program and insure their participation. Other federally funded agencies would be used in this information program.

The Federal Government would pay 62.5 percent of the cost of hearing officials.

Section 7. Appropriations

This section would authorize appropriations to carry out the program of up to \$750 million for fiscal 1970, and up to \$1.5 billion for each of the fiscal years 1971 and 1972. Unexpended appropriations for fiscal 1970 and 1971 would remain available for obligation through fiscal 1972.

This represents a great expansion of the program. Appropriation authorization for earlier years range from \$75 million for fiscal 1965 to \$315 million for fiscal 1969. The amount now authorized for fiscal 1970 is \$340 million. The committee regarded the increase to \$750 million for 1970 as urgent, and consequently reported Senate Joint Resolution 126 to the Senate on June 20, 1969. The Senate passed Senate Joint Resolution 126 on June 24, but the House has not acted upon it as yet. The Department has advised the committee that only about \$610 million can be used in an orderly manner in fiscal 1970. but any amount appropriated in excess of that which can be used in fiscal 1970 will carry over to fiscal 1971. The committee feels that \$1.5 billion for each of the fiscal years 1971 and 1972 provides amply for expansion of the program and increasing benefits under it.

Section 8. Federal administration in certain areas—National Nutrition Committee

This section adds two new sections (17 and 18) to the Food Stamp Act of 1964.

New section 17 authorizes the Secretary to administer the food stamp program directly in any area, if (1) he finds that there is a manifest and urgent need for the program which cannot be alleviated through the direct distribution of federally donated commodities, (2) the State agency, after being notified of such need, refuses to request the formulation of a program, and (3) the Governor requests the Secretary to take such action. There is nothing in this section which would prevent the Secretary from undertaking the direct administration of a commodity distribution program in any area, as he has done in a number of areas.

New section 18 provides for the establishment of an interdepartmental National Nutrition Committee to advise the Secretary on food assistance and nutritional education programs. In addition to persons appointed by the Secretary from various Federal agencies, the committee would include the Secretary of Health, Education, and Welfare, the Secretary of Housing and Urban Development, and one or more representatives of the food industry.

Section 9. Savings clause

This section would give the Department and the States 180 days to amend State plans to conform to the provisions of the bill.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

FOOD STAMP ACT OF 1964

AN ACT

To strengthen the agricultural economy; to help to achieve a fuller and more effective use of food abundances; to provide for improved levels of nutrition among low-income households through a cooperative Federal-State program of food assistance to be operated through normal channels of trade; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The Food Stamp Act of 1964".

DECLARATION OF POLICY

SEC. 2. It is hereby declared to be the policy of Congress, in order to promote the general welfare, that the Nation's abundance of food should be utilized cooperatively by the States, the Federal Government, and local governmental units to the maximum extent practicable to safeguard the health and well-being of the Nation's population and raise levels of nutrition among low-income households. The Congress hereby finds that increased utilization of foods in establishing and maintaining adequate national levels of nutrition will tend to cause the distribution in a beneficial manner of our agricultural abundances and will strengthen our agricultural economy, as well as result in more orderly marketing and distribution of food. To effectuate the

policy of Congress and the purposes of this Act, a good stamp program, which will permit those households with low incomes to receive a greater share of the Nation's food abundance, is herein authorized.

DEFINITIONS

SEC. 3. As used in this Act—

(a) The term "Secretary" means the Secretary of Agriculture.

(b) The term "food" means any food or food product for human consumption except alcoholic beverages, tobacco, those foods which are identified on the package as being imported, and meat and meat products which are imported.

(c) The term "coupon" means any coupon, stamp, or type of certificate issued pursuant to the provisions of this Act.

(d) The term "coupon allotment" means the total value of coupons to be issued to a household during each month or other time period.

(e) The term "household" shall mean a group of related or non-related individuals, who are not residents of an institution or boarding house, but are living as one economic unit sharing common cooking facilities and for whom food is customarily purchased in common. The term "household" shall also mean a single individual living alone who has cooking facilities and who purchases and prepares food for home consumption.

(f) The term "retail food store" means an establishment, including a recognized department thereof, or a house-to-house trade route which sells food to households for home consumption.

(g) The term "wholesale food concern" means an establishment which sells food to retail food stores for resale to households.

(h) The term "State agency" means the agency of the State government which has responsibility for the administration of the federally aided public assistance programs.

(i) The term "bank" means member or nonmember banks of the Federal Reserve System.

(j) The term "State" means the fifty States and the District of Columbia.

(k) The term "food stamp program" means any program promulgated pursuant to the provisions of this Act.

ESTABLISHMENT OF THE FOOD STAMP PROGRAM

SEC. 4. (a) The Secretary is authorized to formulate and administer a food stamp program under which, at the request of an appropriate State agency, eligible households within the State shall be provided with an opportunity more nearly to obtain a nutritionally adequate diet through the issuance to them of a coupon allotment which shall have a greater monetary value than their normal expenditures for food. The coupons so received by such households shall be used only to purchase food from retail food stores which have been approved for participation in the food stamp program. Coupons issued and used as provided in this Act shall be redeemable at face value by the Secretary through the facilities of the Treasury of the United States.

(b) In areas where a food stamp program is in effect, there shall be no distribution of federally owned foods to households under the

authority of any other law except (i) during emergency situations caused by a national or other disaster as determined by the Secretary; and (ii) *at the request of the State agency, during the transition period (not exceeding ninety days) when a food stamp program is being initiated in an area in which such distribution is being made at the time of such initiation.*

(c) The Secretary shall issue such regulations, not inconsistent with this Act, as he deems necessary or appropriate for the effective and efficient administration of the food stamp program.

ELIGIBLE HOUSEHOLDS

SEC. 5. (a) Participation in the food stamp program shall be limited to those households whose income is determined to be a substantial limiting factor in the attainment of a nutritionally adequate diet.

(b) In complying with the limitation on participation set forth in subsection (a) above, each State agency shall establish standards to determine the eligibility of applicant households. Such standards shall [include maximum income limitations consistent with the income standards used by the State agency in administration of its federally aided public assistance programs. Such standards also shall place a limitation on the resources to be allowed eligible households] (1) *include income and resource limitations which take into account the income and resource standards used by the State agency in administration of its federally aided public assistance programs (other than those established for the purpose of title 19 of the Social Security Act), local factors affecting the cost of living, and such other matters as may be appropriate; and* (2) *comply with national minimum and maximum standards of eligibility, which shall be prescribed by the Secretary of Agriculture.* The standards of eligibility to be used by each State for the food stamp program shall be subject to the approval of the Secretary.

ISSUANCE AND USE OF COUPONS

SEC. 6. (a) Coupons shall be printed in such denominations as may be determined to be necessary, and shall be issued only to households which have been duly certified as eligible to participate in the food stamp program.

(b) Coupons issued to eligible households shall be used by them only to purchase food in retail food stores which have been approved for participation in the food stamp program at prices prevailing in such stores: *Provided*, That nothing in this Act shall be construed as authorizing the Secretary to specify the prices at which food may be sold by wholesale food concerns or retail food stores.

(c) Coupons issued to eligible households shall be simple in design and shall include only such words or illustrations as are required to explain their purpose and define their denomination. The name of any public official shall not appear on such coupons.

VALUE OF THE COUPON ALLOTMENT AND CHARGES TO BE MADE

SEC. 7. (a) The face value of the coupon allotment which State agencies shall be authorized to issue to *any* households certified as eligible to participate in the food stamp program shall be in such

amount as [will provide such households with an opportunity more nearly to obtain a low-cost] *the Secretary determines to be the cost of a nutritionally adequate diet.*

(b) Households shall be charged [such portion of the face value of the coupon allotment issued to them as is determined to be equivalent to their normal expenditures for food] *for the coupon allotment issued to them, and the amount of such charge shall represent a reasonable investment on the part of the household; but in no event—*

“(1) less than 50 cents per person per month for a household of five or less persons, or \$3 per household per month for a household of six or more persons; or

“(2) more than 30 per centum of the household's income.

The State agency shall arrange for payment from State or local sources, including sums made available by charitable and similar organizations, of such portion of the minimum charge as may be necessary to insure the participation of all households certified for participation at the minimum charge.

(c) The value of the coupon allotment provided to any eligible household which is in excess of the amount charged such households for such allotment shall not be considered to be income or resources for any purpose under any Federal or State laws including, but not limited to, laws relating to taxation, welfare, and public assistance programs.

(d) Funds derived from the charges made for the coupon allotment shall be promptly deposited in a manner prescribed in the regulations issued pursuant to this Act, in a separate account maintained in the Treasury of the United States for such purposes. Such deposits shall be available, without limitation to fiscal years, for the redemption of coupons.

APPROVAL OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

SEC. 8. (a) Regulations issued pursuant to this Act shall provide for the submission of applications for approval by retail food stores and wholesale food concerns which desire to be authorized to accept and redeem coupons under the food stamp program and for the approval of those applicants whose participation will effectuate the purposes of the food stamp program. In determining the qualifications of applicants there shall be considered among such other factors as may be appropriate, the following: (1) the nature and extent of the retail or wholesale food business conducted by the applicant; (2) the volume of coupon business which may reasonably be expected to be conducted by the applicant retail food store or wholesale food concern; and (3) the business integrity and reputation of the applicant. Approval of an applicant shall be evidenced by the issuance to such applicant of a nontransferable certificate of approval.

(b) Regulations issued pursuant to this Act shall require an applicant retail food store or wholesale food concern to submit information which will permit a determination to be made as to whether such applicant qualifies, or continues to qualify, for approval under the provisions of this Act or the regulations issued pursuant to this Act. Regulations issued pursuant to this Act shall provide for safeguards which restrict the use or disclosure of information obtained under the authority granted by the subsection to purposes directly connected

with administration and enforcement of the provisions of this Act or the regulations issued pursuant to this Act.

(c) Any retail food store or wholesale food concern which has failed upon application to receive approval to participate in the food stamp program may obtain a hearing on such refusal as provided in section 13 of this Act.

REDEMPTION OF COUPONS

SEC. 9. Regulations issued pursuant to this Act shall provide for the redemption of coupons accepted by retail food stores through approved wholesale food concerns or through banks, with the cooperation of the Treasury Department.

ADMINISTRATION

SEC. 10. (a) All practicable efforts shall be made in the administration of the food stamp program to insure that participants use their increased food purchasing power to obtain those staple foods most needed in their diets, and particularly to encourage the continued use of those in abundant or surplus supply so as not to reduce the total consumption of surplus commodities which have been made available through direct distribution. In addition to such steps as may be taken administratively, the voluntary cooperation of existing Federal, State, local, or private agencies which carry out informational and educational programs for consumers shall be enlisted.

(b) The State agency of each participating State shall assume responsibility for the certification of applicant households and for the issuance of coupons: *Provided*, That the State agency may, subject to State law, delegate its responsibility in connection with the issuance of coupons to another agency of the State government. *Certification of households receiving any other type of public assistance may be based upon information in the possession of the State agency without further investigation, if such information is adequate. Coupons shall be issued on at least monthly and semimonthly schedules. The amount to be paid by a household for its coupon allotment may be withheld from any payment made by the State agency to such household under a federally aided public assistance program, if such withholding is authorized by such household.* There shall be kept such records as may be necessary to ascertain whether the program is being conducted in compliance with the provisions of this Act and the regulations issued pursuant to this Act. Such records shall be available for inspection and audit at any reasonable time and shall be preserved for such period of time, not in excess of three years, as may be specified in the regulations.

(c) In the certification of applicant households for the food stamp program there shall be no discrimination against any household by reason of race, religious creed, national origin, or political beliefs.

(d) Participating States or participating political subdivisions thereof shall not decrease welfare grants or other similar aid extended to any person or persons as a consequence of such person's or persons' participation in benefits made available under the provisions of this Act or the regulations issued pursuant to this Act.

(e) The State agency of each State desiring to participate in the food stamp program shall submit for approval a plan of operation specifying the manner in which such program will be conducted within

the State, the political subdivisions within the State in which the State desires to conduct the program, and the effective dates of participation by each such political subdivision. In addition, such plan of operation shall provide, among such other provisions as may by regulation be required, the following: (1) the specific standards to be used in determining the eligibility of applicant households; (2) that the State agency shall undertake the certification of applicant households in accordance with the general procedures and personnel standards used by them in the certification of applicants for benefits under the federally aided public assistance programs; (3) safeguards which restrict the use or disclosure of information obtained from applicant households to persons directly connected with the administration or enforcement of the provisions of this Act or the regulations issued pursuant to this Act; [and] (4) for the submission of such reports and other information as may from time to time be required; (5) *for the granting of a fair hearing and a prompt determination thereafter to any household aggrieved by the action of a State agency under any provision of its plan of operation as it affects the participation of such household in the food stamp program; and* (6) *that the State agency shall undertake effective action, including the use of services provided by other federally funded agencies and organizations, to inform low-income households concerning the availability and benefits of the food stamp program and insure the participation of eligible households.* In approving the participation of the subdivisions requested by each State in its plan of operation, the Secretary shall provide for an equitable and orderly expansion among the several States in accordance with their relative need and readiness to meet their requested effective dates of participation.

(f) If the Secretary determines that in the administration of the program there is a failure by a State agency to comply substantially with the provisions of this Act, or with the regulations issued pursuant to this Act, or with the State plan of operation, he shall inform such State agency of such failure and shall allow the State agency a reasonable period of time for the correction of such failure. Upon the expiration of such period, the Secretary shall direct that there be no further issuance of coupons in the political subdivisions where such failure has occurred until such time as satisfactory corrective action has been taken.

(g) If the Secretary determines that there has been gross negligence or fraud on the part of the State agency in the certification of applicant households, the State shall upon request of the Secretary deposit into the separate account authorized by section 7 of this Act, a sum equal to the amount by which the value of any coupons issued as a result of such negligence or fraud exceeds the amount that was charged for such coupons under section 7(b) of this Act.

DISQUALIFICATION OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

SEC. 11. Any approved retail food store or wholesale food concern may be disqualified from further participation in the food stamp program on a finding, made as specified in the regulations, that such store or concern has violated any of the provisions of this Act, or of the regulations issued pursuant to this Act. Such disqualification shall be for such period of time as may be determined in accordance with

regulations issued pursuant to this Act. This action of disqualification shall be subject to review as provided in section 13 of this Act.

DETERMINATION AND DISPOSITION OF CLAIMS

SEC. 12. The Secretary shall have the power to determine the amount of and settle and adjust any claim and to compromise or deny all or part of any such claim or claims arising under the provisions of this Act or the regulations issued pursuant to this Act.

ADMINISTRATIVE AND JUDICIAL REVIEW

SEC. 13. Whenever—

(a) an application of a retail food store or wholesale food concern to participate in the food stamp program is denied,

(b) a retail food store or a wholesale food concern is disqualified under the provisions of section 11 of this Act, or

(c) all or part of any claim of a retail food store or wholesale food concern is denied under the provisions of section 12 of this Act, notice of such administrative action shall be issued to the retail food store or wholesale food concern involved. Such notice shall be delivered by certified mail or personal service. If such store or concern is aggrieved by such action, it may, in accordance with regulations promulgated under this Act, within ten days of the date of delivery of such notice, file a written request for an opportunity to submit information in support of its position to such person or persons as the regulations may designate. If such a request is not made or if such store or concern fails to submit information in support of its position after filing a request, the administrative determination shall be final. If such a request is made by such store or concern, such information as may be submitted by the store or concern, as well as such other information as may be available, shall be reviewed by the person or persons designated, who shall, subject to the right of judicial review hereinafter provided, make a determination which shall be final and which shall take effect fifteen days after the date of the delivery or service of such final notice of determination. If the store or concern feels aggrieved by such final determination he may obtain judicial review thereof by filing a complaint against the United States in the United States district court for the district in which he resides or is engaged in business, or in any court of record of the State having competent jurisdiction, within thirty days after the date of delivery or service of the final notice of determination upon him, requesting the court to set aside such determination. The copy of the summons and complaint required to be delivered to the official or agency whose order is being attacked shall be sent to the Secretary or such person or persons as he may designate to receive service of process. The suit in the United States district court or State court shall be a trial de novo by the court in which the court shall determine the validity of the questioned administrative action in issue. If the court determines that such administrative action is invalid it shall enter such judgment or order as it determines is in accordance with the law and the evidence. During the pendency of such judicial review, or any appeal therefrom, the administrative action under review shall be and remain in full force and effect, unless an application to the court on not less than ten days' notice, and after

hearing thereon and a showing of irreparable injury, the court temporarily stays such administrative action pending disposition of such trial or appeal.

VIOLATIONS AND ENFORCEMENT

SEC. 14. (a) Notwithstanding any other provisions of this Act, the Secretary may provide for the issuance or presentment for redemption of coupons to such person or persons, and at such times and in such manner, as he deems necessary or appropriate to protect the interests of the United States or to insure enforcement of the provisions of this Act or the regulations issued pursuant to this Act.

(b) Whoever knowingly uses, transfers, acquires, or possesses coupons in any manner not authorized by this Act or the regulations issued pursuant to this Act shall, if such coupons are of the value of \$100 or more, be guilty of a felony and shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than five years or both, or, if such coupons are of a value of less than \$100, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned for not more than one year, or both.

(c) Whoever presents, or causes to be presented, coupons for payment or redemption of the value of \$100 or more, knowing the same to have been received, transferred, or used in any manner in violation of the provisions of this Act or the regulations issued pursuant to this Act shall be guilty of a felony and shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than five years, or both, or, if such coupons are of a value of less than \$100, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned for not more than one year, or both.

(d) Coupons issued pursuant to this Act shall be deemed to be obligations of the United States within the meaning of title 18, United States Code, section 8.

COOPERATION WITH STATE AGENCIES

SEC. 15. (a) Each State shall be responsible for financing, from funds available to the State or political subdivision thereof, the costs of carrying out the administrative responsibilities assigned to it under provisions of this Act. Except as provided for in subsection (b) of this section, such costs shall include, but shall not be limited to, the certification of households; the acceptance, storage, and protection of coupons after their delivery to receiving points within the States; and the issuance of such coupons to eligible households and the control and accounting therefor.

(b) The Secretary is authorized to cooperate with State agencies in (i) the certification of households which are not receiving any type of public assistance so as to insure the effective certification of such households in accordance with the eligibility standards approved under the provisions of section 10 of this Act and (ii) *the employment of hearing officials*. Such cooperation shall include payments to State agencies for part of the cost they incur in (i) the certification of such households and (ii) *the employment of hearing officials*. The amount of such payment to any one State agency shall be 50 per centum of the sum

of: (1) the direct salary costs (including the cost of such fringe benefits as are normally paid to its personnel by the State agency) of the personnel used to make such interviews and such postinterview field investigations as are necessary to certify the eligibility of such households, and of the immediate supervisor of such personnel, for such periods of time as they are employed in certifying the eligibility of such households; (2) travel and related costs incurred by such personnel in postinterview field investigations of such households; [and] (3) *the direct salary, travel, and travel-related costs (including such fringe benefits as are normally paid) of personnel for such time as they are employed as hearing officials under section 10(e) of this Act; and* (4) an amount not to exceed 25 per centum of the costs computed under (1) [and] (2), and (3) above.

APPROPRIATIONS

SEC. 16. (a) To carry out the provisions of this Act, there is hereby authorized to be appropriated not in excess of \$75,000,000 for the fiscal year ending June 30, 1965; not in excess of \$100,000,000 for the fiscal year ending June 30, 1966; and not in excess of \$200,000,000 for the fiscal year ending June 30, 1967; not in excess of \$200,000,000 for the fiscal year ending June 30, 1968; not in excess of \$315,000,000 for the fiscal year ending June 30, 1969; not in excess of ~~[\$340,000,000]~~ \$750,000,000¹ for the fiscal year ending June 30, 1970; ~~[not in excess of \$170,000,000 for the six months ending December 31, 1970]~~ *not in excess of \$1,500,000,000 for each of the next two fiscal years*; and not in excess of such sum as may hereafter be authorized by Congress for any subsequent fiscal period. *Sums appropriated under this section shall, notwithstanding the provisions of any other law, continue to remain available for the purposes of this Act, to and including June 30, 1972.* Such portion of any such appropriation as may be required to pay for the value of the coupon allotments issued to eligible households which is in excess of the charges paid by such households for such allotments shall be transferred to and made a part of the separate account created under section 7(d) of this Act. This Act shall be carried out only with funds appropriated from the general fund of the Treasury for that specific purpose and in no event shall it be carried out with funds derived from permanent appropriations. On or before January 20 of each year, the Secretary shall submit to Congress a report setting forth operations under this Act during the preceding calendar year and projecting needs for the ensuing calendar year.

(b) In any fiscal year, the Secretary shall limit the value of those coupons issued which is in excess of the value of coupons for which households are charged, to an amount which is not in excess of the portion of the appropriation for such fiscal year which is transferred to the separate account under the provisions of subsection (a) of this section. If in any fiscal year the Secretary finds that the requirements of participating States will exceed the limitation set forth herein, the Secretary shall direct State agencies to reduce the amount of such coupons to be issued to participating households to the extent necessary to comply with the provisions of this subsection.

(c) If the Secretary determines that any of the funds in the separate account created under section 7(d) of this Act are no longer required

¹ Senate Joint Resolution 126, passed by the Senate on June 24, also provides for making this figure \$750,000,000.

to carry out the provisions of this Act, such portion of such funds shall be paid into the miscellaneous receipts of the Treasury.

(d) Amounts expended under the authority of this Act shall not be considered amounts expended for the purpose of carrying out the agricultural price-support program and appropriations for the purposes of this Act shall be considered, for the purposes of budget presentations, to relate to the functions of the Government concerned with welfare.

FEDERAL ADMINISTRATION IN CERTAIN AREAS

SEC. 17. Notwithstanding any other provision of this Act, if the Secretary determines that there is a manifest and urgent need for the food stamp program in any area which cannot be alleviated through the direct distribution of federally donated commodities, and if the State agency, after being notified of such need, fails and refuses for more than ninety days, or such longer period as the Secretary deems appropriate, to request the formulation of a food stamp program for such area, upon the request of the Governor, the Secretary may (1) undertake such a program in such area; (2) carry out all of the functions herein provided to be performed by the State agency for such area; and (3) utilize the facilities of the Department of Agriculture in carrying out such functions.

NATIONAL NUTRITION COMMITTEE

SEC. 18. The Secretary shall establish an interdepartmental committee, which shall be known as the "National Nutrition Committee", to advise him on matters relating to the administration of this Act and other similar and related food assistance and nutritional education programs administered by the Secretary, including, but not limited to, those programs carried out under the National School Lunch Act, the Child Nutrition Act of 1966, clause (2) of section 32 of Public Law 320 of the Seventy-fourth Congress, and clause (3) of section 416 of the Agricultural Act of 1949. The Secretary shall appoint such persons from the various departments and agencies of the Federal Government as he determines are exceptionally well qualified by virtue of their background, training, education, and experience in matters relating to food, diet, and nutrition. The Secretary of Health, Education, and Welfare, and the Secretary of Housing and Urban Development shall serve as members of such committee. The Secretary shall also appoint to such committee one or more representatives from the food industry.

INDIVIDUAL VIEWS OF MR. McGOVERN

More than 5 million Americans live in families whose yearly household income is less than the total amount they must have for food alone—less than the equivalent of \$1,200 a year for a family of four, the amount the Department of Agriculture says is the minimum cost of an “emergency economy” diet. More than a million Americans have *no cash income* at all.

Another 9 million of our citizens live in families with incomes between \$1,200 and \$2,400. They cannot spend more than half their income on food and still clothe their children, pay the landlord, the electric company or gas company, and meet their other fixed expenses of living.

These 14 million “hard-core” poor have inadequate diets; many, perhaps millions, suffer from chronic and severe hunger and malnutrition—for one overriding reason. They haven’t the money to purchase a nutritious diet.

The committee has taken a major step to meet this problem. The reported bill includes many reforms in the present Food Stamp Act which, if properly administered, will begin to make the food stamp program what it was promised to be—our first line of defense against poverty-related hunger and malnutrition. The reported bill will—

- Permit commodities to be distributed free in counties that have just transferred from that program to food stamps;

- Authorize the Secretary of Agriculture to set a range of eligibility standards for participating in the food stamp program;

- Raise the value of food stamps to the “cost of an adequate diet”;

- Place a ceiling on the purchase price of stamps of 30 percent of a family’s income;

- Require the issuance of stamps at least twice monthly; and

- More than double the funds authorized for fiscal year 1970 and double that again in 1971.

I commend my colleagues on the committee and particularly its chairman whose personal efforts have been primarily responsible for the new lease on life which the food stamp program has received from the committee.

But the committee has gone less than half way to fill the gap between food and income among the Nation’s poor. America should not be satisfied to meet the problem only halfway.

FREE STAMPS

Some 1.3 million Americans have no cash income at all. OEO estimates that 561,000 are unrelated individuals; 770,000 live in families of varying size.

The committee not only rejected a proposal to authorize free stamps to families with incomes of less than \$40 a month, it wrote

into present law a minimum charge of 50 cents per person per month—a provision more restrictive than present law which, at least technically, authorizes free stamps to households with no “normal expenditures for food.”

To require that families with no income pay for their stamps will simply write out of the program 1.3 million poor with no cash income, on the false assumption that the poor need some incentive to save their money for food and learn to budget their food dollar.

More than 5 million poor people live in families or by themselves with incomes less than the amount the Department of Agriculture has determined they must have *for food alone*—less than the equivalent of \$100 a month for a family of four. Food is the first necessity of life which they need desperately. Food is what they buy with the money they have left over—if they have any left—after they pay to keep from being evicted by the landlord, to keep their lights from being shut off, and to keep from freezing in winter. It is cruel to ask such a family to choose between food and medicine and other necessities and call that choice an education in effective budgeting.

We have given free food to poor families for decades under the commodity donation program. Yet we don't call that program welfare. Instead, we use the rationalization that we need to dispose of the surplus our farmers produce. We provide free education for American families whether they are poor or rich. We provide income supplements in the form of public assistance, based, theoretically, on a family's minimum basic living expenses, including food, and we do not ask the poor to pay into those programs on a “let's not give something for nothing” rationalization. Yet the food stamp program is the only Federal poverty program that requires the poor to pay an admission fee—a token fee for those who cannot pay, designed to put us safely on record against “the dole.”

We should have the compassion and decency to waive that admission fee for those whose incomes and standards of living are so low that they are in a state of hopeless poverty. A family whose income forces it into a perpetual state of hunger and malnutrition should receive its food stamps free.

COMMODITIES IN FOOD STAMP COUNTIES

The committee bill permits the distribution of commodities in food stamp counties at the request of the State agency for up to 90 days when a county switches from commodities to food stamps. The Food Stamp Act now authorizes commodity distribution in food stamp areas only “during emergency situations caused by a national or other disaster as determined by the Secretary.” No Secretary of Agriculture has been willing to declare severe hunger or malnutrition an emergency under this provision.

The food stamp program has never succeeded in reaching a significant number of low income families. It has simply failed to reach the poor of this Nation. In those counties that have a food stamp program, Department of Agriculture figures show that the program reaches an average of only 16 percent of the poor who are in need of assistance. This low participation is the result of four factors:

First, the present program is so designed that most of those in need cannot afford to participate. They cannot afford the purchase

price of stamps, and even where they can, the stamps they buy are not worth the cost of an adequate diet.

Second, certification procedures are so cumbersome as to discourage application by eligible households.

Third, few eligible low income families even know about the program. There has never been an effective "outreach" effort by Federal, State, or local authorities.

Finally, the program has never been adequately funded.

Until the purchase price of stamps and their bonus value are in line with what the poor can afford to pay and what they need to purchase a nutritious diet, until effective outreach is undertaken, and until enough funds are provided to enable all eligible families to participate, commodities should be made available wherever the Secretary finds there is a need.

There is a special need for commodity distribution in counties that transfer from commodities to food stamps. In those counties that have switched to food stamps in the past, there are today 40 percent fewer people on food stamps than were on commodities before transfer. More than a million people who were receiving commodities are not receiving food stamps.

The committee provision limiting commodity distribution to a 90-day-period switchover will not significantly help alleviate this situation. In the past, only about 3 percent of the initial decline in participation has been made up. USDA figures show that in counties that have changed from commodities to food stamps:

Persons receiving commodities just before transfer-----	2, 783, 108
Persons receiving food stamps just after transfer-----	1, 478, 568
Persons receiving food stamps in January 1969-----	1, 698, 891

At the very least, therefore, the Secretary of Agriculture should be given authority, if not directed, to distribute commodities in all food stamp counties until the participation in the stamp program reaches the previous level of participation in the commodity program.

PURCHASE OF SOAPS AND SANITATION PRODUCTS

The committee rejected an amendment to permit the purchase of soaps and other products necessary for personal hygiene and home sanitation. It seems to me self-defeating to deny poor people the few products necessary to enable them to eat off clean dishes, with clean hands. Round worms and other parasites may not be eradicated solely through personal hygiene and home sanitation, but they won't be eradicated without it either. If we are to spend millions to help people eat, we should protect this investment by giving them the means to keep themselves and their homes clean and sanitary.

ELIGIBILITY, PURCHASE, AND BONUS REQUIREMENTS

The key to success of the food stamp program is its ability to provide an adequate diet for those who participate. By lowering the coupon purchase requirement and raising the bonus so that the value of the stamps received equals the cost of an adequate diet, the committee bill goes a long way toward meeting this criteria. The committee bill also authorizes the Secretary to set uniform minimum and maximum standards of eligibility for food stamp participation—

a provision which will help eliminate the present incredibly complex array of inconsistent eligibility restrictions.

However, these provisions are generally deficient in two respects. First, taken together, they fail to prescribe the kind of formula for eligibility, purchase, and bonus criteria that is needed for a successful program. Second, each lacks the specificity and flexibility necessary for efficient operation.

A. The need for a formula pegged to the cost of an adequate diet

If the purpose of the food stamp program, as the committee bill implicitly recognizes, is to provide participants with an adequate diet, the eligibility, purchase, and bonus criteria in the act should flow from that premise. The Secretary of Agriculture should be required to establish the cost of an adequate diet for different-sized families. The amount so established should be the amount of the coupon value of stamps received by all recipients. It should also be the basis for setting standards of eligibility and purchase requirements.

The Federal Government's "poverty index" is established by multiplying by three, the cost of an adequate diet for a family of four. Thus, if it costs a family of four \$1,200 a year to buy food, it is classified as being a low income family if its income is \$3,600 a year or less. The classification should be used to determine eligibility for food stamps just as it is used for determining eligibility for other antipoverty programs. The Secretary of Agriculture should be required to set uniform national standards using the poverty index formula. The States should then be permitted to exceed that standard if local costs of living or other conditions warrant.

The purchase price of food stamps should then be set so that those families in the lowest income categories (those, for example, whose income is less than the cost of food alone) receive their stamps without charge, and so that charges for other families are graduated in a way that participating families can afford.

S. 1014 provides this kind of formula. The Secretary would set the cost of an adequate diet at not less than \$120 per month for a family of four. Families with incomes of \$360 ($3 \times \120) a month or less would be eligible. (The States could exceed that minimum.) Those with incomes of \$80 or less (two-thirds the diet cost) would receive their stamps free. Families with incomes of between \$80 and \$120 would pay up to 15 percent of their income, and families with income between \$120 and \$360 a month would pay no more than 25 percent of their income for food stamps.

B. Need for specific, flexible requirements

1. *Stamp value.*—The committee bill requires that the coupon value of food stamps be in the amount the Secretary determines to be the cost of a nutritionally adequate diet. Secretary Hardin has testified that the amount to be used will be USDA's "economy diet" which was established for use in emergencies—approximately \$100 a month for a family of four. This amount will not provide a nutritionally adequate diet. USDA stated in 1968 that "the cost of this plan is not a reasonable measure of basic money needs for a good diet." USDA has established four food budget plans. The so-called low budget plan, at \$120 a month for a family of four, is a more accurate measure of food costs for low income families. The bill should be amended to establish the low-budget plan as the criteria for determining the cost of a nutri-

tionally adequate diet and to require that the amount be revised yearly to reflect changes in the cost of living.

2. *National eligibility standards.*—The need for national eligibility standards has been recognized by the committee. The bill requires the States to “comply with national minimum and maximum standards of eligibility” prescribed by the Secretary. Present State eligibility requirements vary between \$140 a month in South Carolina and \$325 a month in Alaska for a family of four. Few States set their eligibility levels at or near the poverty index.

The committee bill should be revised to set a specific income amount below which the States could not set their requirements, but which they could exceed if standards of living in a particular area warrant. The present poverty index of \$3,335 per year for a family of four is the minimum national standard that should be set. Three times the cost of USDA’s low budget diet, or \$4,320 a year would be a standard more commensurate with the food needs of low income families in most areas. The standard could be set at varying levels for regions of the country to account for differences in costs of living, but the level in each area should be high enough to make eligible all families who need food assistance.

3. *Purchase requirements.*—The committee bill places a ceiling on the purchase price of food stamps at 30 percent of family income. Both Senator Talmadge and former Secretary of Agriculture Freeman have recommended a ceiling of 25 percent. The average American family spends about 17 percent of its income for food. A 25-percent ceiling is more commensurate with what the poor can afford. They should not have to pay more.

AUTHORIZATION AND FUNDING

Twenty-three million poor people need food assistance. According to the Urban Affairs Council, half, 11.5 million, would be expected to participate in an adequately funded, reformed food stamp program. With a 30-percent purchase price ceiling and a \$100 stamp value for a four-member family the committee bill would cost more than \$2 billion to enable half the poor to participate and more than \$4 billion if all the poor were served.

The bill provides an authorization increase of \$410 million over the present annualized expenditures.

This increase compares with the following costs of reforms recommended by the committee:

	<i>Millions</i>
Cost of a \$100 per month stamp value for all 3 million present participants—	\$55
Cost of lowering purchase price to not less than 30 percent of family income for all 3 million present participants—	270
Total—	325

Thus, of the \$410 million increase, \$325 million will have to be spent just to raise the present bonus and lower the purchase price for present participants. Only \$85 million will be available for expansion of the program to new participants, either in present food stamp counties or in some of the more than 400 counties presently without any family food assistance program.

That \$85 million will enable expansion of the program on a yearly basis by only 400,000 new participants—either in presently partic-

icipating counties or in about 100 new counties now without a family food program—a total participation of 3.6 million after the first year of operation as compared with the April 1969 participation of 3.2 million persons.

The 1971 authorization of \$1.5 billion while more commensurate with need is likewise inadequate. To serve half the poor under the committee bill would require an annual expenditure of approximately \$2.17 billion. \$1.5 billion will serve about 7.5 million food stamp participants, approximately half the number of hard-core poor who desperately need food assistance, or a third of all the poor.

The very least we can do is fund the new program at a level commensurate with the problem it is designed to solve.

In providing adequate funds, we should provide for the kind of flexible, automatic funding which is necessary to meet the costs of a program in which all those who are eligible and want can participate. Limited appropriations can only mean limited participation.

If the time has come to put an end to hunger in America, let us not make promises and then provide a sixth of the funds necessary the first year and a third the next 2 years to keep them.

The Congress has provided the kind of flexible funding necessary to stabilize farm prices. It has done so through the Commodity Credit Corporation. We should use that or some similar mechanism to help the poor obtain an adequate diet.

At the very least, we should adopt an open end authorization for the food stamp program as we have for the school lunch program.

PURCHASE OF LESS THAN A FULL ALLOTMENT OF STAMPS

In most areas food stamp recipients are now required to purchase all their stamps at one time. They must not only buy all the stamps they are entitled to; they must also scrape together at one time, usually at the beginning of each month, the lump sum necessary to buy their stamps. Few poor families can afford to meet their other fixed expenses and still have enough money at one time in the month to buy food stamps. Temporary financial emergencies often compound the problem and prevent families from participating for a month or more. In most areas, if a family fails to buy stamps for a few months (usually three) it is dropped from the program.

The committee bill should be amended to permit a family to purchase less than its full allotment of stamps with a proportionate reduction in stamp value. This provision should be coupled with a requirement that all recipients be permitted to purchase their stamps at least weekly so that families can buy stamps in installments as they have the money to pay the purchase price.

SIMPLIFIED CERTIFICATION OF ELIGIBLE HOUSEHOLDS

Local procedures are now so complicated and cumbersome that it often takes several months for applicant households to become certified for the program. Long, complex application forms must be filled out; investigations are made to check the accuracy of the applicants' answers; applicants are forced to produce wage statements from their employers covering a long period of time; and applicants are made to feel the burden is on them to prove the statements they make are not false—at least until borne out by a caseworker's investigation.

Moreover, the applicant is often informed in big, bold type that any error he makes in the application form may result in a fine or imprisonment.

The best that can be said for the present certification procedures is that it discourages participation. Worse still, it destroys whatever dignity and self-respect the applicant had left before he sought help, and it forces a family which may be in desperate need of food to remain hungry while the certification process is completed.

Certification should be simplified so that applicant households are afforded immediate assistance and treated with dignity and respect. The present act should be amended to provide for certification by personal declaration in the form of an affidavit containing the essential information necessary to determine, on the spot, whether a household can be presumed eligible for food stamps. Such a procedure would not eliminate whatever investigations are needed to determine the accuracy of statements made by the applicant, but they would occur after the applicant is given help. If the information given by the applicant is found to be inaccurate, the level of assistance can immediately be adjusted. Such a procedure should be instituted immediately at least on a pilot basis if not in every food stamp area.

LOCAL OPTION: ADMINISTRATION BY FEDERAL OR OTHER LOCAL AGENCIES

The committee bill authorizes direct Federal administration in counties that refuse to accept a food stamp program. But the committee provision is so encumbered by conditions and restrictions as to be almost totally ineffective. First, the Secretary must find and notify the State welfare agency that there is a "manifest and urgent need" for the program. Then, if the State agency "fails and refuses" to request a program for the area concerned for 90 days, *and if* the Governor requests, the Secretary may administer a program directly.

Not only does this provision seem to require that the Secretary all but declare an emergency before finding need for a program, it makes the State welfare agency responsible for the recalcitrance of local county officials and then puts the Governor in the position of having to overrule his own welfare department and invite Federal intervention.

If we are going to recognize that there is a problem in a few counties that refuse to help their own citizens, we should deal with it effectively, not by writing laws that will never be used. The Secretary of Agriculture should have authority not only to operate programs directly, but to use other local public and private agencies in the administration of the food stamp program. That authority should be invoked, after a reasonable time is afforded for compliance, when local officials refuse a program, when local administrators fail to comply with the law, and where the program is a "token" program and fails to adequately serve those in need.

PAYMENT OF LOCAL ADMINISTRATIVE COSTS

Lack of adequate funds and trained personnel presently limit the capacity of local welfare offices to certify and serve a significant proportion of eligible food stamp recipients. The administrative burdens of every local office will be increased as a result of an expanded food stamp program. The capacity and capability of local administrators

may well determine the ultimate success of the reforms recommended by the committee.

Those counties that are unable to meet the administrative costs of the program should receive Federal assistance. USDA now has authority to pay all such costs for the commodity distribution program. The present Food Stamp Act permits payment of only a portion of the salaries of local personnel used in certifying nonpublic assistance households and the travel costs for postinterview field investigations of such households. The act should be amended to permit the Secretary of Agriculture to pay the State agency up to the full administrative cost of operating a food stamp program wherever the lack of adequate funds or personnel are limiting factors in the successful operation of the program.

OUTREACH, COUNSELING, AND EDUCATION

The committee bill strengthens the present Food Stamp Act's requirement that State agencies enlist the cooperation of other agencies to help participants make the best use of their food stamps. The bill would require that the State plan provide that the State agency "undertake effective action" to inform eligible families of the program and insure their participation.

The lack of effective outreach is one of the major reasons the food stamp program has failed to reach a significant number of low income families. While the committee amendment may formally commit the States in writing to inform households of the program, a stronger mandate is needed.

The Select Committee on Nutrition, the National Nutrition Survey, and many Members of Congress in their own States have found substantial numbers of families who are totally unaware of the existence of the food stamp program. Many who have heard of food stamps have no idea how to become certified.

Outreach and education should be coupled together in an intensive effort in each State to assure both that all eligible families have the opportunity to participate and that they make the best use of the benefits of the program.

The committee bill should be strengthened by requiring that State and local administering agencies (1) seek out all eligible families, inform them of the program, and assist them in becoming certified; (2) enlist the services of private voluntary community agencies as well as other public agencies in outreach efforts; and (3) make use of the educational potential of the local school system and the National School Lunch Program to provide nutrition education and counseling for all participants.

ISSUANCE OF STAMPS THROUGH POST OFFICES

Senator Talmadge's bill, S. 1864, requires that local post offices be used as the stamp issuing agency. Present practice requires that stamp recipients either travel to a centrally located county welfare office or to a bank to purchase their stamps. Bank charges for this service are exorbitant. In Los Angeles, for example, banks charge 63 cents for each transaction. Neither banks nor welfare agencies are convenient places for the issuance of stamps. Nearly every town and village in

the country has a local post office. Post offices should assume the responsibility for the issuance of stamps to certified participants. I urge that the committee bill be revised to include this provision.

INCLUSION OF POSSESSIONS AND TERRITORIES AS "STATES"

Some of the most disgraceful poverty conditions in the world exist in U.S. possessions and territories. Puerto Rico, Guam, the Virgin Islands, and the Pacific Trust Territories should be included in the food stamp program.

PURPOSE OF THE ACT

By establishing the cost of an adequate diet as the basis for determining the value of stamps received by food stamp program participants, the committee bill implicitly recognizes that the basic purpose of the Food Stamp Act is to provide adequate nutrition for low income families.

Having reformed the program and provided increased funds to implement those reforms, we should make the purpose of the act correspond with our intentions. The act's present statement of policy declares that the purpose of the act is to "raise levels of nutrition among low income families." The statement of purpose should be amended to make it clear that Congress intends the food stamp program to provide adequate nutrition for low income families and permit them to purchase an adequate diet.

The inescapable fact is that millions of our fellow citizens are caught in the grip of malnutrition now. The cost to our society in blighted lives, in billions of dollars of lost manpower, in more billions of dollars of chronic welfare costs—these costs and others too vast even to estimate are weakening both our economy and our social fabric.

The food stamp program was designed to help the poor obtain an adequate diet. For most it has failed. Today, a poor American family has only one chance in three of living in a county where stamps are distributed and even if it happens to have the good fortune to live in such a county, this family still has only one chance in six of actually receiving any stamps.

We now have a unique opportunity to remedy our past failures and put an end to hunger in America. I hope the Congress will respond by enacting a food stamp program that will close the gap between food and income for millions of Americans who cannot afford the most basic necessity of life.

GEORGE MCGOVERN.



The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

TEMPORARY EXTENSION OF RURAL HOUSING PROGRAMS AND FEDERAL HOUSING ADMINISTRATION INSURANCE AUTHORITY, AND TO EXTEND THE PERIOD DURING WHICH THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT MAY ESTABLISH MAXIMUM INTEREST RATES ON INSURED LOANS

The Senate proceeded to consider the joint resolution (S.J. Res. 152) to provide for the temporary extension of rural housing programs and Federal Housing Administration Insurance Authority and to extend the period during which the Secretary of Housing and Urban Development may establish maximum interest rates on insured loans.

WE MUST NOT NEGLECT OUR NATION'S HOUSING NEEDS; SUPPORT FOR SENATE JOINT RESOLUTION 152

Mr. YARBOROUGH. Mr. President, the Committee on Banking and Currency has reported favorable Senate Joint Resolution 152 which would extend for 3 months three important Federal housing programs: The rural housing program under title V of the Housing Act of 1949; Federal Housing Administration Insurance program under the National Housing Act; and the Federal Housing Administration and Veterans' Administration interest rate ceilings. These vital programs will expire on October 1, 1969, unless Congress acts to extend them.

With the attention that is focused on the Vietnam war and on our military budget, it is all too easy to overlook the domestic programs which are so necessary to the majority of our citizens. We must not sacrifice progress in America for a larger and more expensive war in Vietnam.

Therefore, Mr. President, I urge my colleagues to give their full support to this vital measure.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 91-419), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

GENERAL STATEMENT

The purpose of the joint resolution is to extend for 3 months, until January 1, 1970, all Federal housing programs which would otherwise expire on October 1, 1969. This temporary extension will keep the programs going until such time as the bill, S. 2864, entitled "The Housing and Urban Development Act of 1969" can pass the Congress and become law. This bill is on the Senate Calendar but, because of the pressure of other business, it will not be finally approved by both Houses of Congress before the October 1, 1969, deadline.

The joint resolution involves three basic programs: (1) Rural housing under title V of the Housing Act of 1949; (2) Federal Housing Administration Insurance program under the National Housing Act; and (3) FHA and VA interest rate ceilings. All of

these have October 1, 1969, deadlines which must be extended to keep these programs in operation. A 3-month extension is being recommended by the committee to assure that the programs will be kept in operation until such time as S. 2864, the Housing and Urban Development Act of 1969, is enacted into law.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S.J. RES. 152

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That sections 513, 515(b) (5), and 517(a) (1) of the Housing Act of 1949 are amended respectively by striking out "October 1, 1969", wherever it appears in such sections, and inserting in lieu thereof "January 1, 1970".

Sec. 2. (a) Section 2(a) of the National Housing Act is amended by striking out "October 1, 1969" in the first sentence and inserting in lieu thereof "January 1, 1970".

(b) Section 217 of such Act is amended by striking out "October 1, 1969" and inserting in lieu thereof "January 1, 1970".

(c) Section 221(f) of such Act is amended by striking out "October 1, 1969" in the fifth sentence and inserting in lieu thereof "January 1, 1970".

(d) Section 809(f) of such Act is amended by striking out "October 1, 1969" in the second sentence and inserting in lieu thereof "January 1, 1970".

(e) Section 810(k) of such Act is amended by striking out "October 1, 1969" in the second sentence and inserting in lieu thereof "January 1, 1970".

(f) Section 1002(a) of such Act is amended by striking out "October 1, 1969" in the second sentence and inserting in lieu thereof "January 1, 1970".

(g) Section 1101(a) of such Act is amended by striking out "October 1, 1969" in the second sentence and inserting in lieu thereof "January 1, 1970".

Sec. 3. Section 3(a) of the Act of May 7, 1968 (Public Law 90-801), is amended by striking out "October 1, 1969" and inserting in lieu thereof "January 1, 1970".

INCREASED EFFORT IN HELIUM CONSERVATION PROGRAM

Mr. ALLOTT. Mr. President, nearly half of our helium supplies are going up in smoke.

Every year the United States is losing nearly 4 billion cubic feet of the irreplaceable element.

The helium—invisible, tasteless, odorless, and nontoxic—is passed into our atmosphere when we burn natural gas for fuel.

Helium is found only in certain natural gas supplies. Nearly all of the free world's economically recoverable supply is in the United States. Though it is the second most common element in the universe, it is hardly abundant here on earth. The last important natural gas-helium source discovery was made 26 years ago.

Helium use has been in a period of steady growth for the past decade, with no signs of abatement. In fact, scientists tell us that future uses of helium may bring about major changes in technology.

Thanks to a farsighted helium conservation program conceived a decade ago during the term of President Eisenhower, at least we are trying to save some of the helium extracted from natural gas.

Mr. President, I worked for a long time on that bill and was finally able to get it passed. At this time I pay tribute

to Representative Walter Rogers, of Texas, who worked very assiduously upon the bill. It was as a result of these two efforts that we were at last able to get a helium conservation bill in the United States.

Under this program, approximately 22 billion cubic feet of helium has now been placed in underground storage.

Before the program was adopted, as much as 6 billion cubic feet per year were lost when natural gas was burned as fuel.

Still, even though the helium conservation program has managed to save quantities of gas, there is no assurance that this is an adequate supply for the future.

Forty-two percent of today's pure helium use is in space exploration—it helps propel rocket fuel into the engines of our moonships, makes sophisticated electronic gear function in space, and even tests the spaceship systems for reliability and safety.

But space flight is only a part of helium's future. One field in which helium may play a spectacular role is cryogenics, the science of the supercold.

Liquified helium is the coldest known substance on earth. The boiling point of helium is so low that it does not turn into a liquid until it reached the astonishingly low temperature of -452° .

At that temperature other substances in contact with helium undergo strange changes. Metals lose all resistance to electricity and become superconductive. This phenomenon makes small magnets become powerful out of all proportion to their size. It makes a single cable capable of carrying a vast amount of electrical energy. It makes electronic equipment capable of picking up and amplifying weak signals.

So scientists studying the cryogenic field see a great future for helium—such things as a single superconductive underground cable carrying electrical power for a city as large as New York, instead of a maze of above-the-ground high-tension lines.

One superconductive cable will do the work of 25 ordinary powerlines. But these superconductors will require substantial volumes of helium, between one-half and 10 million cubic feet per mile of cable. Here again is reason for conserving helium supplies.

Scientists also see helium making possible the functioning of MHD generators to produce low-cost electrical power without polluting the air or water. MHD—magnetohydrodynamics—is a system which uses ionized gases to produce power instead of a rotating turbine. The MHD claims far higher efficiency than turbine methods.

Helium will play a role as nuclear power advances, for it is an important part of the heat transfer process which enables reactors to function. Still another power generating role for helium may be found in a recent German development called a closed cycle reactor.

Helium's role in detecting and treating cancer is one that also has unlimited horizons. Superconducting magnets may allow doctors to perform more accurate detection of cancer in the gastrointestinal

tract. More importantly, deep cold experiments on living cells may lead to knowledge about cancer growth not now understood.

Already known as a safe breathing element in space and under the sea, helium-oxygen mixtures will support life as we learn to explore and harvest the seas around us.

The scientific phenomena known as laser and maser beams require supercold helium to function and these will have great impact on society, from medical-industrial applications to improved communications.

A long list can be written, but the fact is that helium's future is as limitless as the universe itself.

It is the second lightest element—making it invaluable in problems involving pressure and weight. As a gas, it can seep through the tiniest of openings—and is therefore without equal as a leak detector.

In its coldest state, liquid helium can actually defy the laws of gravity and flow uphill. It is unaffected by radioactivity.

By itself, or used in combination with other elements, helium is capable of unlocking many secrets.

It was only 50 years ago, in the closing days of World War I that large-scale extraction of helium was authorized by the Government, then in search of a safe, noninflammable lifting gas for observation balloons. Fifty years before that, nobody even knew that helium existed on earth.

It is therefore reasonable to assume that the next half century may reveal still more significant uses for helium in the service of man.

There is only one possible hitch—the exhaustion of our economically recoverable supplies here in the United States. Technically we can recover helium from the air, but the cost is enormous. Or we could create helium as a byproduct of nuclear explosions—but that hardly seems feasible. Thus our best bet is the source we now use—natural gas.

Mr. President, efforts should be made this year to step up our helium conservation program to assure an adequate supply for future needs. Government agencies and private firms now engaged in the conservation project need to work out comprehensive long-range programs which take new technological needs into account.

Failure to do so may negate the wisdom shown during the Eisenhower years. For it would be a tragedy if helium, the invisible giant, became extinct.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, it is my understanding that an order has been entered by means of which when the Senate adjourns tonight, it will stand in adjournment until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. The Senator's understanding is correct.

Mr. MANSFIELD. And that tomorrow the period after the prayer and the reading of the Journal, not to exceed 1 hour, will be at the disposal of the distinguished Senators from Washington (Mr.

JACKSON) and Oklahoma (Mr. HARRIS), for the consideration of proposed legislation dealing with the Golden Eagle program.

The PRESIDING OFFICER. The Senator is correct.

FOOD STAMP PROGRAM

The Senate resumed the consideration of the bill (S. 2547) to amend the Food Stamp Act of 1964.

UNANIMOUS-CONSENT REQUEST

Mr. MANSFIELD. Mr. President, I have talked with the distinguished chairman of the Committee on Agriculture; the chief proponent so far as amendments are concerned, the distinguished Senator from South Dakota (Mr. McGOVERN); and the distinguished Senator from Kansas (Mr. DOLE), who has a number of amendments. I should like to propound a unanimous-consent request, so that we could in that way move ahead with legislation and not be accused of doing nothing, and in that way try to accede to the President's desire that this be a do-something Congress, based on the available items on the calendar.

So, Mr. President, I ask unanimous consent that, at the conclusion of the morning hour tomorrow, not to go beyond 12:30 p.m., there be 2½ hours for the consideration of a substitute to be offered by the distinguished Senator from South Dakota, the time to be equally divided between him and the chairman of the committee, the vote on the substitute to occur not later than 3 p.m.

Mr. JAVITS. Mr. President, reserving the right to object, I was not in on these conferences, and that is not the fault of the majority leader. I have been in a conference downstairs.

I should like to know whether this particular unanimous-consent request relates only to the substitute and whether the Senator has in mind a unanimous-consent request on the whole bill. I have no objection, naturally—it is Senator McGOVERN's substitute—to the substitute being voted on whenever the Senator from South Dakota, the majority leader, and the manager of the bill can agree. But—and I would like the majority leader to indulge me in this—I would not wish to have that extend to amendments.

The Senator quite properly said that Senator McGOVERN is carrying the laboring oar. I hope to carry it with him. I am the ranking minority member of the committee of which he is chairman.

I would greatly appreciate it if the Senator would enlighten me as to whether this is but the threshold of another unanimous-consent request.

Mr. MANSFIELD. It is, but only as it applies to the amendments to be offered by the distinguished Senator from Kansas (Mr. DOLE), on which we are agreed.

Mr. JAVITS. Then, do I correctly understand that the bill will be open to amendment without any limitations of time?

Mr. MANSFIELD. Yes.

The PRESIDING OFFICER. If the substitute is agreed to, the bill is not open to further amendment.

Mr. JAVITS. Mr. President, does the unanimous-consent request include an opportunity to amend the substitute? We have run into that situation before. Two and a half hours is not a very long time, if we are going to deal with an entirely new bill for food stamps.

The majority leader knows that I am always very cooperative. Have we really thought this through? What we are really doing is taking Senator McGOVERN's substitute as a new bill, and every Senator who has amendments, including Senator DOLE, will have to take the precaution, whether his chances are good or ill, of offering them on this substitute. So we will have the same argument on the substitute that we will have on the bill. Frankly, from what I have heard, I do not think we have thought that through.

Mr. MANSFIELD. We did think it through, I must say to the Senator from New York, in an attempt to expedite action and to comply with the President's request that this Congress do something.

I am sure that every Senator is aware of the position and the proposals of the distinguished Senator from South Dakota, who has been a leader in this particular area of the bill, whose views are well known, and whose views I am quite certain the Senator from New York and the Senator from Kansas are well aware of.

What we are trying to do is to get into a subject which we have discussed many times before and to try to come to a solution so that we can then, after a decision has been made, pass on to other important legislation piling up on the calendar and in committee.

Mr. HOLLAND and Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana has the floor.

Mr. MANSFIELD. I yield to the Senator from Florida.

Mr. HOLLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HOLLAND. Mr. President, if the substitute bill be agreed to under this unanimous-consent agreement, would it then, thereafter be subject to amendment?

The PRESIDING OFFICER. Not unless the unanimous consent agreed to would allow amendments.

Mr. HOLLAND. Mr. President, I ask unanimous consent that the majority leader, if he will, consider making his unanimous-consent request subject to the additional words that if the substitute bill be adopted it will then be subject to amendment.

Mr. MANSFIELD. That is what I was going to do with the permission of the manager of the bill.

Mr. McGOVERN. It is agreeable to me.

The PRESIDING OFFICER. Will there be time on the amendments beforehand?

Mr. MANSFIELD. Mr. President, that would be included in the 2½ hours in the bill, and amendments could be offered afterward.

Mr. JAVITS. Mr. President, reserving the right to object, I do not understand

this situation. First, I have a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. Mr. President, is a unanimous-consent request in order which would provide that a substitute, if agreed to, would be open to amendment as if it were original text?

The PRESIDING OFFICER. Any such unanimous-consent request would be in order.

Mr. MANSFIELD. Mr. President, I think I still have the floor.

The PRESIDING OFFICER. The Senator from Montana has the floor.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that a vote occur on the substitute at 3 p.m.; that beginning at 12:30 p.m. the time be equally divided. I further ask unanimous consent that if the substitute prevails, amendments may be offered thereto.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. There will be no time limitation, then, on the amendments to the substitute under this unanimous consent?

The PRESIDING OFFICER. Not under the unanimous-consent request.

Mr. JAVITS. Secondly, will those amendments be required to be germane?

The PRESIDING OFFICER. Not unless that provision is first included in the unanimous-consent agreement.

Mr. JAVITS. Then, the only thing we will have done if we agree to the substitute is that we will have substituted the substitute for the bill reported by the committee.

The PRESIDING OFFICER. The Senator is correct. Under the proposed agreement it would be open to any kind of amendment.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield before the Chair makes its decision.

Mr. HOLLAND. Mr. President, I certainly think this is a proper decision. We have on our desks 18 separate amendments to the committee bill which was supported by every member of the committee but the Senator from South Dakota. I take it that in his substitute bill he has incorporated these 18 amendments. Is that correct?

Mr. McGOVERN. The Senator is correct.

Mr. HOLLAND. It is obvious that unless we are going to ignore the action of the committee it would not save time in the event the substitute approach is adopted.

Mr. McGOVERN. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. McGOVERN. The purpose of moving to the substitute bill is to save time of the Senate in dealing with each of these provisions separately in 18 separate amendments. In other words, if we can reach an agreement on the package substitute, that would avoid the Senate debating separately each of the 18 amendments. I would want the Senate to have the opportunity to look at those proposals

before we came to examine the bill pending, which is the committee bill.

As I understand the unanimous-consent request, if the substitute package, which embraces those 18 amendments, is adopted, the bill is open for further amendment at that point.

Mr. MANSFIELD. Before the Chair makes its decision, I wish to go back to an agreement made with the Senator from Kansas relative to amendments he will have. He indicated at that time that as far as he is concerned, covering his amendments only, he will be agreeable to a time limitation of 30 minutes, 15 minutes to a side. I would like to include that provision in the request insofar as he is concerned.

Mr. HOLLAND. Mr. President, would the Senator repeat his request? I could not hear.

Mr. MANSFIELD. The Senator from Kansas is willing to agree to a time limitation of 30 minutes, 15 minutes for each side. I would like to have that included as to those amendments, as far as he is concerned, in the agreement.

Mr. HOLLAND. Mr. President, reserving the right to object, may I ask whether or not the amendments of the Senator from Kansas are addressed to the committee bill or the McGovern bill?

Mr. MANSFIELD. It makes no difference if an agreement is reached.

Mr. DOLE. It would depend on the situation.

Mr. HOLLAND. I shall not object to any decision made by the distinguished chairman. I do wish to make clear the original request made would not have saved time for the preservation of the committee position on these 18 points. Now, it does. I have no objection.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. JAVITS. Mr. President, I think it is very clear that if the substitute fails, other than the amendments of the Senator from Kansas, where there is a limitation of time, the original bill will then continue to be open for amendment without limitation.

The PRESIDING OFFICER. That is correct under the agreement, under the proposed agreement.

Mr. ELLENDER. Mr. President, I understand the Senator from South Dakota (Mr. McGovern) is offering his bill as a substitute to ours.

The PRESIDING OFFICER. That is correct.

Mr. ELLENDER. If we are to go over all the amendments and let them be appended to the bill now before the Senate, I would object. I am agreeing to this to get through the bill as soon as possible; but if the substitute fails and then it goes through with all 18 amendments, there would be no time saved. Because of that I object.

Mr. McGOVERN. Mr. President, will the Senator yield at that point?

Mr. ELLENDER. I yield.

Mr. McGOVERN. Mr. President, I agree with the Senator's concern about saving time of the Senate, if we can. I would think if we offered the substitute package and that were rejected, that no Senator would want to foreclose the pos-

sibility of offering additional amendments to the committee bill.

Mr. ELLENDER. No; but not amendments that are going to be defeated in the Senator's substitute.

Mr. McGOVERN. There may be a possibility we would include one or two by separate vote.

Mr. ELLENDER. I know, but it should settle the matter entirely by agreement to the substitute.

Mr. McGOVERN. I would not want to foreclose any Senator from offering amendments to the original bill.

Mr. MANSFIELD. Mr. President, I withdraw my unanimous-consent request and express the hope we can get started on the debate on the pending measure this afternoon.

The PRESIDING OFFICER. The proposal is withdrawn. What is the will of the Senate?

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ELLENDER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ELLENDER. Mr. President, the pending bill, S. 2547, would expand and improve the food stamp program. Its objective is to abolish poverty-induced hunger in the United States.

The bill would increase the size of the program from \$315 million for the last fiscal year to \$750 million for this fiscal year and to \$1.5 billion the next fiscal year, with another \$1.5 billion for the year after that.

The committee gave a good deal of attention to the bill. We had 4 days of hearings. I am sure all those who desired to testify did testify.

After concluding with the hearings, the committee spent 2 full days in executive session in working out the bill. I am glad to say it was voted out of the committee unanimously. Reservations were made by the Senator from South Dakota. All of us, of course, took note of that. I understand it is his objective to present some amendments to the pending bill. Those amendments will, I am sure, be in keeping with the proposals that he submitted to the committee when the pending bill was considered. As I recall, the committee more or less unanimously voted against or objected to the proposals that he placed before the committee.

Mr. President, the food stamp program has been with us for quite some time. Originally it was in effect about 2 or 3 years before World War I. During the war it was discontinued. Thereafter authority was given to reinstate the program, and in the early sixties it was reinstated on a pilot basis. It will be recalled that several areas in the country were chosen to try out the best methods of carrying on a food stamp program.

After 2 or 3 years of experience, the committee then considered a bill, which was finally passed and which is the law today. Under that program we gained a

great deal of valuable information. Then, from the pilot experience we had gained, we started to write a bill, which is now the law. Under that bill, Mr. President, we started out with an annual outlay of \$75 million. The second year we increased it to \$100 million. The third year we increased it to \$200 million. Still more experience was gained.

I am very disappointed that the House of Representatives has not yet enacted a resolution that was passed by the Senate last June. The resolution did not in any manner change the present law, but merely increased the authorization from \$340 million to \$750 million. It is true that the Department stated that during fiscal 1970 it could not use more than \$610 million, as I recall; but in order to be on the safe side, the Senate committee decided to report the resolution for \$750 million.

In the pending bill we have incorporated authorization for \$750 million to be spent during the fiscal year 1970. In addition, as I have just stated, we have provided for additional funds to be spent over the fiscal years 1971 and 1972.

It is my belief that the sums authorized by the committee will be ample to broaden this program to the extent necessary to provide food for the needy.

The bill would assure every eligible household the ability to buy an adequate and nutritious diet.

It would assure every poor person in every area that had the program of the opportunity to participate. Where any family was too poor to pay even the barest minimum of 50 cents per person per month for its food, the State agency would be required to pay for its coupon allotment, or arrange for such payment by local charities or welfare organizations.

In other words, this provision is simply a substitute for those who would desire to write into the bill provision for free coupons.

As a matter of fact, the recipients would pay nothing, under the bill. We provide that it be paid by the States, or by charitable organizations that are usually in the field of providing food for the needy. No household could be charged more than 30 percent of its income for its stamps.

Minimum national standards of eligibility would be prescribed by the Secretary to assure that all poor families are eligible.

State authorities would be utilized as at present and would be given a real share in the program, handling the certification of eligible households, issuing stamps, and, in addition, under the provisions of the bill, helping participants pay the small charge made for stamps wherever necessary. In the few cases, if any, where State or local cooperation cannot be obtained, a program is urgently needed, and the need cannot be met with a commodity distribution program, the Secretary could operate the program directly upon request of the Governor of the State.

Every effort would be made to inform poor families of the program and to insure their participation in it. This would be a function of the State agency, and it

would use the services of other federally funded agencies in carrying it out.

Mr. President, those are the main features of the bill. They give every poor family the opportunity to obtain a fully adequate, nutritious diet.

Mr. President, in this connection, it was the belief of the committee that we should have full cooperation at the local level, in order to make this venture successful. I am proud to say that the committee voted without objection for continuing the method of having the State and local people participate in the program.

In addition, the bill contains provisions designed to simplify procedures to make it as easy as possible for each family to obtain its stamps. Under these provisions hearings would be provided by the State agency to settle grievances; households receiving public assistance would be certified on the basis of information available to the State agency, if such information were adequate; and coupons would be issued on at least monthly and semimonthly schedules to suit the convenience of participants.

Since the delivery of the coupons is left entirely in the hands of the State, the State could provide, if it chooses, for weekly distribution of coupons, or whatever system would suit its own needs.

The cost of coupons could be deducted from federally aided public assistance program payments if the participant desired.

In addition to expanding and facilitating the food stamp program, the bill would permit direct commodity distribution to be continued during the initial period of a food stamp program in any area, and would provide for an interdepartmental committee to advise the Secretary on food assistance programs. The bill authorizes every reasonable step that can be taken to provide food for the hungry.

Federal efforts to help feed our children and our poor have been developed through the years, being expanded and improved as we progressed. As shown in the table on page 7 of the committee report, our food assistance programs have grown from \$645.9 million in fiscal 1966, to \$743.8 million in fiscal 1967, to \$908.9 million in fiscal 1968, to \$1.2 billion in fiscal 1969, and probably \$2 billion in fiscal 1970. The best and now the largest of the family food assistance programs is the food stamp program. It has the advantages of providing a varied diet and permitting participants to make their own selections in their local food stores at their own convenience.

The original food stamp program was conducted in the fiscal years 1939-43 under section 32 of Public Law 320, 74th Congress, but there were problems and it was discontinued during the World War II years, as I have heretofore stated. In 1959 permissive authority for a program was provided by Public Law 86-341, but this authority expired on January 31, 1962, without having been used. Prior to its expiration a pilot food stamp program was begun on May 29, 1961, under the authority of section 32, in McDowell County, W. Va.; and pilot programs in seven additional areas were in opera-

tion by mid-July 1961. The pilot programs were expanded and extended as the Department gained experience and in 1964 Congress enacted the Food Stamp Act of 1964 to provide a legislative framework for the program. The act authorized \$75 million for the program for fiscal 1965, \$100 million for fiscal 1966, and \$200 million for fiscal 1967. The program has continued to expand as rapidly as was consistent with good administration. It has been well administered and very successful; and the time has arrived when it can be greatly expanded.

Such expansion should not, however, be undertaken without regard to the safeguards that have been developed, without regard to local responsibility to share in the cost of providing food for the neediest families, and without attention to the most careful considerations of fiscal responsibility. While it would more than double the authorization for fiscal 1970 and double that again for fiscal 1971, the committee bill has been developed to preserve these safeguards and to preserve local responsibility. The committee bill was developed after 4 days of hearings in May and careful consideration of those hearings and the various bills and other proposals before the committee.

The food-stamp program is one that draws heavily on State responsibility and on State and local knowledge and experience. In each State, the State welfare agency develops a plan of operation, and has the responsibility for certifying applicants and issuing stamps. In many cases the State agency already has in its possession the information needed to determine the applicant household's eligibility and assign to it its proper coupon schedule. The bill provides nearly automatic certification in such cases.

Where the State agency does not have the requisite information, it obtains it from the applicant household and such other sources as it deems fit. There is nothing complex or difficult about this procedure. Employees are available in local welfare offices to assist in the making out of applications. Applicants are required to give honest answers, and local welfare employees are required to obtain the information needed for certification. This is a fiscally responsible method of operating the program; and the committee rejected suggestions made by some that applicants certify their own eligibility and be absolved from responsibility for falsehoods. Such suggestions, if adopted, would invite wrongdoing and scandals which might bring the entire program into such disrepute that we would lose the program entirely.

At present, eligible households pay an amount equal to their normal food expenditures, and receive, in return, food stamps of sufficient value to enable them more nearly to obtain a low-cost nutritionally adequate diet. Under the bill, they would generally pay less and receive more than at present. Under the bill, the charge for stamps could not exceed either 30 percent of the household income, or an amount representing a reasonable investment in stamps. Since most low-income households ordinarily pay an excessive part of their income for

food, these criteria represent a substantial reduction in the cost of stamps to them, especially in the case of those with the lowest incomes. The bill increases the value of the stamps allotted each family to an amount equal to the cost of a nutritionally adequate diet. So, in the future, low-income households will be able to obtain a nutritionally adequate diet with only a reasonable investment, in no event more than 30 percent of their income.

Families so poor as to be on federally aided welfare programs—such as old-age assistance or aid to dependent children—should have no trouble in participating in this program. These families receive a regular monthly check from their welfare agency, part of which is to meet their food needs. By spending no more than 30 percent of their welfare check—and in many cases, substantially less than 30 percent—they will receive enough stamps to buy an adequate diet. Other poor families getting State or local welfare should be able to participate on the same basis.

Welfare has historically been a State and local responsibility. The State and local governments, together with private charities, have developed knowledge and experience in dealing with welfare problems and have competent, trained personnel. The food stamp program enhances local welfare by increasing the amount of food that can be purchased out of the welfare check. It should not replace local welfare or serve as a means of simply shifting local responsibilities to the Federal Government. Accordingly the bill would not provide for free coupon allotments, but would continue in effect by law the minimum charge which has heretofore been fixed administratively. That minimum is 50 cents per person per month, but in no case more than \$3 per month for any family. This amount would be paid by the State agency if the family could not afford to pay it, and if the State could find no other local welfare organization that would pay it. Certainly this is the very least that ought to be asked of local people in the way of helping to feed their poor.

For the families on welfare, other than federally assisted welfare, the State agency, at present, can arrange to have deductions made from welfare payments to provide for the purchase of food stamps. Under the bill this could also be done in the case of federally assisted welfare with the consent of the welfare client.

As I have said, the program has been developed carefully and gradually. The bill provides for an expansion from \$315 million last year to \$1.5 billion in fiscal 1971 and 1972. The bill increases the value of the coupon allotment for each household from an amount which provides it with "an opportunity more nearly to obtain a low-cost nutritionally adequate diet" to the full cost of a nutritionally adequate diet. This is a big step. We should not at this time try to go further and extend the program to soap, insecticides, clothing, or shelter. All of these are necessities, but if we try to take care of them in this program, the program will surely bog down, and we will

not be able to extend it to every family that needs food assistance.

Of course, not all households eligible to participate in the program will do so. As the household income increases, the difference between the amount it must pay for its coupon allotment and the value of its coupon allotment diminishes. And as this difference diminishes, there is less and less need and consequently less benefit to be obtained from participation.

Coupon schedules showing the amount to be paid by households in each income bracket are prepared by the Department of Agriculture. Adjustments are made for households that have large medical or other expenses which reduce the amount they have available for investment in food.

Most States issue coupons on monthly and semimonthly schedules, and the bill would require this. For a family which receives a relief check once a month, a monthly schedule may be best. For families that receive money more frequently, it may be impossible to accumulate enough to meet a monthly schedule. Some States have even more frequent schedules, and this practice could be continued under the bill. More frequent issuance, of course, involves greater costs, and the committee felt that this should be left to the State, which must pay these costs.

The States have responsibility for issuing coupons and may adopt the methods they find most feasible and convenient for the recipient and for the State. Some States establish their own issuing offices. Others pay commercial banks or other agencies to issue coupons for them. It has been charged that in some cases these charges—such as a charge of 63 cents per transaction in Los Angeles—are exorbitant.

As I said, it is all left to the State because it is within the province of the State to make it monthly, semimonthly, or four times a month if it is desired. It should be remembered, however, that this charge is paid by the State or locality out of its own funds. Presumably the State has competent employees acquainted with local conditions, with the amount of work and risk involved in issuing coupons in the correct amount to the persons entitled, and with the advantages and disadvantages to the State and the recipient involved in the use of alternate methods. In any event it should be made absolutely clear that the recipient pays no part of the cost of issuing food stamps and that the Federal Government pays no part of such cost. That cost is borne entirely by the State or locality. The convenience to the recipient of being able to obtain food stamps at the nearest bank is obvious and the States should certainly be permitted to continue issuance in this manner, if they so elect.

Eligible households use food stamps just like money to purchase food at their local retail stores, which in turn redeem the coupons through their local banks, just like checks.

The food stamp program has been developed as the best method of assuring low-income families of an adequate and nutritious diet. Many other methods have

been tried during the period between the termination of the early food stamp program in 1943 and the enactment of the Food Stamp Act of 1964. Direct commodity distribution provides a diet without sufficient variety and without many of the elements needed for good nutrition. It can involve considerable spoilage and waste. It involves the inconvenience and cost of a separate distribution system. We should move as rapidly as administratively possible to extending the food stamp program to the entire country.

At this point I wish to add that it was the desire of the former administration to try to get food stamps used entirely throughout the country rather than have direct food distribution, for the reasons I have just mentioned. In my judgment, it would not have taken very much longer to make it possible for food recipients to deal entirely with stamps.

To provide for direct distribution and food stamps in the same area would tend to defeat the program. Just as bad money drives out good money, direct commodity distribution would tend to destroy the food stamp program. When confronted with the choice of a poor diet of free food or a good diet for some small cost, economic pressure would undoubtedly cause many to choose the free food at the expense of their health and the health of their children.

To permit eligible households to pay a part of the cost and receive only a part of their coupon allotment would also tend to defeat the program. Many households would undoubtedly take this alternative if it were offered to them. Obviously, the only effect of such an alternative is to permit households to obtain less than an adequate diet and perpetuate the malnutrition the program is designed to cure.

We should not tolerate any provision which would deprive any household participating in the program of a fully adequate diet for all its members.

Provisions which would relieve the States of any responsibility for minimum food welfare, which would encourage falsehood with freedom from any penalty therefor, or which would extend the program to goods or services other than food may appear to be very generous. However, the adoption of such provisions, tacking on a little something more here and there, could easily cause the entire structure to fall. It is our duty to build a program that will accomplish its objective and that can be maintained.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HOLLAND. First, I congratulate the Senator upon his explanation of this committee bill, which I think does effectively deal with this very serious problem.

I should like to amplify one point which I do not believe the Senator mentioned, and that is the fact that the committee bill contains a provision under which the total appropriation if made for 1970, and if not used in 1970, would be carried forward until 1971, and the same provision applies with reference to 1971. So that unused funds, if they could not be used in full and with proper care during any year of the life of this program,

which extends over only three years, as suggested—1970, 1971, and 1972—would, at the end of each year, be projected into the succeeding year.

Mr. ELLENDER. The Senator is correct.

Mr. HOLLAND. So that the whole amount of authorization—\$750 million for 1970, one and a half billion dollars for 1971, and one and a half billion dollars for 1972—is available to be carried forward until June 30, 1972, if it is appropriated and may be usefully employed during that whole period.

Mr. ELLENDER. The Senator is correct. I failed to mention that, but that is what the bill provides.

Mr. HOLLAND. Mr. President, I thank the Senator. I wanted it to be mentioned at this time for this reason: As the Senator will recall, the Senate placed in the appropriation bill for 1970 the total authorized amount included in the temporary resolution, the emergency resolution, which the Senate passed some time ago and sent to the House. I would want it clear in the RECORD that the entire \$750 million, even if it could not be used in fiscal 1970 because of the lapse of time since we acted on this matter, can nevertheless be usefully employed in this program. I would like that to be understood not only by Senators but also by Members of the other body, so that no confusion will arise on this point. I would also like to make it clear that the authorization for any year will not be carried forward unless it is appropriated. In other words for any part of the fiscal 1970 authorization which cannot be used in 1970 to be carried forward, it must be appropriated for 1970.

Mr. ELLENDER. The pending bill so provides.

Mr. HOLLAND. I thank the Senator for yielding to me.

Mr. AIKEN. Mr. President, I was very glad to join with our distinguished chairman of the Committee on Agriculture and Forestry in bringing this bill, S. 2547, to the floor of the Senate; and I am very happy to support the bill now. The chairman has given a very good explanation of the bill which is now before us, and in my book it is an excellent bill.

My association with food stamps goes back many years. I was Governor of Vermont when the first food stamp plan was placed in operation. There were, I believe, five pilot programs put into effect in the various parts of the country, and one of them happened to be in Vermont. It seemed to me that it worked exceptionally well at that time. There was very little cheating or grafting or anything of that sort going on, and it was one of the better programs which were established under the New Deal years.

This firsthand experience convinced me then that the food stamp program was the best method yet devised to improve the diets of needy families. I am of the same opinion today—nearly 30 years later. Based on firsthand experience, I then, as a Member of the Senate, sponsored food stamp legislation from 1943 on, in every session of Congress up to, I believe, 1961, I was joined in the early years by Senator Robert LaFollette of Wisconsin, and in later years by Senator

YOUNG of North Dakota, Senator ANDERSON of New Mexico, and others.

The plan we offered called for the issuance of a monthly stamp allotment equal to the cost of an adequate diet, with the families making a reasonable payment for the stamp, based upon the family's ability to pay.

As a member of the Committee on Agriculture and Forestry, I participated in authorizing a pilot food stamp program in 1961—an approach that I had long advocated in my national allotment plan. This, as I recall, was a House bill which had already passed the House, and it seemed best to support that bill rather than promote our own that year.

I joined my colleagues in the strong Senate support for the Food Stamp Act of 1964 and for the amendments of 1967 and 1968, which extended the program and increased its funding.

I believe that one of the early counties under the new program in 1961 was Franklin County, Vt.; and I believe that we were the first State where the program was extended to cover the entire area of a State a few years later.

I do not know just what percentage of the cost of the stamps is being paid by the families that are using them now, but until this year it was approximately 60 percent. This means that their food was subsidized to the extent of 40 percent by the Federal Government, which is very small compared with the subsidy extended to some of our big corporations today. But these are not the people who come into Washington and cry every time they cannot buy just what food they want.

Another good thing about this bill, which was finally adopted by the committee, is that it continues a program which is handled largely by private industry, with local banks and local merchants providing the necessary services. The program does enjoy the support of people generally.

There are some complaints. A woman told me the other day that she saw one of these people actually buying oranges with food stamps, and the person was buying cheese and milk, too.

I said:

That is the general idea for her to be able to buy oranges, milk, meat, and fresh vegetables. That is the purpose of it.

Now, we are considering a bill to further improve a basically sound food program. As is proper, Congress looked at the program experience since 1964, recognized the need to further improvements, and has now taken steps to make the necessary legislative changes, particularly in the funding.

The Senate already has passed an emergency resolution authorizing an increase in appropriations for this fiscal year from \$340 million to \$750 million. It is not expected they could use that full amount this year but it was provided, as the Senator from Florida said, for a carryover in other years; and for each of the following 2 years the Senate bill today would authorize \$1.5 billion, an increase of more than 400 percent over the present limitation on the food stamp program. Yet, there are those who say

we are very stingy about it all. They know perfectly well they could not use more than that amount of money; they do not have the facilities to get that program any further underway during the next 2 years.

I certainly hope no one tries to make political profit out of this bill at the expense of people who really need something to eat. That would be disgusting. In improving the program, we must not eliminate the basic principles of the program. The bill we are considering today continues the cooperative Federal, State, and local sharing of responsibilities.

It builds upon State and local welfare responsibilities, rather than acting as a substitute for them. It enables people who participate in the program to stand taller, to walk straighter, and to talk a little plainer language than they would if they were dependent upon welfare handouts. The bill retains the self-help principle and the incentives for self-support.

It utilizes our efficient commercial distribution system rather than requiring States and localities to set up a second delivery system to handle the donated commodities. The delivery of surplus foods has grown in some places into scandalous proportions, delivering food to the people, food they did not need and could not use, but somebody was paid for the administrative cost of handling the program. This bill would give needy families access to the wide variety of food available in retail stores, rather than restricting them to a limited range of Government-acquired foods.

It will increase sales by stores of meat, poultry, dairy products, citrus fruits, and fresh vegetables. That is what is necessary to upgrade the diets of people who have not had adequate amounts of the right kinds of foods to eat.

It incorporates a program of food and nutrition education for participating families, so that they can get the best nutrition for their increased food-purchasing power.

The program modifications we are considering today are designed to bring food stamp benefits to more of our needy families; insure that these families can buy a nutritious diet with their coupon allotment; introduce additional operating flexibilities into the program; and provide for the progressive expansion of the program to all counties and cities, phasing out the commodity program as fast as feasible. That cannot be done overnight in some cases, because the adequate machinery is not established as yet.

These program modifications also are consistent with the President's far-reaching proposals for the reform of our national welfare system. But it is important that we act now on food stamps. The need for action is both immediate and urgent.

I saw a release which came from the House Agriculture Committee a week ago Sunday reporting on hearings which had been held over there in which it was divulged that 2 percent of the people using food stamps cheated. Mr. President, can you imagine that? The implication was

that nothing could be done for the other 98 percent until some way had been found to control the 2 percent who cheated. I said when I read that article that I certainly hope they do not apply that rule to the Congress because if they find 2 percent of the Members of Congress cheated in any way, they would have to deny the remainder of the Members of Congress their seats until some way was found to deal with the 2 percent. I thought that was a rather weak argument for not acting on a food stamp bill.

I think this is a good bill. There may be amendments to improve the bill. I have one amendment myself. I will read my amendment now and will discuss it unless the chairman wants to accept it. My amendment states:

On page 2, line 18, insert the following new sentence after the phrase "Agriculture.":

"In prescribing such national standards, the Secretary shall take into account the benefits of extending the food stamp program to households which, in the absence of such benefits, might be required to obtain welfare assistance to meet minimum subsistence needs."

My amendment is approved by officials of the Department of Agriculture. It does no violence to the bill in any way. It simply seeks to indicate the guidelines for the Department of Agriculture to use in determining who is eligible and who is not eligible, but it does not do anyone out of his just needs. Specifically, the amendment requires the establishment of guidelines making households eligible for food stamps which otherwise would have to go on public welfare in order to obtain a minimum subsistence. The food stamp program was designed to keep families off welfare and this amendment would insure that the national standards for eligibility would carry out that purpose. As I said before, it does no violence to the bill in anyway.

Mr. ELLENDER. That was the same amendment that he submitted.

Mr. AIKEN. That was prepared by Mr. Stanton on our committee staff. While it does not materially change the bill in anyway, it does make it easier for the Department of Agriculture to establish proper guidelines.

Mr. ELLENDER. It is up to the Department, of course, to make the guidelines under the bill.

Mr. AIKEN. That is right.

Mr. ELLENDER. I can see no objection to the amendment. I have no objection to it.

The PRESIDING OFFICER. Does the Senator from Vermont offer his amendment at this time?

Mr. AIKEN. Yes. I not only offered it, I also read it to save the clerk the trouble.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 2, line 18, insert the following new sentence after the phrase "Agriculture.":

"In prescribing such national standards, the Secretary shall take into account the benefits of extending the food stamp program to households which, in the absence of such benefits, might be required to obtain welfare assistance to meet minimum subsistence needs."

Mr. HOLLAND. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I yield.

Mr. HOLLAND. If I understand the amendment correctly—I have not seen the wording of it in print—it would mean that the Secretary would, by the extent of eligibility, have in mind, among other things, the effort to keep people off the welfare rolls?

Mr. AIKEN. That is correct.

Mr. HOLLAND. I thank the Senator. I see no objection to it at all.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Vermont.

The amendment was agreed to.

Mr. AIKEN. Mr. President, again I commend my colleagues on the Committee on Agriculture and Forestry for bringing out what I believe is an excellent bill. I do not say there can be no improvement. Amendments will be offered, I am sure, but the main thing is to see that these people get more adequate diets than they are getting now, that they are able to hold up their heads straighter and not be pointed at as being shiftless, and that they will be able to feed their families on a much higher nutritional level than they are doing at the present time.

KANSAS COMMITTEE ON NUTRITION AND HUMAN NEEDS

Mr. DOLE. Mr. President, as a member of the Select Committee on Nutrition and Human Needs, as well as a member of the Committee on Agriculture and Forestry, it is obvious to me that numerous problems exist throughout the United States that are closely related to nutrition and human needs. I concluded long ago that only through the close cooperation of all levels of government and the private sector is there any hope of finding meaningful solutions to these problems. For this reason, a group of outstanding Kansans agreed to assist me, and a Kansas Committee on Nutrition and Human Needs was constituted some months ago.

Under the leadership of our distinguished former Senator Frank Carlson and Mrs. Verne Alden, of Wellsville, Kans., the Kansas committee has worked diligently throughout the summer months reviewing and deliberating on possible new approaches to the needs of our disadvantaged citizens.

Mr. President, there has been much publicity that in some States some counties do not participate in a food assistance program. Often, the roadblock in these counties is not the lack of need or lack of desire, but the lack of population which makes the implementation of these programs impractical. One of the Kansas committee's recommendations would be to combine administration of food assistance programs in sparsely populated counties. This would apply to my State of Kansas.

The Kansas Nutrition Committee also recommended that if the food assistance programs are expanded, there must be accompanying increases in nutrition education.

Mr. President, the Kansas Committee on Nutrition and Human Needs has offered other valuable recommendations

which should be helpful to the Senate when it considers S. 2547. A copy of their report has been forwarded to Secretary of Agriculture Clifford Hardin and to Secretary of Health, Education, and Welfare Robert Finch, and will be placed in the RECORD so that Senators may review it.

I commend the members of the Kansas committee. Their voluntary efforts provide an outstanding example of how local action can be effective in helping to solve a most urgent domestic problem. It is time Washington listened to those who are now, and have been, on the firing line.

Mr. President, I ask unanimous consent to have printed in the RECORD the summary of the informative report the Kansas Nutrition and Human Needs Committee submitted to me on September 15, along with the names of the committee members.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SEPTEMBER 13, 1969.

HON. ROBERT DOLE,
U.S. Senator,
Senate Office Building,
Washington, D.C.

DEAR SENATOR DOLE: As chairman of your Kansas citizens committee on Nutrition and Human Needs, I'm pleased to submit this report. It represents two months of concentrated study and personal contact efforts by committee members.

It is my observation that the individuals who served in your behalf on this committee and in this inquiry have taken their assignments seriously and worked intensively. The three group meetings, I felt, were lively and most informative.

As you know there has been much press in Kansas during these months, calling attention to the absence of food programs and directed at the whys of local issues. I feel this committee was doing some direct talking locally and had a significant role in calling attention to these local issues.

The one point that continually came up in our discussions was that education is desperately needed to solve the nutrition and feeding problems of the poor and needy. I would hope that you will continue to call attention to this need. You and your colleagues, as you develop legislation to solve poverty's problems, will be in a position to see that funded education components are included. The poverty stricken and malnourished can be told to "get with it" but they have to be taught how to "with it get."

In behalf of your committee and Senator Carlson, I would like to thank you for the opportunity to "speak out and up" on this vital issue. Certainly this committee stands ready to give you further assistance at your request.

Sincerely and respectfully,

MRS. VERNE W. ALDEN.

OBJECTIVES OF THE KANSAS COMMITTEE ON NUTRITION AND HUMAN NEEDS

1. "To act as an advisory committee to me on Kansas needs in order that I may report them to the Senate Select Committee on Nutrition and Human Needs.

2. To analyze existing food and public assistance programs and propose legislative and administrative changes.

3. To create an awareness of malnutrition as related to poverty and accompanying human needs."

MEMBERS OF THE KANSAS COMMITTEE ON
NUTRITION AND HUMAN NEEDS

Senator Frank Carlson (chairman) Concordia.

Mrs. Verne W. Alden (cochairman), Wells-ville.

Mr. F. E. Black, Topeka.

Mrs. M. L. Breidenthal, Kansas City.

Judge Floyd H. Coffman, Ottawa.

Mrs. Ed Faulkner, El Dorado.

Mr. James A. Garver, Parsons.

Mrs. Marvin Gunn, Salina.

Mrs. George Haley, Kansas City.

Mr. E. Kent Hayes, Topeka.

Mr. H. R. Carrillo, Topeka.

Dr. Evalyn S. Gendel, Topeka.

Mrs. Cliff Hope, Jr., Garden City.

Mrs. Rex Lee, Wichita.

Mr. Walter C. Peirce, Hutchinson.

Mr. Thomas M. Potter, Wichita.

Mr. Allen C. Quetone, Horton.

Mrs. Bill Richardson, Hoxie.

Mr. Robert E. Schmidt, Hays.

Miss Ruby Scholz, Topeka.

Mrs. Earl Simmons, Ashland.

Mrs. Barbara E. McWhorter, Topeka.

Mr. O. L. Plucker, Kansas City.

Mrs. CECIL NUTTER, Agenda.

Mrs. Grace M. Shugart, Manhattan.

Mr. Harold L. Smelser, Topeka.

Mrs. Beverly Smith, Salina.

Mr. Ray F. Uehling, Ness City.

Rev. Walter Weiss, Great Bend.

Dr. Shirley White, Manhattan.

Mr. Harold E. Wills, Dodge City.

Dr. George A. Wolf, Jr., Kansas City.

Mrs. Harold O. Williams, Cheney.

Mrs. H. O. Wright, Salina.

Mr. A. Price Woodard, Jr., Wichita.

REPORT OF THE KANSAS COMMITTEE ON
NUTRITION AND HUMAN NEEDSTHE ABSENCE OF FAMILY FOOD ASSISTANCE PRO-
GRAMS IN CERTAIN KANSAS COUNTIES—SUB-
COMMITTEE NO. 1

(Submitted by Thelma Wright)

Committee members: Mrs. Marvin Gunn, E. Kent Hayes, Mrs. Cecil Nutter, Allen C. Quetone, Mrs. Grace M. Shugart, Mrs. Earl Simmons, Mrs. H. O. Wright.

This Committee recommends:

1. That small counties band together for administering food programs. For donated foods, have a central distribution point.

2. That a program of education for the needy be established at the county level, through Extension Home Economists, so they can effectively use donated foods or plan purchases with food stamps. (See Committee report no. 5)

3. That education be broadened to include education of County Commissioners as to how the food stamps and donated food could be used and especially what constitutes malnutrition.

This committee prepared a questionnaire which was sent to county commissioners in July. A summary of findings follow:

Counties who have neither food program and want neither:

Comanche	Brown
Washington	Thomas
Marshall	Norton
Cloud	Ellis
Barton	Marion
Rice	Clay
Pratt	Republic
Ness	Coffey
Lincoln	Barber
Nemaha	

Counties who have food stamps and want to continue:

Crawford	Leavenworth
Montgomery	Atchison
Johnson	Franklin
Neosho	Bourbon
Greenwood	Cherokee
Wilson	Labette

Counties who have food commodities and want to continue:

Kearny	Sherman
Elk	Hamilton
Harper	Meade
Grant	Clark
Ford	Kingman
Hodgeman	Sedgewick
Shawnee	Wyandotte

Counties who do not have food stamps but want them:

Sedgewick—Presently have Food Commodity Program, but have voted to change.

Jackson	Allen
Greeley	Miami
Reno	Woodson
Sheridan	Jefferson
Osage	Riley
Douglas	McPherson
Saline	Cowley
Linn	Dickinson
Lyon	

Counties who do not have food commodities but want them:

Ottawa	Graham
Decatur	Edwards
Harvey	Morris
Finney	Harvey
Sumner	

PROBLEMS CONFRONTING THE FOOD ASSISTANCE
PROGRAMS—SUBCOMMITTEE NO. 2

(Submitted by Walter C. Peirce)

Committee members: Harold Smelser; Mrs. Ed Faulkner; Mrs. Harold O. Williams; Mrs. Cliff Hope, Jr.; Robert Schmidt, Walter Peirce, Thomas Potter.

A major concern of the committee is that present food assistance programs do not reduce the county welfare load. The new programs, instead of being coordinated with, are piled on top of existing programs. This has been a reason for many counties not participating, since it would mean an increase in county property taxes to pay the increased administration costs.

At the July 26 meeting in Salina the subcommittee discussed the following:

1. Low participation in food stamp counties (an average of 30% of welfare families using the program where it has been available.)

The problem is that many eligible families do not buy stamps because they want to spend the welfare check for other things. The suggested solution was that the amount of stamps which families were eligible for be assigned and issued; preferably mailed to them.

The USDA should take into consideration the differences of various areas in revising formulas of distribution and stamp programs. The key issue is providing an adequate diet for low income needy families.

The requirement of a fixed amount of food stamps to be purchased should be more realistic. It is better if a family buy one half their quota than be forced to buy all or none. Simplify the regulations on food items eligible. The check-out girl is supposed to know that food stamps cannot be used for imported beef from Argentina, fish from Africa, pineapple from the Philippines, etc. Better diet is the main criterion for food distribution. Special interest groups should not use food stamps, school lunch programs and commodity distribution as a vehicle for discriminating against imports, margarine, etc. Better diet and higher participation will help everyone, including special interest groups.

There are other items in the store which should be disqualified along with tobacco, alcoholic beverages, such as carbonated drinks, candy and gum. Proper diet will or should be the determining factor. Perhaps items such as soap should be allowed.

2. Adverse news publicity on excessive

stocks of commodities found in clients homes.

Many of the original methods of distribution have been improved yet the bad publicity lingers on. The distribution of commodities seems to be working well in Wichita. Extension programs are helping low income people learn to cook. Education and motivation are still major problems.

3. Distribution of surplus food commodities and the selling of stamps.

Volunteer groups can be a help in distributing commodities or in helping individuals get to the distribution points. Stamps distribution could be simplified by assigning and issuing food stamps to those on welfare and other needy families. The committee strongly recommends that the stamp books be mailed out. They felt this would be better than present methods of selling them and would be better than proposals of selling them at post offices.

4. How to inform local officials of the program.

Outreach groups—KSU Cooperative Extension Service, technical action groups, Office of Economic Opportunity.

5. Increased taxes on the local level to pay extra administration costs and warehousing of commodities.

Perhaps federal money for part of the administration costs, rent for warehouses, etc. All counties should have equal treatment.

6. How to handle the program in sparsely settled areas or counties with few families considered needy or on welfare.

Combine a number of counties or tie to a more populous one. Mailing of food stamps would again be the answer. Let local people certify the need for food assistance.

The committee is concerned with the fact that people who are trying to help themselves and be self supporting may have more need for supplemental food than those on welfare. Medical and dental services which are furnished welfare clients, can create a terrific emergency for self employed people. Their need for food assistance may be quite dire.

The really needy would be helped while the improvident should be encouraged to help themselves. Far too often the incentives are reversed, encouraging the deadbeats to be parasites and discouraging those who are industrious. While revisions are being made in relief and welfare procedures, the matter of proper incentives is of paramount importance.

CHILD NUTRITION PROGRAMS—SUBCOMMITTEE
NO. 3

(Submitted by Mrs. Rex Lee)

Committee Members: Evalyn S. Gendel, M.D.; Dr. O. L. Plucker; Mrs. Bill Richardson; Mrs. Ruby Scholz; Mrs. Rex Lee.

1. School Breakfast and Lunch Programs

In view of the fact that there is a definite and immediate need for an initial outlay for establishing food facilities, the current major problem is the method of receiving and utilizing money over and above the cost of food. These facilities must be established in order to use existing funds, now available under the National School Act and also the Childs Nutrition Act for school Breakfasts, which must be turned back if there are no facilities to store, prepare or serve the food which can be purchased and also no personnel to supervise and prepare it. We recommend that Federal assistance is needed for equipment and personnel on an interim basis. We recommend initiating a General School Aid Program such as block grants, instead of the present categorical aid. There must be more flexibility in sharing the cost, where participation is high and relative economic status is low, also more flexibility in the methods of preparation, distribution and serving. The law in Kansas, on school financing does not permit spending over 104% of

the previous expenditures, subsequently, the cost of establishing kitchens and etc., cannot be included in the school budget. The present conditions prohibit the schools from entering into this program and consequently, there is hunger and malnutrition. In our competitive Society, there is an important relationship between children's nutritional experience and their eventual competence as adults.

2. State Consultant Nutritionist

We also recommend Kansas re-establish the position of State Consultant Nutritionist in the State Department of Health, which was unfilled for three years because of absolute noncompetitive salary and was removed from the budget because it could not be filled. This person in the past was primarily serving schools and youth institutions on food utilization and the relationship of nutrition to health of school age children.

We recommend more publicity on why Federal funds can not be used. We would like to see Welfare cooperate with the schools to encourage families to use a portion of the food allotment as allocation for reduced price lunches.

Could the money that is designated for school lunches (15¢ per day) be paid directly to the school so these children can have lunch?

HEALTH CARE FOR LOW-INCOME GROUPS— SUBCOMMITTEE NO. 4

(Submitted by C. Walter Weiss)

Committee members: Mr. H. R. Carrillo; Judge Floyd H. Coffman; Dr. Shirley A. White; Dr. George A. Wolf; Mr. F. E. Black; Mrs. Verne Alden; C. Walter Weiss, ACSW.

Taking into consideration the following facts:

(1) The high correlation of .96 of the poverty index and the relative health index in Kansas (as reported by Mr. Johnson, the Health Planning Analyst with the Comprehensive Health Planning Program);

(2) Recent studies show that low income persons just above welfare level are in the poorest health of all, having poor immunization levels and uncared for dental problems;

(3) Problems in the Health Care System include: (a) Shortages and poor distribution of health manpower; (b) High costs due to unnecessarily duplicated and underutilized facilities and equipment; (c) Duplicated services in some areas and absence of necessary service in other areas; (d) High cost of administration by the vendor groups, as a result of regulations set forth by governmental units;

(4) Urban Renewal and Public Housing Programs have not kept up with the need for additional sound housing units;

(5) The recommendations made by Dr. Thomas F. Taylor, Chairman, Coordinating Council for Health Planning, State of Kansas, in his statement to the Subcommittee;

(6) The critical element involved in breaking the poverty cycle is that of nutrition.

Subcommittee No. 4 submits the following recommendations for consideration:

(1) Federal Legislation should be proposed to institute programs increasing the supply of health manpower. The usage of paraprofessionals and sub-professionals needs to be strongly encouraged.

(2) Increased federal funding under the Public Health Service Act is strongly urged.

(3) In view of the need for adequate information on which to base planning and program decisions, a statistical gathering program should be permanently established.

(4) A very high priority should be placed on the needs of children as the best preventive measure our society can take. Preschool programs, day care services, and adequate housing are involved in child welfare programs.

(5) Continued and adequate support of educational programs in nutrition is strongly urged.

Statement by Dr. Thomas F. Taylor, Chairman, Coordinating Council for Health Planning to the Sub-Committee #4 of the Kansas Committee on Nutrition and Human Needs, August 23, 1969

I wish to thank the committee for the opportunity to discuss health care for low income groups. I am currently chairman of the Coordinating Council for Health Planning which advises the State Board of Health in regard to its responsibilities as the agency designated by the Kansas Legislature to prepare and administer a State Comprehensive Health Planning Program. The Partnership for Health Amendments of 1966 and 1967 to the Public Health Service Act authorized the establishment of state and areawide health planning programs. Our task is to establish a comprehensive and systematic planning process to establish goals, objectives and priorities for health, and to include both the public and the private sector in this planning process. Priorities for the expenditure of grants for comprehensive health planning services which will be available from the Federal Government in blocks rather than in categorical grant must be determined. The scope of the activities for comprehensive health planning are to include the manpower, facilities, and services necessary for promoting and assuring the highest level of health attainable for every person in an environment which contributes positively to healthful, individual and family living.

This planning process must be a true partnership involving public and private agencies, organizations, and programs, and all levels of government with no domination by any segment. We hope that through activities of areawide councils and a system of sub-committees, the expression of health needs as seen by the people of the state will be included in the planning. Identification of population groups with higher than average risks of illness is a significant goal of the program. In addition to working with existing agencies, we will assist OEO and Model Cities with their health components and include their findings and recommendations in the setting of priorities.

Mr. Johnson, the health planning analyst with the Comprehensive Health Planning Program has devised a general health status index. Copies of this are available for the committee. A number of weighted factors were used in determining this index including an index of poverty related to the number of families in each county with incomes below \$3,000 as reported from the 1960 census. This poverty rating was not given a large weighting in the computation. When Mr. Johnson ran a correlation between the poverty index and the relative health index the high correlation of .96 was obtained. The correlation remained .95 between the poverty factor and all the other factors. The poverty level is the most important factor in the general status of the population. This may lend strong support to any federal measures to increase the income level of the lower portion of the population.

Financial support is now available through Medicaid and Medicare for health services which low income and elderly people (and many of the elderly are poor) need. There is a greater utilization of the Health Services by these groups than ever before whether because of promises for health care or of inability to pay prior to the advent of medicare.

Recent studies show that low income persons just above welfare level are in the poorest health of all. These persons have poor immunization levels and uncared for dental problems. One of the reasons for the rapid increase in the medicaid assistance payments in Kansas has been coverage for dental problems. It is estimated that it will take 5 years to catch up on the dental treatment needed by persons on welfare. The dental problems of those just above welfare levels are still neglected.

70 percent of the persons on welfare in Kansas live in counties having either a food stamp program or a commodity distribution program. I do not need to tell this committee, which is fortunate to have serving on it Dr. White who has pioneered in the use of nutrition aides, about the need for nutrition education for the entire population.

The health care system is more obviously visible now with the increased demand for services. Shortages and poor distribution of health manpower, high costs due to unnecessarily duplicated and underutilized facilities and equipment, duplicated services in some areas and absence of necessary services in other areas and high costs of administration by the vendor groups as a result of regulations set forth by governmental units are all problems in the health care system. Model City Studies in Wichita and Kansas City show that poor transportation systems make it impossible for residents in one part of the city to utilize Health Services in other parts of the same city.

The grant for comprehensive public health services for Kansas in FY 1970 totaled \$917,400. Fifteen percent of this must be used for mental health services and 70 percent of the total must be used for services in communities. Unless this appropriation is significantly increased, the concept of the block grant will be of little significance.

I was asked to summarize the recommendations of the Booz, Allen & Hamilton Report as they pertain to housing, sanitation and pest control. This was the report of a consulting firm prepared for the Legislative Council in 1967-68 at the request of the Kansas State Board of Health. The report stated that there was no organized housing program in Kansas such as existed in other states and recommended the adoption and enforcement of state uniform housing standards. The figures from the 1960 U S Census show that the national total for Sound housing with plumbing facilities is 74 percent. The Kansas total was 71.9 percent. The severity of the housing problem for some groups is highlighted by the findings of the Kansas City, Kansas Model Cities Program which showed that using the same 1960 U S Census, the area total for the Model Cities area in Kansas City was only 16.8 percent Sound housing.

Urban renewal and public housing programs have not kept up with the need for additional sound housing units. The private market is unwilling to assume the risks involved. Financial institutions in the Kansas City area now deny investment capital or require excessive down payments according to the findings of the Model Cities Program. Again, a major problem is for those families whose income is too high for public housing but not high enough to compete for suitable housing on the open market. The Kansas Department of Economic Development will be including housing in its planning during the coming year. Some provisions are evidently available under the 1968 Housing Act which have not been utilized. But in addition, incentive may be necessary so that private investors will find construction of adequate low cost housing profitable.

Concerning sanitation, the Booz, Allen & Hamilton Report stated that increasing population and industrial expansion continues to create new problems in general sanitation and waste disposal. They stated that state standards are needed. The state did receive a United States Public Health Service Grant in 1967 for a 3 year solid waste planning project.

In regard to pest control, the report stated that such programs can be most effectively administered locally. Such problems are interrelated for rodents, for example, will breed in areas with poor waste disposal.

The Coordinating Council for Health Planning has established a Committee on Environmental Health Problems. Under the chair-

manship of Dr. Ross McKinney from the University of Kansas, this committee is now preparing a more complete survey of the environmental health services and programs in Kansas available from both public and private agencies and associations. The committee will recommend priorities for environmental health concerns in the state and recommendations and actions for their improvement.

Kansas does have a State Child Abuse Register. We do not, however, have all of the services nor channels of communication necessary to deal with these and related problems. There are still 24 counties in Kansas which are not included in areas receiving services from Community Mental Health Centers. There is a shortage of foster homes and adequate child care facilities. Support of federal programs for adequate mental health and child care facilities is certainly indicated.

In the summary I would make the following recommendations for federal legislation:

1. Programs to increase the supply of health manpower. The social security amendments of 1967 permit the use of subprofessionals in welfare and maternal and child health projects. The usage of paraprofessionals such as medical corpsmen should be explored.

2. Increase federal funding under the Public Health Service Act. This includes funding for comprehensive health planning and for block grants for community health services and other special health projects which are locally sponsored. The discrepancy between the goals and intent of the legislation and the amount of money awarded for implementation is a source of frustration and disillusionment. The same will be true of the new welfare proposal unless the minimum payment truly takes into consideration the amount of money necessary to provide an adequate diet.

3. There is a great need for information on which to base planning and program decisions. Inadequate information is available in all of our work. So far, we do not know where people are who actively do the work on one hand and we do not have adequate sources of information on the other hand. For example, housing statistics are available only from the federal census. And, for example, in Kansas we do not have current information on actively practicing physicians or nurses. Other methods for obtaining this basic information must be found in order to make good sound judgmental decisions.

4. In addition to catching up with the needs of the adult population, a very high priority must of course be placed on the needs of children as the best preventive measure our society can take. Priorities should be placed on head-start and other pre-school programs, children and youth programs, and the coordination of such special programs with other existing and needed physical and mental health and educational services. The Interdepartmental Committee for Children and youth in Kansas is sponsoring a demonstration project in three counties of Kansas to improve and coordinate the whole system of community services offered to children and family. Simplified federal funding for such demonstrations and continued programs would be of great benefit to the public.

Thank you for the opportunity to describe the efforts of the Comprehensive Health Planning Program and to offer my views in this very important area.

NUTRITION EDUCATION—SUBCOMMITTEE NO. 5
(Submitted by Beverly B. Smith)

Committee Members: Mrs. Barbara McWhorter; Mr. Ray Uehling; Mrs. George Haley; Mrs. M. L. Breidenthal; Mr. Harold E. Wills; Mr. James A. Garver; Mrs. Beverly Smith, chairman.

At the first meeting of the committee in Topeka on June 28, those in attendance were Mrs. M. L. Breidenthal, Kansas City; Mrs. George Haley, Kansas City; Mrs. Barbara McWhorter, Topeka; Mrs. Beverly Smith, Salina. At this meeting Mrs. Breidenthal was to check on the Nutrition Aid Program in her county, Mrs. Haley was to check on other Extension Service activities, and Mrs. McWhorter was to check on H.E.W. School and Health related activities. In addition each member was to attempt to find out about different Nutrition-Education programs that were being carried on in their respective counties. Mrs. Beverly Smith was elected chairman of this sub-committee.

The second meeting of the committee was held July 26 at the Hilton Inn in Salina. Those in attendance were Mr. Ray Uehling of Ness City and Mrs. Beverly Smith of Salina. Previous correspondence had gone out to the sub-committee members. This meeting was spent explaining what had been done at the previous meetings. No actual results or accomplishments were given at this particular time. The following information was received—one from Mrs. Doris Haley, Kansas City, saying that an interview was made with Mrs. Betty Price of the Nutrition Extension Service of Wyandotte County. The following information was obtained from this interview: The Extension Service has first tried to establish rapport with the various groups receiving food from the commodity program. One manner in which this has been done is to train members of these groups to teach other individuals methods of best using the foods obtained.

Small classes are held in neighborhood centers and those participating are happy to be taught by someone in their own group. Volunteers also go into various homes to teach methods of adapting recipes and cooking new foods made available by the program. Classes are held at Y.W.C.A. branches and have been successful. Many of these have been classes with youth and unwed mothers. Work has been done with social workers who deal directly with persons in the program and gas company home economists are given information to pass on to their contacts. Information has been given to those on special diets. The Extension Service has contributed newspaper articles to the Kansas City Star and has also used films, recipe books, and brochures. There has been an attempt to create an awareness of what foods are available for those who are not knowledgeable on what foods can be obtained. It was reported that all of these efforts have been met with success and the entire program reaches more and more people every day. Enclosed with this report were brochures and newspaper articles regarding the Extension Program.

Mrs. McWhorter contacted four people in different agencies, plus the Nutrition Consultant with Health, Education, and Welfare. She stated that it may have been her imagination, but she felt there was a reluctance to discuss Nutrition-Education programs, probably because the people involved realized programs are inadequate as far as reaching total numbers of people needing assistance. She approached the problem as follows:

1. Resources available:
 - a. What programs?
 - b. Personnel involved.
 - c. Practicality of present programs (right and wrong of programs).
 - d. What are the needs or what recommendations should be made?

Problems mentioned by those with whom she talked were:

1. The Department of Health does not have a nutritionist to act as a resource person throughout the state.

2. Distribution of surplus commodities is a problem. Funds to warehouse are not available. A C & Y teaching project in Kansas

City never got off the ground, because no funds were available for storage or distribution. The aged have no means of transportation to warehousing centers to pick up commodities available to them.

3. Commodity Program vs. Money. The people to whom she talked were divided as to whether cash should be made available for purchasing and clients taught to purchase rather than utilize available commodities.

4. Apparently county commissioners and boards composed of nine people determined priorities for our home extension people. If the commissioners do not consider nutrition important, nutrition is not taught.

5. Welfare has two people engaged in some kind of nutritional education on a very limited basis. One acts as a consultant group and the other has been involved in the party type of teaching.

Positive Information:

1. Education for low income groups seems to be best on a one-to-one level.

2. Low income people enjoy and seem to learn when the environment is geared to a neighborhood social event referred to as, "Teach and Party", a get together where plentiful foods are served and cooky cakes, etc. forms. The method of cookery demonstrated and recipes distributed. This type of teaching was referred to as the "buddy system", "show and tell" and "cook and taste" parties.

3. Shawnee County is utilizing the homemakers trained at KSU. Recommendations as to needs were not forthcoming, either personnel or funds. One individual did say she felt that Nutrition-Education programs should be delegated either to extension people or to welfare people. She felt that education under "one umbrella" would produce better results. To illustrate her point she mentioned that the Inter-agency Nutrition Committee and the Technical Action Panel are both organized to keep people informed, but neither really knows what the other is doing.

In a letter from Gladys H. Matthewson, nutrition consultant, Community Health Service, Department of Health, Education, and Welfare, Kansas City, she notes the following:

"As you know, nutrition education is a responsibility shared by numerous state agencies. In the state Health Department it is a component of all programs and services concerned with health promotion and is directed through the professional personnel, serving individuals and communities either directly or indirectly.

"In 1967 Dr. Arnold Schaefer, Chief Nutrition Program, Division of Chronic Disease Programs, Regional Medical Program Service, Public Health Service, identified three population groups with needs for nutrition guidance and public health programs. These projections are suggested as a guide. In the vulnerable group where there are children and poverty (as defined by O.E.O.), one nutritionist per 10,000 population. Per groups with long-term illness, heart disease, cancer, stroke, diabetics, arthritis, etc.—one nutritionist per 50,000 population. And in the area of health promotion for the general public needing nutrition surveillance—one nutritionist per 100,000 population. Under the Medicare legislation, there are more than 14,500 beds in approximately 182 certified or credited hospitals and 66 extended-care facilities for whom the quality of nutritional care would be improved through nutrition and dietary consultation from the state Health Department.

"About 60% of the population has some home health services available at present. Nutrition consultation is available on a part-time basis in four of the thirty-five certified agencies, some of whom utilize home health aids to assist in meeting patient needs. According to information available to me, there are about 200 public health nurses in the

state and local health departments. Some on-going nutrition consultation is available in Topeka-Shawnee and Wichita-Sedgwick County Health Departments which together employ about 70 nurses. Other programs which would benefit from guidance in nutrition include school health nurses, dental health personnel, child caring facilities, migrant health projects, and pre-natal clinics to name a few.

"The supplemental food programs for pregnant women and children has been initiated in the Western Kansas Migrant Health projects. Topeka-Shawnee County Health Department. The children in youth projects at Kansas University Medical Center is presently involved in administrative details of participating also."

Sub-Committee No. 5 of the Kansas Committee On Nutrition and Human Needs has concerned itself with Nutrition-Education programs in Kansas. These are the minutes of our August 23rd meeting in Manhattan with Barbara McWhorter, Ray Uehling and Beverly Smith in attendance.

The Department of Health considers Nutrition Education a component of all programs and services concerned with health promotion. Division of Social Welfare, schools and business are doing very little, if any, in the area of nutrition education.

The most progressive program of Nutrition-Education is being carried on in the Co-operative Extension Service with their Expanded Nutrition Program using Nutrition Aides.

Our committee feels that in addition to money and other program changes, that Nutrition-Education is the most important influence to make results of lasting importance in combating malnutrition.

Therefore, we make the following recommendations:

1. That the general public be made aware of the problems in nutritional education in order that they support a program to eliminate malnutrition and improve general nutrition among the American people.

2. That the responsibility and coordination for Nutrition-Education be placed under one agency and that the agency be the Federal Cooperative Extension Service in cooperation with Public Health and the Department of Social Welfare.

3. That money and time be provided to develop and continue the Expanded Nutrition Program in Cooperative Extension.

4. That dietitians and nutritionists be provided on the state level to coordinate programs and act as resource people.

5. That Nutrition-Education be emphasized by up-grading, expanding, and realizing the importance of home economics classes and nutrition information at all levels of the school by the State Department of Education.

6. That the Food Industry (producers, processors, and retailers) become involved in Nutrition-Education.

7. That more extensive use of volunteers be made in the teaching of nutrition. In order to have a successful volunteer program, orientation, coordination, and training of the volunteers need to be done by a qualified paid person. We would further recommend that funds be appropriated to pilot a volunteer program in Kansas which would supplement the existing nutrition education program carried on by Cooperative Extension.

8. That the Senate Nutrition and Human needs committee have the national T.V. and radio networks promote the need for Nutrition-Education programs and also provide Nutrition-Education programs for the American people in the same forceful and poignant way they called national attention to poverty.

Mr. DOLE. Mr. President, I subscribe generally to the statements of the chairman of the committee, the Senator from

Louisiana (Mr. ELLENDER), and the ranking Republican on the committee, the Senator from Vermont (Mr. AIKEN) in regard to S. 2547. I would add that there are several provisions with which I have some disagreement.

FREE FOOD STAMPS

Mr. President, the administration believes food stamps should be provided without charge to those we may refer to as the poorest of the poor. An amendment was offered in the Senate Agriculture Committee which would have accomplished this objective. That amendment was defeated but I understand that there will be other amendments offered to S. 2547 to accomplish this result tomorrow. Such a change in the food stamp program, in my opinion, would help those who are most in need of help—the small fraction of our population at the very bottom of the poverty scale. Food stamps would be made available without charge, for example, to a family of two with a monthly income of less than \$20, a family of four with less than \$30 and a family of six with less than \$40. Tomorrow I intend to introduce an amendment that would substantially accomplish this objective.

Let me add that the bill provides in substance that there must be paid not less than 50 cents per person per month for a household of five persons or less, and \$3 per household, for six or more persons per month. It appears that this provision is based on the theory, that recipients should not get something for nothing. Perhaps that has some merit, but there are examples—not many—but some in America, in my State, and probably in every other State across this land where, because there is no money available, some people may be denied food stamps and, therefore, families with children will be denied proper nutritious diets.

The families that will benefit from free food stamps are the families least able to obtain a minimum adequate diet. They have no continuous source of income. They are not eligible for the federally aided forms of public assistance such as aid to dependent children, old age assistance, or aid to the blind or the handicapped. They live in areas that provide no form of general welfare assistance.

The greatest threat from malnutrition occurs while a child is still unborn and during the first two years of life. The poorest of the poor are the group most likely to suffer from malnutrition during these critical months. If their children suffer brain damage as a result of poor nutrition, succeeding generations will be locked into the cycle of poverty.

I strongly believe that the dollar cost of providing free food stamps for the poorest of the poor is minimal when compared with what might happen if this is not done.

Providing stamps without charge to the very poorest removes an important barrier to their participation in the food stamp program. The value of this outreach effort will far exceed the income that will derive from a 50 cents per person charge.

Further, the commodity distribution

program is already providing food without charge to the poor. I cannot, for one, understand why this same principle does not apply to the food stamp program. As the food stamp program replaces direct distribution, new barriers should not be established that will discourage participation by the poorest and neediest.

The purpose of the administration's food stamp proposals is to make the program adequate and self-sufficient. They are designed to assure that the program will provide a minimum adequate diet and will incorporate payment levels that are reasonable and that do not discourage participation. In the past, church groups, OEO affiliates and charitable organizations have had to provide cash to purchase food stamps for the very poor. If this program is going to stand on its own, the very poor should be able to obtain stamps without charge. Providing free food stamps to the poorest of the poor is an integral part of a comprehensive, workable, and self-sufficient program of food assistance.

Mr. President, there is one other provision that requires attention. While a county is converting from a direct distribution program to a food stamp program, or in case of disaster, there is a need to establish concurrent programs. The administration bill requested that concurrent operation be authorized in three cases. One, during a natural disaster, when retail store operations were disrupted; second, during transition from commodity distribution to food stamps; third, if requested by the State and it agrees to accept all administrative costs.

The first of these was adopted by the committee. I will offer an amendment to modify the third alternative, namely, that when a State wishes and a State requests concurrent programs for a longer period, and if it is willing to pay the cost of administration, it be allowed to do so. The bill reported by the committee eliminated the last of these three options. My amendment would simply restate that option. I believe it is important that we provide this option to the States and localities. They are the ones who best know the local conditions. We have learned that ourselves. The committee has had field hearings in Florida, California, Illinois, and the District of Columbia. Those on the local level often appear to understand the problem of money and understand the problem of nutrition and malnutrition better than some of us on the Federal level. They know the local conditions. So if the people on the local and State levels are willing to undertake the additional expense involved, that should be a valid reason for requesting such flexibility in the Federal statutes.

I certainly commend the chairman and other members of the Committee on Agriculture and Forestry for the modifications in the law allowing concurrent operation that have been made. But it appears to me that we should not foreclose even the limited use of such authority if State or local officials deem it necessary and are willing to pay the added costs. Aside from these particular

provisions, I support the bill reported by the committee. I shall at the appropriate time offer the amendments about which I have spoken.

Mr. STEVENS. Mr. President, I have an amendment which I should like to send to the desk and ask to have printed. Will the distinguished chairman of the committee tell me whether he intends to call up amendments today? Will amendments offered to the bill be called up today?

Mr. ELLENDER. I stated to quite a number of Senators that I did not think any votes would be had this afternoon.

Mr. STEVENS. I thank the Senator from Louisiana.

Mr. President, I submit an amendment and ask that it be printed.

The PRESIDING OFFICER. The amendment will be received and printed and will lie on the table.

Mr. STEVENS. Mr. President, the purpose of the amendment is to allow Alaskans who live in remote parts of my State and rely on subsistence hunting for the bulk of their diet to purchase rifle and shotgun ammunition with food stamp coupons. At first blush, this may seem strange. As a practical matter, coupons may be used anywhere else to buy meat. But these people do not live where there are any stores. Their total meat supplies come from their own hunting, and they live in absolute poverty conditions and do not have money with which to buy shells.

On a recent trip around my State, time and time again these people, who are so much benefited by this program, asked me why they could not use the food stamp coupons to buy the one thing that would give them a better, more adequate diet—that is, ammunition with which to shoot game on the land on which they live.

In many remote villages the death rate is high. The high death rate results from the incidence of debilitating diseases among native populations, and this can be directly attributed to malnutrition. So it is imperative that we do everything possible to assist these people to obtain an adequate diet.

The cost of what we call store-purchased food in these villages is two to three times, or even more, what it is in the other States. The cost of fresh fruits and vegetables and meat—if available—is absolutely prohibitive.

As a practical matter, in the area that would be covered by this amendment, there are no meat markets. There is no way to purchase fresh meat. These people pay 30 cents and more for a can of evaporated milk that Americans living in other States would pay 9 cents for at a local market. Alaskans must pay 50 cents for a box of salt that would sell for 11 cents at the Safeway store near my home. They must pay \$11 for 50 pounds of flour, and then they pay, in addition, high freight rates to get such staples delivered to where they are.

As I pointed out, the food stamp coupons are absolutely useless as far as meat is concerned, because there is no fresh meat there that they can purchase. The only way to get fresh meat is to go out and hunt for it. I think that by pro-

viding assistance in the very areas in which the food stamp coupons could assist them would help fulfill the meaning of the program.

By a recent Internal Revenue Service administrative order, Alaskans are now allowed to purchase rifle and shotgun ammunition through the mail. I hope we can carry this one step further in the area where there is a food stamp economy.

As I mentioned to the chairman of the committee, in these rural communities of my State, there is no cash. It is a food stamp economy. This food stamp program will be meaningful only if they can use the coupons for the one thing with which they can really benefit themselves, and that is ammunition with which to hunt.

I am hopeful that when the time comes to call up my amendment—although I have discussed it with the chairman and I understand his position—we can obtain support for the amendment.

Mr. ELLENDER. Mr. President, I wish the Senator to understand that I will give the amendment consideration. When it comes up tomorrow, I may discuss it further with him.

Mr. STEVENS. I thank the Senator. I shall be glad to provide statistics for the chairman.

There are 178 native villages in my State. Of those 178 native villages, I would say less than 20 have access to fresh meat. Those 178 villages are located in areas where game abounds. Those people today do not have the money with which to purchase ammunition.

My State happens to be very fortunate right now. We know it has come into a substantial windfall. Hopefully, in the next few years, we can get money out into the villages and get the people employed so they will not be kept in a food stamp economy. The food stamp program helps the village people, but it does not help them supplement their diet so far as meat is concerned.

I was appalled to find that in village after village they do not have money to buy shotgun and rifle shells, and they just sit there. They no longer hunt with bows and arrows. They must have ammunition. I hope the Senator will give consideration to the amendment.

Mr. ELLENDER. The Senator has a good point, if we can limit the amendment to Alaska.

Mr. STEVENS. The amendment is absolutely limited to Alaska, and then only to rural areas where the people live on subsistence and when the Secretary makes a finding that the people are absolutely dependent on firearms for hunting game which they must have to live and supplement their diet. I would encourage the chairman to take a look at the amendment. I thank him for his consideration.

Mr. BYRD of West Virginia. Mr. President, I support the objectives of the bill before us, S. 2547, which amends the Food Stamp Act of 1964. Its humanitarian goal is to provide a nutritionally adequate diet for those who participate in the program.

Additionally, it will assure all eligible

households an equal opportunity to take advantage of the benefits of the food stamp program by providing for payment of the minimum charge in instances where individuals cannot afford to pay, and by limiting the maximum charge to 30 percent of household income.

There are other improvements in the program aimed at reaching more Americans who subsist on substandard diets because of their lack of money to buy proper food.

One of the most important of these improvements is that the value of food stamps would be raised to the "cost of an adequate diet." It would also require the issuance of the stamps at least twice a month, recognizing the fact that poor people often do not have enough money to pay even their share of the cost of the stamps for 1 month's time.

The bill provides also—and I believe this to be important in the effort to reach those who are undernourished in the midst of America's great affluence—that the State agencies administering the program "shall undertake effective action, including the use of services provided by other federally funded agencies and organizations to inform low-income households concerning the availability and benefits of the food stamp program and insure the participation of eligible households."

In my State of West Virginia, the department of welfare reports that 35,250 households were receiving food stamps at the last report, which was in July. The number of individuals receiving the stamps was set at 129,015. These figures are believed to be substantially correct at this point.

It is estimated that perhaps as many as 5,000 persons who may be eligible are not participating. Pride is generally given as the reason, although it is possible that some persons in remote areas do not yet know about the program. To correct this latter situation, the department of welfare continues to make efforts to reach persons who could benefit.

The program has been well received in the State, both by the participants, the stores, and the general public. The recipients feel that they are, in part, making their own way when they pay their share of the stamps. The public welcomes the fact that the recipients do have to pay something, and that they are now receiving an improved diet. The merchants welcome the program because the stamp purchasers come into their stores as other customers do, increasing their volume of sales.

Most of the stores in the State participate, according to the department of welfare. The minority which do not participate usually give as their reason that they do not want to bother with the Government redtape.

The single most important fact, from a humanitarian standpoint, is that poor people are now receiving a far more nutritious diet than they could get before, and each household is paying according to its ability to pay.

But the changes which are now proposed, in my judgment, will make the program fairer and more equitable for

the poor family in that the bill provides for payment of an amount by a household which will represent a "reasonable investment on the part of the household," instead of an amount equivalent to its normal expenditures for food.

This, as the committee report points out, provides greater flexibility, permitting the Secretary to fix a charge which is reasonable for the poor, rather than tying the charge to what are generally thought of as normal expenditures for food, which for those below the poverty line are unreasonably high in relation to income.

An upper limit is imposed on what can be charged for stamps, which means simply that what the poor family is able to invest will provide more in bonus stamps, and thus provide more nutrition for the family. No household, under the change that is proposed, would be required to pay more than 30 percent of its income for food stamps. This, of course, would include welfare payments, since for all purposes under the act the term income includes any welfare payments received.

Additionally, the bill provides that the minimum payment of 50 cents per person per month for the first six persons in each household be paid by the State agency, if the eligible persons have no income with which to meet the minimum charge.

The objective of this provision, in the language of the report, is "to assure every low-income household a completely adequate diet, without shifting the historic State and local responsibilities to the Federal Government."

The committee believes that the State agency could make arrangements to provide the necessary funds from State or local sources. It might arrange with local authorities to apply general assistance welfare payments to the purchase of the coupons, or it could use State funds, or it might get local charities to underwrite these minimal charges.

There is a difference of opinion, of course, about requiring State or local participation to provide the minimum for those who cannot do so themselves. There is sentiment to make that food stamps free in such cases and for such individuals. The important thing is to make sure, by whatever means are necessary, that those who lack the money will get the food that they need.

There are a number of other needed changes which the bill would make.

It would, of course, increase the appropriation authorization from \$315 million in fiscal 1969 to \$750 million in fiscal 1970 and \$1.5 billion in each of the fiscal years 1971 and 1972.

In general, it seeks to extend and expand the program, simplify procedures as the result of the experience that has now been gained, and to correct grievances.

In addition to the points I have already mentioned, the measure would provide direct administration by the Secretary of Agriculture in localities where such action might be necessary. It would provide for State eligibility standards which take local factors into account, but meet national standards prescribed by the Secretary.

It would provide hearings for participants with complaints; allow direct commodity distribution during a transition period to food stamps; simplify certification for certain assistance households; permit recipients to have the cost of coupons deducted from welfare checks; and provide for an interdepartmental committee to advise the Secretary on food assistance programs.

Mr. President, I have supported the food-stamp program from its inception, and I believe this is a good bill. The program is the most effective approach that has been tried to help the poor provide better nutrition for themselves. The poor have their pride, and this legislation gives them the opportunity to make an investment in food for their families, and gives them the freedom to choose the foods that they want at the stores where they wish to buy.

At the same time, it takes into account the fact that there are those who have no means of their own with which to buy food, and it makes provision for them to get a nutritionally adequate diet.

The food-stamp program takes advantage of our efficient commercial food distribution system, replacing the far less desirable commodity distributing systems operated by agencies of Government. From a dietary standpoint, the food-stamp system is far superior to a surplus commodity system, in that it permits the individual to choose foods according to his needs, and it relieves him of the necessity of storing large quantities, or even wasting donated foods, received for a month at a time.

The program needs to reach more people. Our national conscience should be deeply concerned by the fact that several million of our citizens—some figures indicate as many as 14 million—have inadequate diets because they do not have the money to buy food. No person should go hungry because of poverty in a land of plenty. This is a compassionate program, Mr. President, hunger is a terrible thing. Whatever the program's cost, the amount will be less than the Nation loses because of its malnourished poor.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADJOURNMENT UNTIL TOMORROW AT 11 A.M.

Mr. BYRD of West Virginia. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order of yesterday, that the Senate stand in adjournment until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 4 o'clock and 38 minutes p.m.) the Senate adjourned until tomorrow, Wednesday, September 24, 1969, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate September 23, 1969:

DIPLOMATIC AND FOREIGN SERVICE

Clinton E. Knox, of New York, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Haiti.

Hewson A. Ryan, of Massachusetts, a Foreign Service information officer of the class of Career Minister for Information, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Honduras.

JUDGE OF THE DISTRICT COURT OF GUAM

Cristobal C. Duenas of Guam to be judge of the District Court of Guam for the term of 8 years vice Paul D. Shriver, resigned.

ASSISTANT SECRETARY OF COMMERCE

Harold C. Passer, of New York, to be an Assistant Secretary of Commerce, vice William H. Chartener.

ENVIRONMENTAL SCIENCE SERVICES ADMINISTRATION

Subject to qualifications provided by law, the following for permanent appointment to the grades indicated in the Environmental Science Services Administration:

To be captain

Jack E. Guth Robert C. Munson
Robert E. Williams Gerard E. Haraden

To be lieutenant

Robert D. Hickson, Jr.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 23, 1969:

INTERNATIONAL ATOMIC ENERGY AGENCY CONFERENCE REPRESENTATIVES

Glenn T. Seaborg, of California, to be the representative of the United States of America to the 13th Session of the General Conference of the International Atomic Energy Agency.

The following-named persons to be alternate representatives of the United States of America to the 13th Session of the General Conference of the International Atomic Energy Agency:

Verne B. Lewis, of Maryland.

James T. Ramey, of Illinois.

Henry DeWolf Smyth, of New Jersey.

Theos J. Thompson, of Massachusetts.

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Sept. 24, 1969
For actions of Sept. 23, 1969
91st-1st; No. 153

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HIGHLIGHTS: Senate passed housing bill. House passed environmental quality bill.
Senate passed resolution to continue housing laws for 90-days. Senate debated
food stamp bill. Senate passed bill to increase Tulelake wheat acreage.

SENATE

1. HOUSING. Passed with amendments S. 2864, to amend and extend laws relating to housing and urban development. pp. S11137-65
Agreed to an amendment by Sen. Sparkman (for Mondale) to extend the deadline for grants for basic water and sewer facilities from October 1, 1969, to May 1, 1970. p. S11143
Agreed to an amendment by Sen. Sparkman (for Muskie) providing substitute language for section 303 (utilization of private enterprise in comprehensive planning and public works planning). p. S11146
Agreed to an amendment by Sen. Goodell authorizing an adjustment in mortgage limits if price index for calendar year 1968 was higher or lower by at least 3 percent than for 1965 (instead of 1967) and authorizing an adjustment in basic dollar-per-room limitation for public housing projects if building cost index for calendar year 1968 was higher or lower by at least 3 percent than for 1965 (instead of 1967). pp. S11146-7
Agreed to an amendment by Sens. Cranston and Murphy to extend to victims of mud slides, the protection afforded by the Flood Insurance Act of 1968. pp. S11147-8
Passed without amendment S. J. Res. 152, to extend until Jan. 1, 1970, all Federal housing programs which would otherwise expire Oct. 1, 1969, including rural housing under title V of the Housing Act of 1949. p. S11167
2. WHEAT. Passed as reported S. 858, to amend the Agricultural Adjustment Act of 1938 with respect to wheat (pp. S11166-7). Sen. Mansfield inserted an excerpt from the committee report which states, "This bill would increase wheat acreage allotments in the irrigable portion of the Tulalake area of California each year to a total of 12,000 acres.....As amended by the committee amendments, producers would not receive additional marketing certificates as a result of the increase in their allotments; but they would be able to plant their increased allotments without forfeiting all price support and marketing certificates." p. S11166
3. FOOD STAMPS. Began consideration of S. 2547, to extend and revise the food stamp program and to authorize funds therefor through fiscal year 1972 (pp. ~~S11165~~, S11168-79). Agreed to an amendment by Sen. Aiken to extend the food stamp program to households which might be required to obtain welfare assistance to meet minimum subsistence needs (p. S11173).
4. MEXICAN-AMERICAN. The Government Operations Committee reported with amendments S. 740, to establish the Interagency Committee on Mexican-American Affairs (S. Rept. 91-422). p. S11119
5. EDUCATION. ^{Both Houses} received from the President the Third Annual Report of the National Advisory Council on Extension and Continuing Education which functions under title I of the Higher Education Act of 1965. pp. S11105, H8262
6. PERSONNEL; TRAVEL. The Government Operations Committee voted to report (but did not actually report) H. R. 337, increasing rate of per diem allowance for Government employees traveling on official business (amended). p. D848
7. LANDS. The Government Operations Committee voted to report (but did not actually report) S.1, proposed Uniform Relocation Assistance and Land Acquisition Policies Act (amended). p. D848

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Sept. 25, 1969
For actions of Sept. 24, 1969
91st-1st No. 154

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For Highlights see page 6.

SENATE

1. FOOD STAMPS. Passed, 78-14, with amendment S. 2547, to extend and revise the food stamp program and to authorize funds therefor through fiscal year 1972. pp. S11239-41, S11242-84.
Agreed, 54-40, to Sen. McGovern's amendment in the nature of a substitute (p. S11274). The bill as passed by the Senate would authorize appropriations not in excess of \$1,250,000,000 for fiscal year 1970; \$2,000,000,000 for fiscal year 1971; and \$2,500,000,000 for fiscal year 1972.

2. PROPERTY. The Government Operations Committee reported with amendment S. 2210, to amend the Federal Property and Administrative Services Act of 1949 so as to permit donations of surplus property to public museums (S. Rept. 91-423); and with amendments S. 406, to amend the Federal Property and Administrative Services Act of 1949 to permit the rotation of certain property whenever its remaining storage or shelf life is too short to justify its retention (S. Rept. 91-424). p. S11206
3. PROCUREMENT. The Government Operations Committee reported with amendments S. 1707, to establish a Commission on Government Procurement (S. Rept. 91-427). p. S11206
4. INTERGOVERNMENTAL RELATIONS. The Government Operations Committee reported with amendment S. J. Res. 117, to authorize appropriations for expenses of the Office of Intergovernmental Relations (S. Rept. 91-430). p. S11206
5. POPULATION. The Government Operations Committee reported without amendment S. 2701, to establish a Commission on Population Growth and the American Future (S. Rept. 91-431). pp. S11206-7
6. TRANSPORTATION. Both Houses received from the President the Annual Report of the St. Lawrence Seaway Development Corporation for 1968. pp. S11181, H837
7. REVIEW COMMITTEES. Passed as reported S. 2226, to amend the Agricultural Adjustment Act of 1938 to provide that review committee members may be appointed from any county within a State and that the Secretary of Agriculture may institute proceedings in court to obtain a review of any review committee determination. p. S11182
8. GOLDEN EAGLE. By unanimous consent the Senate reconsidered the votes by which S. 2315, to restore the golden eagle program to the Land and Water Conservation Fund Act, was passed and again passed the bill with an amendment by Sen. Church providing that user fees be charged only in certain highly developed recreation areas at Federal lakes and reservoirs. pp. S11184-11205
9. TAXATION. Sen. Mansfield stated, "It has been my understanding all along that the investment credit was not to be brought up and disposed of before the general tax reform bill was available to the Senate" and stated the leadership has not agreed to schedule the investment credit repeal now, as a separate tax item. pp. S11182-4
Sen. Long inserted a summary of Monday's testimony before the Finance Committee relating to the tax treatment of farm losses and hobby farmers. pp. S11228-36
10. POLLUTION. Sen. Mathias submitted an amendment intended to be submitted by him to the Federal Water Pollution Control Act which would require compliance with water quality standards by all activities and facilities over which the Federal Government has direct control or for which Federal licenses or permits are required. pp. S11210-1





Henry Lahaug, hospital administrator, announced in addition to the award, the Jamestown mental health center is moving to a new location. The center, formerly located at 424 4th Ave. NE, will move its facility to a recently completed building on I-94 business loop east.

The state hospital has full accreditation.

NORTH DAKOTA STATE HOSPITAL,
Jamestown, N. Dak., September 19, 1969.
Hon. QUENTIN N. BURDICK,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BURDICK: We are taking the liberty of calling your attention to the fact that North Dakota just received a National Award, *A Gold Medal Award* for its outstanding program in Mental Health. A clip from the Jamestown Sun release is enclosed.

The American Psychiatric Association each year awards a gold, silver and bronze medal to outstanding programs.

It may also be mentioned that North Dakota now is 2nd in the nation in terms of Community Mental Health Service coverage to its citizens. The State of Kentucky is No. 1 covering 87% of its citizens, North Dakota, No. 2, with 80% and Vermont No. 3 with 44% coverage. Colorado, Massachusetts, Montana and Michigan came 4th with 39-42%. The areas in North Dakota not yet fully covered with Mental Health Services are the Dickinson, Williston and Devils Lake regions.

Sincerely yours,

HENRY A. LAHAUG,
Hospital Administrator.

A CALL TO ACTION

Mr. PROXMIRE. Mr. President, I want to call to the attention of the Congress and the public an excellent editorial, "A Call to Action," in *Parade* magazine for Sunday, September 21, 1969. What the editorial calls for is for the Nation to set goals which we can achieve by the 200th anniversary of the Nation in 1976.

This Nation set a goal to place a man on the moon before 1970. By concentrating on that goal, we achieved it. While we have done this we have failed in other even more pressing areas. In the field of health, housing, hunger, education, and pollution, to name only a few, we have yet to meet the challenge they present.

Twenty years ago we said we believe in a decent home and a suitable living environment for every American family. We failed to achieve that goal because we failed to set precise numbers and appropriate specific resources. In the Housing Act of 1968 we finally did set a national housing goal of 2.6 million units a year for a decade. But we still must build those houses.

We have not yet even set specific targets and goals for other programs. Why not eradicate hunger by 1976? Let us set that as a goal, determine what resources are needed to do it, establish the programs, and get the job done.

We should do the same for air pollution, water pollution, and education. Surely we should set a goal of finding a way to eradicate cancer and to reduce heart disease. The funds and resources could be concentrated to achieve it.

This is what *Parade* calls for. The time has long passed when we should follow their advice. Let us act now.

Mr. President, I ask unanimous consent that the editorial be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A CALL TO ACTION

In less than seven years, the United States will celebrate its 200th anniversary as a nation.

On July 4, 1976, our President and assorted orators will congratulate us as a people on our many and monumental achievements.

Not the least of course, will be our landing of Americans on the moon.

Having harnessed our special strengths—money, men, materials and the organizational genius to control them—we conquered space before 1970.

Why can we not conquer some of our social problems on earth by 1976?

PARADE today suggests that if we can put men on the moon, then surely we can eradicate hunger in our nation by that target-date.

Surely by then we can cleanse the air we've poisoned and the water we've polluted.

Surely—by concentrating our scientists and resources in a crash program such as the Manhattan Project in World War II that created the A-bomb in five years—we can produce a cure for cancer.

Surely we can build adequate housing for the poor and end some of our educational and economic injustices.

But first we must make one or some or all of these achievements a national goal and July 4, 1976, a national deadline.

Can we do this? A nation that has conquered the secrets of space and nature in record time can with strong leadership conquer problems of poverty, pollution, and spirit.

In part it will be a matter of money. More important, it will be a matter of attitude—of discipline and compassion.

If each of us can change his mind and heart, only a little, America will have entered the Age of the Possible. And we will proudly record on the 200th anniversary of the Republic that we reached the moon and put our glory to work at home.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

FOOD STAMP PROGRAM

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the unfinished business.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2547) to amend the Food Stamp Act of 1964.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. SPONG obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator yield, without losing his right to the floor?

Mr. SPONG. I yield.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CRANSTON in the chair). Without objection, it is so ordered.

Mr. SPONG. Mr. President, according to statistics recently released by the Senate Select Committee on Nutrition and Human Needs, 24 percent of the Virginia population had poor diets in 1965. Although persons with poor diets could be found in all income strata, those with low incomes, especially those with incomes of less than \$3,000 annually, were particularly likely to have inadequate diets.

During the Easter and Memorial Day recesses I toured various parts of Virginia, discussing nutritional problems with low-income persons and health and welfare personnel. I also studied the operation of the existing commodity distribution and food stamp programs.

In my opinion, four modifications in the program are needed. First, free food stamps should be available to families with very little or no income.

Second, food stamps should be offered for sale at least several times a month and in additional places such as banks, post offices, and other public and non-profit agencies.

Third, persons should be allowed to purchase less than a full month's supply of stamps at one time. For many low-income persons it is simply impossible to obtain enough money at one time to purchase a full month's supply of stamps as is currently required.

Fourth, limited items necessary for personal hygiene and household sanitation should be covered by food stamps.

I have long felt that programs which are well operated on the local level are preferable to federally administered programs, since those on a local level are more likely to understand the specific nature and problems of the political jurisdictions. At the same time, I believe that recent statistics indicate the need for food assistance programs in every locality. In some localities the need for such assistance will, of course, be quite small. It is, however, unlikely that there is any political jurisdiction which does not have a few low-income persons.

Under proposals which will be made during consideration of this bill, all counties would be required to have food assistance programs by January 1971. In my State this would mean more than 40 jurisdictions would need to establish such programs in the next 15 months.

There are a number of flaws in the existing food assistance programs. The ideas behind these programs are, however, basically good. We are now working on a bill which seeks to eliminate existing inadequacies.

I commend Senator ELLENDER and the other members of the Senate Agriculture and Forestry Committee for their work on this bill and for reporting it so promptly to the Senate in order that we

may give consideration to these pressing matters.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. SPONG. I yield.

Mr. ELLENDER. I am glad to state that the four conditions named are incorporated in the bill, except the one to buy soap.

Mr. SPONG. Yes.

Mr. ELLENDER. Many Senators desire free food stamps for people having a low income. The bill provides that the stamps be free, but that they be paid for by the State or local organizations, and that amount is only \$3.

It is my belief that in order to get complete cooperation on this bill with the Federal Government and the local authorities, the local authorities should at least be made to participate in it to that extent.

Mr. SPONG. I commend the Senator from Louisiana and the committee for the attention they have devoted to these areas and to this matter of free food stamps particularly.

I listened with great interest yesterday when he made his presentation. My own views are more nearly akin to those of the Senator from Kansas, who also spoke yesterday afternoon on the subject of free food stamps.

But I do think that it is a salutary thing that the committee has come to the floor with such a thoughtful and extensive bill and that there will be an opportunity today for us to fully weigh the alternatives with regard to the food stamp program.

Mr. ELLENDER. I suppose the Senator concedes that this program can be made effective by having the local people participate in it.

Mr. SPONG. I said that in my remarks. I think that is always desirable.

Mr. ELLENDER. As I have said, historically, much of the work has been done, in some cases, by the Salvation Army and church societies in various parts of the country.

The bill before the Senate does contemplate free food stamps for persons whose income is, say, \$30 or even \$40. But inasmuch as the Federal Government assumes all the expenses of the food stamps, it strikes me that the amount to be paid by the State or the local charities, say, up to \$3 per family, is truly a small amount. The only difference is that our bill while it provides for free food stamps to recipients, we also provide that they be paid for by the local people or the county, whereas the amendment of the Senator from Kansas would provide for payment by the Federal Government.

Mr. SPONG. I understand that. I am glad that this matter will be discussed thoroughly. I thank the Senator from Louisiana.

Mr. President, I yield the floor.

Mr. TALMADGE. Mr. President, I urge immediate passage of S. 2547, a bill to amend the Food Stamp Act of 1964. I feel strongly about the need to pass this bill because it incorporates many provisions of S. 1864, the food stamp bill I offered on April 18.

The committee bill represents the culmination of a tremendous effort on the

part of several members of the committee. Everyone here is familiar with the fine job Senator McGOVERN has done in focusing attention on the problem of hunger and malnutrition in America. His Select Committee on Nutrition and Human Needs has brought together, for the benefit of the Senate and the Nation as a whole, the best available data and testimony with regard to the incidence and extent of hunger in this country.

Many Members of the Senate have chosen to travel around the country to acquire firsthand information about hunger and malnutrition. I toured my own State to examine the school lunch, food stamp, and commodity distribution programs which are operating in Georgia. When the American public became aware of the grave problem of hunger in America, it was quick to express its indignation. Many citizens felt that their elected public officials had done too much talking and too little legislating on the problem.

Realizing that our current food assistance programs have serious flaws, I introduced corrective legislation. My study of the commodity distribution program convinced me that it could never prove satisfactory in providing food assistance for those individuals who are unable to purchase a nutritionally adequate diet. There are grave problems of logistics and distribution in this program. Moreover, it is inflexible and not easily adaptable to the special diets required by so many of the elderly and the very young. However, the most damning aspect of the commodity distribution program is that it is a dole and a complete giveaway. Therefore, it tends to be destructive of human dignity and self-respect.

Upon reaching these conclusions about the commodity distribution program, I sought ways to improve our food stamp program. Although the food stamp program has great potential, shortcomings in present law make it less attractive than the commodity distribution plan in many cases. The flaws of the current food stamp program may be divided into three categories: First, the high cost of coupons; second, inadequate food bonuses, and third; inaccessibility of food stamps.

For example, a southern family of four with a monthly net income of \$130 is required to pay \$48 for food stamps under the present system. My bill provided that no eligible family would be required to pay more than 25 percent of its income to purchase food stamps.

Under the committee bill, the maximum charge for food stamps is limited to 30 percent of household income. While I prefer the 25 percent figure of my bill, I believe that the 30-percent figure is a substantial improvement over the present system.

It is a sad commentary that under the present system even those families who qualify for assistance under the food stamp program and are able to pay the price of the coupons do not, in many cases, get a nutritionally adequate diet. The southern family of four, to which I previously referred, is allowed only \$72 for total food purchases under the present system. With today's rapidly in-

flating food prices, \$72 is hardly adequate to provide food for a family of four for 1 month. The committee bill makes a substantial improvement in this area by raising the coupon allotment to an amount equal to the cost of a nutritionally adequate diet.

The third shortcoming, the inaccessibility of food stamps to eligible households, is somewhat ameliorated by the committee bill. The committee adopted a provision contained in my bill which provides for the deduction of the charge for coupons from an eligible family's public assistance payments when authorized by the household. This provision will be especially helpful to aged families who find it difficult to make a separate trip each time coupons are being issued. Also, the committee would assure greater accessibility of food stamps by providing that coupons shall be issued on at least monthly and semimonthly schedules. This provision was also contained in my bill.

One provision of my food stamp amendments, which would have greatly improved distribution of food stamps, was the section authorizing the sale of food stamps in the Post Office. Unfortunately, the committee did not see fit to adopt this provision of my bill.

I regret that the committee rejected my proposals for free food stamps for families with no income or minimal income. The committee bill provides that the State agency would be required to arrange for payment from state or local sources such portion of the coupon charge as may be necessary to insure participation by those individuals having no income. I feel that it would be more desirable for the Federal Government to provide free food stamps for those individuals with little or no income. Such a provision would cost little, and would be a more efficient and effective means of providing adequate nutrition to the poorest of the poor. Therefore, I will support Senator DOLE's amendment to provide free stamps to those individuals with incomes of less than \$30 per month.

Of course, no member of the Senate Agriculture Committee would claim that we have reached a perfect solution in our attempt to deal with the problem of hunger and malnutrition. As we learn more and more about the extent of hunger in this country, and as we develop more sophisticated methods of dealing with this problem, there will be a need to revise existing programs, both by regulation and legislation. Therefore, I am happy that the committee saw fit to include my proposal for the establishment of an interdepartmental committee to be known as the National Nutrition Committee. Under this section, the Secretary of Agriculture would establish an interdepartmental committee to coordinate the efforts of all departments of the Federal Government and the private food industry in the field of nutrition. This committee would utilize the technical expertise and imaginative ideas of private industry in attacking the problem of hunger and malnutrition.

As Chairman ELLENDER has explained, the other sections of S. 2547 will provide

substantial improvements over the present system. Under this bill, various State eligibility standards will be more uniform. The bill would permit direct commodity distribution during the transition to a food stamp program. With the adoption of this bill, the food stamp program should prove so attractive that most counties would prefer to participate in the program rather than the commodity distribution program.

Of course, no program changes would mean anything without a massive infusion of additional funds. I believe that the Senate Agriculture Committee has responded generously by increasing the appropriation authorization from \$315 million in fiscal year 1969, to \$750 million in fiscal 1970, and one and five-tenth billion dollars in each fiscal year, 1971 and 1972.

In my mind, one of the strong points of S. 2547 is the fact that it provides for needed improvements in the food stamp program within the framework of the Department of Agriculture. Here of late, there has been substantial agitation to move the food programs from the Department of Agriculture to the Department of Health, Education, and Welfare. I can see no justification for such a move. An objective appraisal should convince any observer that the shortcomings of our food programs in the past have not been due to the inherent inadequacy of the Department of Agriculture, but to restrictive legislation and inadequate funding. Employees of the Department of Agriculture have considerable expertise in administering food programs. They are some of the most dedicated and capable of our public servants.

Certainly, the Department of Health, Education, and Welfare appears to have enough problems it cannot solve without giving it the additional responsibility of feeding the hungry of the Nation. Until such time as I am shown that the Department of Health, Education, and Welfare can do a better job of feeding hungry people than the Department of Agriculture, I shall fight the transfer of food programs with every resource at my command.

The bill now before the Senate provides the legislative framework and necessary funding to enable the Department of Agriculture to get the job done. Let us give that Department a chance.

Mr. President, I do not believe that any Member of this body will deny that there is considerable hunger and malnutrition in this country. I believe that we all realize that it is indefensible for a country with as much agricultural abundance as ours to continue to tolerate this national disgrace.

I urge the Senate to act now to pass this food stamp legislation so that the House may have an opportunity to act before the end of the year. There is no excuse for delay. The facts are on the table. It is within our capacity to alleviate hunger and malnutrition in this country now.

Mr. ELLENDER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll. Mr. HARTKE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE ARAB REFUGEE PROBLEM IN PERSPECTIVE

Mr. HARTKE. Mr. President, since the June 1967 Arab-Israeli war, we have all rediscovered the tragedy of the Arab refugees. Unfortunately many have concluded either that their fate was unavoidable or that the Israelis must be at fault. Articles appear frequently with full-scale color photos of ragged children with empty soup bowls. Columnists note that Al Fatah finds its recruits primarily among the Arab refugees. United Nations relief workers shake their heads and complain that no solution appears possible. We are led to believe that it was always so. Nothing could be further from the truth.

The Arab refugee has a little-known counterpart. In the aftermath of the 1948 war for independence, the Arab States summarily expelled or condoned harassment of their substantial Jewish populations. From Algeria to Yemen and Egypt to Syria, Jewish communities dating from the fall of the second temple in A.D. 70 were uprooted and thrust toward Israel. In many states the largest part of the nation's merchant classes left with the clothes they could pack in a duffel bag.

In the 21 years since, the energies and compassion of Israel have absorbed almost all of this second diaspora. It was an act of faith that embraced the dispossessed and sponsored in the first months of Israel nationhood, the largest refugee settlement program the world has ever seen.

The problem was very similar to the problem facing the Arab States. There were 450,000 Jewish refugees, perhaps a hundred thousand more than the original Arab exodus. They were Sephardic Jews, often illiterate, with Arabic backgrounds completely foreign to the Western, modern culture of Israel. They had been expelled from communities with nearly 2,000 years of family and tradition.

All of the rhetoric of imperialism self-righteously used by Arab socialists—the expropriation of land traditionally belonging to the native, the displacement of the native artisan—applies as well to the Middle Eastern Jew expelled by Arab socialists. Like many other third world refugees, he too was suddenly deprived of property valued for thousands of years; he too faced a new and incomprehensible world; he too suffered the trauma of scampering from a reign of terror.

Unlike the Arab refugee, though, the Middle Eastern Jew had no offer of compensation and surely no offer to return to the home of his fathers. Unlike the Arab refugee, he escaped to a world of technology, industry, and knowledge which he barely, if at all, understood. And unlike the Arab refugee, he and one half million others fled to a nation already burdened with the survivors of

Auschwitz. It is one of the human wonders of our age that nearly no American has ever heard of a Middle Eastern Jewish refugee. Twenty years later, they are the citizens of Israel, the sinews of one of the world's newest and fastest growing nations and a reproach to every nation that has refused its compassion to the poor.

The fate of the Arab refugees is a chilling contrast. In the paroxysm of Israel's birth, with Arab armies poised on three sides, terrified Arabs succumbed to the urging of Palestinian newspapers and Egyptian radios and fled their homes. Believing that the victorious Arab legions would wipe the Israelis off the face of the earth, they left with their kitchenware, children and clothes, expecting to return in a matter of weeks and share in the spoils of a new Palestine.

The bravado of Arab airwaves in 1948 began the wandering trek, that over 21 years has led to hopelessness. Rejected, despite the rhetoric of Arab brotherhood, by the states surrounding Palestine, the refugees languish in explosive boredom. Life degenerates to a fantasy where violence and violence alone intersects reality. It is here that Al Fatah recruits. It is here that the Middle East burns. It is here that hatred is fueled by squalor. Until the Arab refugee is embraced by societies that want him. The Middle East will continue to burn.

The responsibility for the million lives that waste in refugee camps belongs uniquely to no one source, but should lie heavily on the Arab conscience. Even the Israelis have been more willing to bear their burden of responsibility for the Arab refugee. Lands formerly belonging to Arabs have long since become part of the Israeli economy and should either be returned or compensated for. While obviously reluctant, since Palestinian Arabs would be an extraordinary security problem, Israel nonetheless has offered to 100,000 the possibility of return, and to the rest, compensation for their losses. Similar offers have been made throughout the last 20 years. The Arab world has refused to accept an offer from the Israeli Government which would mean implicit recognition of the existence of the State of Israel—something no Arab politician has been willing to do for the last 20 years. While we might sympathize with the outraged pride of the losers in 1948, we must weigh in the balance the squalor of the refugee camps in 1969.

Far less excusable than Arab refusal to accept Israel funds is the treatment doled out to the refugees by their brothers in Islam. Channing B. Richardson, professor of political science at Hamilton College, N.Y., in his study of the refugee problem, reports:

With a few exceptions, the refugees have not been wanted in the countries into which they have fled. Egypt evacuated the few thousand refugees who fled there, turning them back into the tiny Gaza strip and maintaining close guard lest any of the 200,000 slip back. Lebanon places severe restrictions on the refugees who have fled into her territories. Syria, with the largest usable area of arable land upon which hundreds of thousands could begin life anew, will accept no more.

Only the tiny kingdom of Jordan granted the refugees citizenship and began some tentative resettlement programs.

The reasons involved reflect no credit on the Arab nations. In many cases, tight control of the land by a few wealthy families has led to exploitation that no Palestinian would accept. At times as much as four-fifths of the crop could be demanded in return for seed and the use of land. In many cases governments were more interested in the foreign exchange available in U.N. relief payments than they were in genuine resettlement. Each successful self-supporting Palestinian represented one less relief check and the end to an easy flow of hard Western currency. Nearly \$425 million in relief has flowed into the region; and with the demands of modernization, Arab regimes have, in effect, decided to sacrifice the refugees to the exigencies of development. Finally, the refugees, subsisting on United Nations checks, can afford to work for far lower wages than the already low-paid Arab worker. Fear of a flood of cheap labor has led to legal restrictions on employment very similar to American immigration policy on the Mexican border. While all of these reasons are in some way understandable, they do not add up to an impressive or humanitarian record, and they certainly undercut the often outrageous moral self-righteousness of Arab spokesmen crying about the fate of refugees.

The United States, itself, is not entirely free from blame. Since 1948, we have blindly, though of good will financed the U.N. refugee camps, supporting nearly 70 percent of the cost. The Soviets, meanwhile, despite their claims of undying friendship for the Arab peoples, have refused all along to contribute that first penny for refugee relief. With such policies, much like our welfare programs, we have made it economically profitable for both the host country and the refugee to remain unsettled. The entire program is a huge disincentive to solutions. Clearly a more humane and ultimately successful approach would provide incentives in the form of foreign credits for U.S. goods and materials. Tied to a settlement program, the credits could be limited to agricultural or industrial development programs that employ and settle the residents of the refugee camps. Naturally, some provision would have to be made for the old, sick, or disabled among the refugees, but surely that is not an insurmountable barrier.

There is a precedent for refugee settlement. Following the 1948 war, nearly 100,000 Arab refugees remained in Israel. Over a several year period, the Israelis managed to assimilate all but the "hard core"—the disabled, the sick, the old, the very young. The program produced the highest Arab per-capita wage in the Middle East. No one should delude himself into thinking that a U.S.-sponsored program is going to succeed immediately, but we must, I think, take the first step. With the lure of American dollars, to be given or withheld, Arab lands might yet assimilate the refugees.

Mr. President, I have directed my remarks today to the particular problem

of the Arab refugees, because there it seemed that the United States might make an immediate impact. But the deeper problem remains—the problem of finding a path to lasting peace in the Middle East. For as we all recognize, the tragic plight of the refugees will not be fully alleviated until peace is attained.

Five months ago in this Chamber I had occasion to remark that a settlement could not be imposed by outside parties. Nothing that has happened since then leads me to change that view. Let me therefore repeat:

Peace will come to the Middle East when, and only when, the direct parties to the conflict sit down together, and together resolve their differences. This, in turn, will come when, and only when, the Arab states are prepared to concede the most elementary point in international relations: Israel's right to exist, and that, finally, will come when, and only when, Israel's own strength and America's firmness of purpose make it finally and unequivocally clear that Israel is not going to be overwhelmed by the weight of Arab numbers and Soviet arms.

Let us hope, Mr. President, that responsible Arab leaders will grasp that point before they themselves are engulfed by the tidal wave of fanaticism which their maneuverings threaten to loose.

ORDER OF BUSINESS

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll.

The clerk proceeded to call the roll.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 12:45 P.M.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the Senate stand in recess until 12:45 o'clock today.

The PRESIDING OFFICER. Without objection, it is so ordered.

Thereupon (at 12 o'clock and 28 minutes p.m.) the Senate took a recess until 12:45 p.m.

At 12:45 p.m., the Senate reassembled, and was called to order by the Presiding Officer (Mr. CRANSTON in the chair).

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Bartlett, one of its reading clerks, announced that the House had passed the bill (S. 1075) to establish a national policy for the environment; to authorize studies, surveys, and research relating to ecological systems, natural resources, and the quality of the human environment; and to establish a Board of Environmental Quality Advisers, with amendments, in which it requested the concurrence of the Senate; that the House insisted upon its amendments to the bill, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. GARMATZ, Mr. DINGELL, Mr. ASPINALL, Mr. PELLY, and Mr. SAYLOR were appointed

managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H.R. 474) to establish a Commission on Government Procurement, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message further announced that Speaker had affixed his signature to the enrolled bill (S. 1838) to change the composition of the Commission for Extension of the U.S. Capitol, and it was signed by the Vice President.

FOOD STAMP PROGRAM

The Senate resumed the consideration of the bill (S. 2547) to amend the Food Stamp Act of 1964.

Mr. McGOVERN. Mr. President, I send to the desk an amendment in the nature of a substitute for the bill now before the Senate, and ask that it be made the pending business.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. McGOVERN. Mr. President, I ask unanimous consent that further reading of the amendment be suspended.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGOVERN's amendment is on page 1 line 3 strike everything after the enacting clause through page 8 line 6, and insert in lieu thereof the following:

SEC. 2. The Food Stamp Act of 1964 is amended as follows:

"(1) Section 2 is amended to read as follows:

"SEC. 2. It is hereby declared to be the policy of Congress in order to promote the general welfare, that the Nation's abundance of food should be utilized cooperatively by the States, the Federal Government, local governmental units, and other agencies to the maximum extent to safeguard the health and well-being of the Nation's population and provide adequate levels of food consumption and nutrition among low-income households. The Congress hereby finds that increased utilization of foods in establishing and maintaining adequate levels of food consumption and nutrition will tend to cause the distribution in a beneficial manner of our agricultural abundances and will strengthen our agricultural economy, as well as result in more orderly marketing and distribution of food. To effectuate the policy of Congress and the purposes of this Act, a food stamp program, which will permit those households with low incomes to receive a share of the Nation's food abundance sufficient to provide them with adequate levels of food consumption and nutrition, is herein authorized."

"(2) Subsection (b) of section 3 is amended by adding at the end thereof a new sentence to read as follows:

"The term "food" also means such products as the Secretary may determine to be necessary for personal cleanliness, hygiene, and home sanitation."

"(3) The second sentence of subsection (e) of section 3 is amended to read as follows:

"The term "household" shall also mean (1) a single individual living alone who has cooking facilities and who purchases and prepares food for home consumption, or (2) an elderly person who meets the requirements of section 10(h) of this Act."

"(4) Subsection (f) of section 3 is amended by adding at the end thereof a new sentence to read as follows:

"Such term also means a private nonprofit institution, boarding house (other than a fraternity, sorority, or other social club) or school which provides meals to persons of sixty-five years or over who are not residing in an institution or boarding house; a private nonprofit organization that prepares and delivers meals to persons of sixty-five years or over in their homes; and commissaries operated by the Department of Defense which shall accept coupons in exchange for food for any participating household which otherwise is eligible under regulations of the Department of Defense to utilize the services of such commissaries."

"(5) Subsection (j) of section 3 is amended to read as follows:

"(j) The term 'State' means the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and the Trust Territory of the Pacific Islands."

"(6) Subsection (a) of section 4 is amended by striking out the first sentence and inserting in lieu thereof the following: 'The Secretary is authorized to formulate and administer a food stamp program under which eligible households within a State will be provided with coupon allotments of sufficient monetary value to enable them to purchase a nutritionally adequate diet. Such program shall be carried out in any State at the request of the appropriate State agency of such State or pursuant to section 10(f) of this Act.'

"(7) Subsection (b) of section 4 is amended to read as follows:

"(b) In areas where the food stamp program is in operation, there shall be no distribution of federally donated foods to households under the authority of any other law except that distribution thereunder shall be made: (1) during temporary emergency situations when the Secretary determines that commercial channels of food distribution have been disrupted because of a disaster; (2) in any county where a food stamp program is being initiated and where federally owned foods have been distributed to households during any one of the three months immediately prior to initiation of a food stamp program, until such time as the number of persons participating in a food stamp program exceeds the monthly average number of persons who received federally owned foods during the three month period immediately prior to the initiation of a food stamp program; or (3) on request of the State agency if the State agrees to finance, from funds available to the State or political subdivisions thereof, all of the costs, subsequent to the delivery of such foods within the State, of handling, storing and issuing federally donated food to eligible households in the area."

"(8) Section 5 is amended to read as follows:

"SEC. 5. (a) Households whose income is determined, as provided in this section, to be insufficient to permit them to purchase a nutritionally adequate diet shall be eligible to participate in the food stamp program. The Secretary shall prescribe, not less often than once a year, the minimum level of income a household must have in order to purchase a nutritionally adequate diet for the members of such household and be financially able to meet the other normal living expenses of a household. He shall prescribe such level of income for households composed of varying numbers of individuals, but in no case shall the minimum income level prescribed by the Secretary be less for any household than the equivalent of \$4,000 per year for a household composed of four persons. In prescribing minimum income levels for households under this section the Secretary may take into consideration such relevant

factors as the regional variations in the cost of food described in the low-cost food plan published by the Agricultural Research Service of the United States Department of Agriculture or such other relevant factors as he deems appropriate but may not consider the availability or expected availability of appropriations to carry out this Act. The Secretary shall also prescribe the maximum level of income for households composed of varying numbers of individuals above which households shall be ineligible to participate in the food stamp program. Income limitations prescribed under this subsection shall be revised annually to reflect any increase in the cost of living, as determined on the basis of the Consumer Price Index (all items, United States city average) published monthly by the Bureau of Labor Statistics, Department of Labor.

"(b) In complying with the limitations on participation set forth in subsection (a) above, each State agency shall establish standards to determine the eligibility of applicant households. Such eligibility standards shall comply with the maximum and minimum income levels prescribed by the Secretary under subsection (a) of this section and shall also place a limitation on the resources to be allowed eligible households, but such limitation shall apply to the income, if any, realized from such resources and not to any income which might be realized through liquidation of such resources. The standards of eligibility to be used by each State for the food stamp program shall be subject to the approval of the Secretary."

"(9) Subsections (a) and (b) of section 7 are amended to read as follows:

"(a) Except as hereinafter provided in this subsection, the face value of the coupon allotment which is issued to any household certified as eligible to participate in the food stamp program shall be not less than the amount necessary to purchase a nutritionally adequate diet for the members of such household. The amount necessary to purchase a nutritionally adequate diet for households composed of varying numbers of individuals shall be determined by the Secretary and shall be revised annually by the Secretary. In determining the amount necessary to purchase a nutritionally adequate diet for any household the Secretary shall take into consideration such relevant factors as he deems appropriate but may not consider the availability or expected availability of appropriations to carry out this Act. In no event shall the amount determined by the Secretary to be necessary to purchase a nutritionally adequate diet for any household be less than the amount which the Agricultural Research Service of the United States Department of Agriculture determines to be necessary to permit a household of comparable size to purchase the kinds and amounts of food contained in the low-cost food plan established by the Agricultural Research Service of the United States Department of Agriculture and published in the 'Family Economics Review.' The Agricultural Research Service shall revise and publish the amount which it determines to be necessary to purchase such food at least annually to reflect changes in the prices of food published by the Bureau of Labor Statistics in the Department of Labor.

"(b) Households shall be charged such portion of the face value of the coupon allotment issued to them as is determined not to exceed a reasonable investment on the part of the household: *Provided*, that (1) any eligible household whose income is less than two-thirds the current amount necessary to purchase a nutritionally adequate diet prescribed by the Secretary under section 7(a) of this Act shall not be charged any amount for such coupon allotment; and (2) in no case shall any eligible household be charged an amount greater than an

amount equal to 25 per centum of the income of such household for such coupon allotment."

"(10) Subsection (a) of section 10 is amended to read as follows:

"SEC. 10. (a) The food stamp program shall be administered to insure that participants are afforded the opportunity to receive at schools, at approved retail food stores, in their homes, or at other appropriate places convenient to participants such instruction and counseling as will best assure that they are able to use their increased purchasing power to obtain those nutritious foods most likely to insure that they receive a nutritionally adequate diet. The food stamp program shall also be administered to insure that all households eligible to participate in the program are informed of its existence and given such assistance as may be required to enable them to make application for the benefits of this Act. In addition to such steps as may be taken administratively, the voluntary cooperation of existing Federal, State, local, or private agencies which carry out informational and educational programs for consumers shall be enlisted for the purpose of providing nutrition counseling and home economics services for eligible households using such authorities as may be available to the Secretary, or in cooperation with other agencies of the Federal Government or private agencies. The Secretary is authorized to use the educational potential of the national school lunch program and its extension to introduce better eating patterns and better nutrition to eligible households under this Act."

"(11) Subsection (b) of section 10 is amended by striking everything following the colon and inserting in lieu thereof the following:

"*Provided*, That the State agency shall comply with the requirements of clauses (2) and (3) of section 10(e) of this Act. The operating agency may delegate its responsibility for the issuance of coupons and the collection of the amounts charged from eligible households to the United States Post Offices, banks, credit unions, or any other public agency or private nonprofit agency. There shall be kept such records as may be necessary to ascertain whether the program is being conducted in compliance with the provisions of this Act and the regulations issued pursuant to this Act. Such records shall be available for inspection and audit at any reasonable time and shall be preserved for such period of time, not in excess of three years, as may be specified in the regulations."

"(12) Subsection (c) of section 10 is amended by inserting immediately preceding the first sentence the following:

"Any household making application for the benefits of this Act shall be certified for eligibility solely by execution of an affidavit, in such form as the Secretary may prescribe, by the member of such household making application. Certification of a household as eligible in any political subdivision shall, in the event of removal of such household to another political subdivision in which the food stamp program is operating, remain valid for participation in the food stamp program for a period of sixty days from the date of such removal."

"(13) Subsection (d) of section 10 is amended by inserting immediately preceding the first sentence the following:

"Notwithstanding any other provision of this Act, a household may, if it so elects, purchase any amount of coupons less than the full coupon allotment it is entitled to purchase. The amount charged any household for any portion of a coupon allotment less than the full coupon allotment shall be an amount which bears the same ratio to the amount which would have been charged such household for the full coupon allotment as such portion of the full coupon allotment

bears to the full coupon allotment such household was entitled to purchase. The Secretary shall prescribe general guidelines and minimum requirements with respect to the quality of certification and issuance services to be provided by State agencies to eligible households, including, but not limited to, matters relating to the places, times, and frequency of coupon issuance services in political subdivisions approved for participation in the food stamp program. Such general guidelines and minimum requirements shall include at least the following provisions: (1) that the issuance of coupons shall take place no less often than once per week and (2) that at each issuance of coupons any household may purchase the entire monthly coupon allotment to which it is entitled or any portion of that coupon allotment which it has not previously purchased. The State agency shall, notwithstanding any other provision of law, institute procedures under which any household participating in the food stamp program shall be entitled, if it so elected, to have the charges, if any, for its coupon allotment deducted from any grant or payment such household may be entitled to receive under any federally aided public assistance program and have its coupon allotment distributed to it with such grant or payment.

"(14) Subsection (e) of section 10 is amended by striking '(3)' and '(4)' and inserting in lieu thereof '(4)' and '(5)', respectively, and by striking clause (2) and inserting in lieu thereof the following:

"(2) that the State agency shall make every possible effort to insure that all households who meet the eligibility requirements set forth in this Act are certified to participate in the food stamp program;

"(3) that the State agency shall arrange for the issuance of coupons to eligible households and for the collection of sums required from eligible households as payment therefor through the facilities of United States Post Offices directly or by mail, through the facilities of participating retail food stores or in such other manner convenient to participating households as shall best insure their participation."

"(15) Subsection (f) of section 10 is amended to read as follows:

"(f) Notwithstanding any other provision of this Act, the Secretary shall administer a food stamp program through any private nonprofit organization or through any Federal, State or county agency he deems appropriate in any political subdivision of a State if

"(1) he determines that in the administration of the program in such political subdivision there is a failure by the State agency to comply with the provisions of this Act, or with the regulations issued thereunder, or with the State plan of operation approved by the Secretary and he has informed such State agency of such failure and such failure has not been corrected after a reasonable period of time; or

"(2) he determines that a food stamp program is needed in such political subdivision and the appropriate officials of such political subdivision or the State have not requested a food stamp program for such political subdivision after the Secretary has made an offer of Federal payments as authorized by this section; or

"(3) a food stamp program is not being operated, or is not being operated in accordance with the provisions of this Act, in such political subdivision on January 1, 1971, or thereafter; or

"(4) he determines that the ratio of the number of persons participating in the food stamp program in such political subdivision to the number of persons classified by the Office of Economic Opportunity as low income in such political subdivision is not adequate to effectuate the policy of Congress and the purposes of this Act.

When the Secretary administers a food stamp program under the provisions of this subsection, he shall observe, or require the administering organization or agency to observe, all of the appropriate provisions of this Act and regulations issued pursuant thereto.

"(16) Section 10 is amended by adding at the end thereof a new subsection as follows:

"(h) Subject to such terms and conditions as may be prescribed by the Secretary, food stamps issued under this Act to any elderly person may be exchanged by such person for meals prepared and served by any group authorized to prepare and serve meals under subsection (f) of section 3 of this Act if:

"(i) such person does not have facilities for the preparation of food in his living quarters, or does not have reasonable access to such facilities, and the meals served by such organization are served in a common dining room and are prepared and served primarily for the benefit of elderly persons; or

"(ii) such person is housebound, feeble, physically handicapped, or otherwise disabled to the extent that he is unable to prepare nutritious meals for himself, and such organization prepares and delivers meals to such person."

"Section 14 is amended by adding at the end thereof a new subsection as follows:

"(e) No person shall be charged with a violation of this or any other Act, or of any regulation issued under this or any other Act, or of any State plan of operation on the basis of any statements or information contained in an affidavit filed pursuant to section 6(d) of this Act, except for fraud."

"(18) Section 15 is amended by adding at the end thereof the following new subsection:

"(c) Notwithstanding the provisions of subsection (a) of this section, the Secretary shall pay to the State agency of a State the costs of issuing coupons to eligible households and of collecting the sums required from eligible households as payment therefor."

"(19) Section 16 is amended to read as follows:

"(a) To carry out the provisions of this Act there is hereby authorized to be appropriated not in excess of \$1,250,000,000 for the fiscal year ending June 30, 1970; not in excess of \$2,000,000,000 for the fiscal year ending June 30, 1971; and not in excess of \$2,500,000,000 for the fiscal year ending June 30, 1972. Such portion of any such appropriation as may be required to pay for the value of the coupon allotments issued to eligible households which is in excess of the charges paid by such households for such allotments shall be transferred to and made a part of the separate account created under section 7(d) of this Act. Sums appropriated under this section shall, notwithstanding the provisions of any other law, continue to remain available for purposes of this Act until expended.

"(b) Upon written notification to the Congress of his intent to do so, the Secretary is authorized in any fiscal year to obligate sums in excess of the sums appropriated for such fiscal year pursuant to subsection (a) of this section, if such excess obligations are necessary to meet unanticipated increases in participation. In no event shall the amount of excess obligations in any fiscal year exceed an amount equal to 15 percentum of the sums appropriated for such fiscal year pursuant to subsection (a) of this section. The amount of any excess obligation incurred in any fiscal year shall be paid for out of funds appropriated to carry out this Act in the succeeding fiscal year.

"(c) If the Secretary determines that any portion of the funds in the separate account created under section 7(d) of this Act are no longer required to carry out the provisions of this Act, such portion of such funds shall be paid into the miscellaneous receipts of the Treasury."

Mr. McGOVERN. Mr. President, the amendment in the nature of a substitute which I have just offered embraces the principal parts of the series of amendments I submitted in the Senate on Tuesday of this week and had printed in the RECORD. This substitute amendment is cosponsored by the Senator from New York (Mr. JAVITS), the Senator from Illinois (Mr. PERCY), the Senator from Kentucky (Mr. COOK), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Rhode Island (Mr. PELL), the Senator from Texas (Mr. YARBOROUGH), the Senator from Minnesota (Mr. MONDALE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Michigan (Mr. HART), the Senator from Virginia (Mr. SPONG), and the Senator from New York (Mr. GOODELL).

I would like to thank each of these Senators for their confidence.

In particular I would like to thank the distinguished senior Senator from New York, Senator JAVITS, and the very capable Senators from Illinois and Kentucky, Senators PERCY and COOK, for their diligence, hard work, and cooperation as minority members of the Select Committee on Nutrition. Without their help neither that committee, nor the substitute which we offer today, would have been possible.

I wish to make it clear, Mr. President, that the Senator from Virginia (Mr. SPONG), in joining as a cosponsor, has one reservation concerning the amendment, relating to the level at which families would become eligible for free food stamps, and he will doubtless join in an effort to write in a different figure than the one in the substitute bill. But with that exception, it is my understanding that the cosponsors are in support of all phases of the proposed substitute.

Mr. President, I want, first of all, to express my personal appreciation to the Senator from Louisiana (Mr. ELLENDER), the chairman of the Committee on Agriculture and Forestry, who has been my chairman on that committee during the entire 6½ years that I have served as a member of the committee, and with whom I also have the privilege of serving on the Senate Select Committee on Nutrition and Human Needs. Both as a member of the Standing Committee on Agriculture and Forestry and as a member of Select Committee, I have enjoyed the friendliest and most cordial relations with him, and I think he knows the growing admiration and high regard that I have for him and for his leadership, particularly in the field of food-stamp legislation which the Senate is considering today. He was the principal author, years ago, of some of the major parts of our food-assistance programs, under which millions of people have been fed in this country over the last quarter of a century.

I also express appreciation for the forward steps that are proposed in the committee bill as reported by our chairman, the Senator from Louisiana (Mr. ELLENDER), with reference to the problems of hunger and malnutrition.

There is not the slightest doubt but that the committee bill represents a very important improvement over our existing food stamp program. The reason I

offer a substitute is that I want to go somewhat beyond the bill reported by the Committee on Agriculture and Forestry, to incorporate what I firmly believe to be the principal findings of the Select Committee on Nutrition and Human Needs, findings based on the studies, investigations, and hearings of that committee over the past 10 months.

Mr. President, the debate on hunger and malnutrition in the United States, a land of plenty, has come a long way, especially in 1969.

We have investigated. We have debated the issue. Now, finally we are called upon to act. I hope that our action will be commensurate with the enormous significance of the issue of hunger in our country.

This debate really began 3 years ago when four of our colleagues first saw the results of hunger and malnutrition engraved on the faces of little children in the United States. Two of those colleagues are still with us. One was defeated for reelection—former Senator Clark of Pennsylvania. One was the victim of an assassination—Senator Kennedy of New York.

From that time until today we have labored to establish the proposition that what they saw on the faces of these little children was not simply an isolated circumstance, but was the sign of a much larger nationwide tragedy. The fact of this larger tragedy is now established beyond doubt.

Mr. President, this fact has been established by three different committees of the Senate—perhaps most clearly by the Select Committee on Nutrition and Human Needs, which has addressed itself exclusively to this issue.

The fact of the existence of hunger has also been accepted by the administration. I am confident that it has been recognized by the American people at large. It has been documented by a careful Government-sponsored medical survey, by private studies, newspaper, magazines, and television networks across the land.

As awareness of the existence of malnutrition has grown, so has an understanding of the disastrous effects that hunger and malnutrition have on the people of our country.

In what I personally believe to be one of the most politically courageous statements I have ever been privileged to hear, the Senator from South Carolina (Mr. HOLLINGS), one of the cosponsors of the substitute amendment, said before the Select Committee on Nutrition and Human Needs: "It is cheaper to feed the child than to jail the man."

Stating that he personally was late in recognizing the problem, the Senator said:

Many is the time that my friends have pointed a finger and said, "Look at that dumb Negro."

The charge too often is true. He is dumb. He is dumb because we have denied him food. Dumb in infancy, he has been blighted for life.

That sad confession can be made with reference to millions of white as well as black citizens in our country who will carry the irreparable damage of malnutrition throughout their lives. They were

afflicted with this damage either before birth or in the early stages of their lives.

In page upon page of testimony, experts have added convincing documentation to the moving statement of the distinguished Senator from South Carolina. Expert after expert has testified that malnutrition is an important cause of premature birth and infant mortality. It is an important cause of brain damage, an important cause of decreased learning capacity, of low work productivity, of disease, and, in some cases, of death.

Had we known in 1964 what we now know—that the hungry child does not learn and the hungry adult cannot work—I suspect that the war on poverty might have been more successful.

While we may continue to argue about the extent to which ending hunger would eliminate poverty, it is a fact that if we fail to do battle against hunger in America, we will never win the war on poverty.

Mr. President, one of the first witnesses before the Select Committee on Nutrition and Human Needs, the so-called Hunger Committee, was the distinguished social scientist, Margaret Mead. She stated categorically that hunger is the No. 1 social challenge before the people of this country. And she said:

If we can't solve the problem of hunger and malnutrition in the United States, we are not going to solve anything.

None of the problems of the cities, the unemployed, disease, the low educability of many of our people, will be solved if we cannot solve this chronic problem of malnutrition and hunger that is such a terrible blight on millions of people in this country.

I have no hesitancy in saying that I regard this matter as being of first priority. Of all the social problems facing this country, this is the one that we ought to begin working on. This is the one on which we can score a decisive victory with a modest investment of money, and effort, and administrative improvement. This is problem No. 1. And it ought to have the commitment of every Member of the Senate.

Mr. President, in both a study by the Bureau of the Budget and in a study undertaken for the select committee it has been pointed out that it actually costs our Government at least three times as much to provide a lifetime of care for the diseased or damaged victims of infant malnutrition as it would to provide the food which would prevent that malnutrition in the first place. In other words, laying aside the moral issue or the human factors involved, if one wants to look at this matter purely from a benefit-cost ratio in terms of dollars and cents, for every dollar that it would cost to close the hunger gap, it would cost us \$3.50 to permit that hunger gap to remain open, \$3.50 to deal with the ravages of malnutrition that bring about decreased job effectiveness, low learning capacity and chronic disease.

All of those factors, according to the Bureau of the Budget study that has been circulated in tentative form, add up to a cost of over 3 times as much to this country in dollars and cents to permit malnutrition to exist as it would cost to close that hunger and malnutrition gap

under the formula spelled out in the pending substitute amendment.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. McGOVERN. I yield.

Mr. MONDALE. Mr. President, when the Indian Education Subcommittee was on a visit to Alaska, we went to many of the schools throughout that area.

One of them that I will never forget was a visit to a second-grade class in Nome, Alaska. When the class that we were viewing concluded, I went to the teacher and I asked her, "What kind of educational problems do you have? Are your textbooks adequate? Are the physical facilities adequate? What is the basic problem?"

She said:

Senator, the fact is that most of these children are hungry and they cannot learn. I have adjusted to that. I did not when I first came here. I used to take the money that I and my husband earned, and we tried to buy sandwiches for them and had them over to the house and gave them something to eat.

But we found we just couldn't afford it. The local school district either can't afford or refuses to afford any kind of programs to help these children, and the truth of it is that I can't educate them. They react in one of two ways: Either they go to sleep very early in the morning during class, because they are so malnourished that they can't stay awake, or they become serious behavior problems. They are working out their frustrations caused by hunger in that fashion.

You could look at the children's faces, and the tragedy of certain failure was apparent on each of them.

The statistics about the lost money are impressive. But what I cannot get out of my mind is the sight of these children who simply did not have enough to eat and who did not have the capacity to learn.

We saw the same phenomenon less than a mile away from here, in the District of Columbia. They have a Head-start program here—an early childhood effort—and they would send tutors into the homes on an experimental basis, to try to teach 2- and 3-year-old children to read. The tutors reported that they could not get the child's attention because the child was searching the floor for crumbs, something to eat.

The same phenomenon has been reported around this country, and the truth of it is that we are destroying millions of children who have never had a chance—in part because they do not have the basic elements of adequate nutrition. I do not know how to cost that item out, but I do know that it is a national disgrace to permit it to continue.

Mr. McGOVERN. Mr. President (Mr. SPONG in the chair), I want to respond to the excellent points that were made by the Senator from Minnesota (Mr. MONDALE), who is a member of the Senate Select Committee on Nutrition and Human Needs and also has been an important member of the Special Committee on Indian Education.

It seems to me that the point he makes is beyond question—that we cannot talk seriously about the education of children without also recognizing the fact that perhaps the principal barrier to the educational development and educational growth of children, at least from the mil-

lions of poor families in this country, is malnutrition. I do not know of a teacher of any experience who has had any contact at all with children from poor families who cannot attest to that fact.

It makes no sense at all for us to appropriate billions of dollars for educational programs, for special educational programs to deal with disadvantaged children, funds for mentally retarded children and the whole range of programs related to child development, and then stop short by a few hundred million dollars of what we need to really put an end to malnutrition and hunger in this country.

I know that all Senators share the objective of wanting to end hunger and malnutrition. What we are going to be talking about here for the next few hours at least is the question of what it will take to accomplish that. It is the belief of those of us who have cosponsored the substitute bill that we have a modest proposal that will close the hunger gap. We do not think that will happen in the bill S. 2547, which was reported by the Committee on Agriculture and Forestry.

I thank the Senator from Minnesota for this helpful contribution. I understand that he is going to speak at greater length a little later.

Mr. President, it is facts such as these, facts which so dramatically expose the utter folly of permitting hunger to scar the lives of children in this land—a land with a gross national product that is now approaching a trillion dollars—that have brought us to the point of decision on the question of hunger in the United States. On the surface, this decision would seem easy. Certainly, no Member of the Senate is going to advocate hunger. So, surely, every Senator is going to vote one way or another, as he sees it, for a program designed to bring this unacceptable tragedy to an end.

President Nixon has pledged his support toward that end. He has called flatly for an end to hunger in America for all time. And nearly every Senator has at one time or another echoed that resolve. I want to commend the administration for going as far as it has in this matter, although I would like to see steps somewhat more substantial than those outlined so far.

But, deep down, the decision is much harder than simply making a declaration against hunger. Quick, effective action against poverty-related hunger requires both new expenditures and new Federal authority. Some Senators may, on conscientious ground, oppose both of those steps, both the funds we believe are needed and the new authority that we think is needed.

If it can be said that in some measure it has been the work of the Select Committee on Nutrition and Human Needs which has helped to bring us to this point of decision, then it can also be said that it has been the nonpartisan cooperation of every member of the committee which has enabled us to carry on our investigation effectively. I believe that the same spirit of nonpartisan cooperation will carry over to the Senate as a whole, if we are to act effectively against hunger today.

For this reason, I am pleased to join with the Senators whose names I read a few moments ago in offering what I believe to be the most comprehensive reform of the food stamp program ever seriously suggested in this Chamber. The case for this reform, which is offered in a single, bipartisan substitute for the bill reported by the Committee on Agriculture and Forestry, is strong, is straightforward, and is not in need of rhetorical embellishment, and I intend to present it in that fashion.

I am aware that Senators are weary after the marathon debate over defense procurement; but I am glad, in a sense, that this issue follows as closely as it does the debate on the military bill, because I am certain that, having labored for 2 months to understand the needs of the Pentagon, we will be willing to devote at least a day or two to understand the legislative needs of the hungry people of this country.

As the distinguished chairman of the Agriculture Committee, the Senator from Louisiana (Mr. ELLENDER), knows, I have deep appreciation, as I have said, for his leadership in this area; and our only disagreement rests on the question of whether S. 2547, the committee bill, is adequate to reach the end that we both wish to achieve. If we seriously expect to make the food stamp program into an effective vehicle for the elimination of poverty-related hunger in America, I think we must write a program which meets at least three basic minimal criteria.

First, we must write a program which provides the poor family with enough food stamps to insure that it is actually able to purchase an adequate, nutritious diet.

Second, we must provide those stamps at a price the family can afford.

Third, we have to make food stamps available through an administrative system which insures that the people who qualify for them actually receive the stamps. I have no hesitancy in saying that no one of the three criteria is met by the present system.

I believe that on each of these three key points the substitute I propose offers the kind of reform we must have if this is to be the year in which we finally begin to move effectively against hunger. The difference between the substitute bill and the committee bill on these three points is not hard to understand. Let us look at them in detail.

On the first point, the provision of enough food stamps to a poor family to be sure they are able to purchase an adequate diet, I think that only the substitute bill really meets that criteria.

The practical effect of enacting the committee bill would be to provide a family of four with a monthly stamp allotment of \$100. Yet according to the Department of Agriculture:

Less than 10 percent of the families spending \$100 a month on food as recommended by the Economy Diet Plan are actually able to achieve a nutritious diet.

Then, the Department continues:

The public assistance agency that is interested in the nutritional wellbeing of its clientele will recommend a money allowance

for food considerably higher than the \$100 cost level of the economy plan.

To speak of ending hunger with a program which the Department of Agriculture itself admits provides only enough stamps to adequately feed one out of every 10 poor families does not achieve the criteria as outlined. It raises false hopes that it cannot satisfy.

Mr. President, the substitute provides a more adequate though still modest stamp allotment—one equal in value to the \$125 per month low cost diet which the Department of Agriculture recommends for those interested in the nutritional wellbeing of the poor.

That is the first clear difference in these two bills, the committee bill suggesting food stamps worth \$100 per month for a family of four, and the substitute bill setting that figure at \$125 a month.

I think the Senate is interested in the nutritional well-being of the poor and that it will adopt the adequate low cost stamp allotment at the \$125 figure.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. McGOVERN. I yield to the Senator from Louisiana.

Mr. ELLENDER. On page 3, section 3 (a), I would like the Senator to interpret the language that appears there. I refer to the top of page 3.

Mr. McGOVERN. Is that language in the substitute bill?

Mr. ELLENDER. No. That language is in the bill that was reported by the committee. The section reads as follows:

(a) The face value of the coupon allotment which State agencies shall be authorized to issue to any households certified as eligible to participate in the food stamp program shall be in such amount as the Secretary determines to be the cost of a nutritionally adequate diet.

Does not that mean that the Secretary may supplement the income of the recipient with food stamps so as to do the very thing the Senator is talking about?

Mr. McGOVERN. It has been my understanding that the legislative history as outlined by the committee in writing in that section is that a nutritionally adequate diet would be set in the so-called economy figure which is \$100 a month; and the Secretary of Agriculture stated that if this bill, that is, the committee bill, which represents at least a part of the administration point of view, were enacted as presently stated he would set that figure at \$100.

Mr. ELLENDER. That would not mean that under the section I have just read he could not raise it, would it?

Mr. McGOVERN. That is correct.

Mr. ELLENDER. Exactly. In his bill the Senator is tying it to \$125.

Mr. McGOVERN. Whatever the Secretary sets as an adequate diet year by year.

Mr. ELLENDER. Which is provided for in the section I have just read.

Mr. McGOVERN. I again come back to say to the Senator that the Secretary has stated and told the committee, as the Senator will recall, that without a specific figure in the legislation he would set that diet level at \$100 a month. That is why I

have specified that the level be set at the \$125 figure.

Mr. ELLENDER. Who sets that \$125 figure?

Mr. McGOVERN. I think this is where the confusion comes in. I wish to say to the Senator that we are setting a minimum of \$125.

Mr. ELLENDER. Where is it in the Senator's bill? It is not in the bill. The Senator uses virtually the same language as is provided in the section I have just read; that it will be up to the Department of Agriculture, through the Secretary, to provide stamps in order to purchase food sufficient to give a nutritionally adequate diet.

Mr. McGOVERN. I shall read the language in the substitute bill.

Mr. ELLENDER. I have one further point.

We have the Secretary fix that amount whereas the Senator would have the Agricultural Research Service to fix it. We provide that the Secretary would fix it.

Mr. McGOVERN. I shall read the language that relates to that point in the substitute bill. It is found on page 6 of the substitute bill beginning on line 11:

In no event shall the amount determined by the Secretary to be necessary to purchase a nutritionally adequate diet for any household be less than the amount which the Agricultural Research Service of the United States Department of Agriculture determines to be necessary to permit a household of comparable size to purchase the kinds and amounts of food contained in the low-cost food plan established by the Agricultural Research Service of the United States Department of Agriculture and published in the "Family Economics Review."

Mr. ELLENDER. Is that fully adequate? Does it state it is fully adequate?

Mr. McGOVERN. Yes. That is my understanding.

Mr. ELLENDER. Under the language I have just read the Secretary must provide food stamps sufficient to buy food for a nutritionally adequate diet. It is not a question of low or high diet, but it must be nutritionally adequate.

Mr. McGOVERN. If the Secretary had told our committee that he regards the nutritionally adequate diet to be based on the findings of the Agricultural Research Service, which says a family of four cannot be fed on \$100 a month, that they must have at least \$125 at today's prices, then I would accept that language without any further spelling out. However, in the absence of that kind of assurance we should write in a provision that would state that a family of four gets not less than \$125 a month.

Mr. ELLENDER. I do not wish to continue to press the point, but the Secretary is the one who must fix it to provide a nutritionally adequate diet. If the research board states \$100 or \$125 that is what it is going to be because the Secretary fixes the amount.

Mr. McGOVERN. I agree with the Senator, but then the Secretary tells us he is going to fix it at \$100 a month and his own research service says not more than 10 percent of the people of this country can be fed an adequate diet at that level.

Mr. ELLENDER. Whom are we to believe, the Secretary or his subordinates?

Mr. McGOVERN. When I interrogated the Secretary, I thought he was quite wobbly on trying to assure us that a family could be adequately fed on \$100 a month. The Senator will recall that he did not come back with very much conviction that a family could eat adequately on \$100 a month. He was talking more in terms of budget pressure than he was of the pressure of a hungry stomach.

Mr. ELLENDER. If it requires more than \$100 a month, he will have to provide more money under the language provided for in the committee bill, would he not?

Mr. McGOVERN. If the Senator could develop legislative history to support that, I believe that would strengthen the committee's bill.

Mr. ELLENDER. I have no doubt of it. It is as plain as it can be, where it says:

The face value of the stamp or coupon allotment which the State agency shall be authorized to issue to any household certified as eligible to participate in the Food Stamp program shall be in such amount as the Secretary determines to be the cost of a nutritionally adequate diet.

I do not see how we can make it any plainer than that.

Mr. AIKEN. Mr. President, will the Senator from South Dakota yield?

Mr. McGOVERN. I yield.

Mr. AIKEN. I would think that putting the responsibility on the Agricultural Research Service, rather than the Secretary would be the same thing, in effect, as putting the State Department above the President in formulating foreign policy.

The Secretary, of course, would probably use the Agricultural Research Service, but there might be other agencies he would also want to use. In the final analysis, he has the responsibility. He is the only one we can hold responsible.

Mr. McGOVERN. I agree.

Mr. AIKEN. I would put the responsibility on the Secretary of Agriculture rather than on a subordinate agency.

Mr. McGOVERN. Let me say to the Senator from Vermont that my substitute bill does put the responsibility on the Secretary. It says, "He shall determine it," but that, "he shall not do so at a level less than the amount determined by this agency as constituting an adequate nutritional diet." In other words, this sets a guideline below which the Secretary cannot go. It still makes him responsible for establishing—

Mr. AIKEN. That would be the same as saying the President could make foreign policy but he could not make it above or below that recommended by the State Department. It does not seem to me that that would work. After all, the Agricultural Research Service is under the Secretary, and I suppose the Secretary could change the personnel of that agency whenever he saw fit to do so. He has the final responsibility. Thus, I think that the responsibility should be placed on him, with the expectation that he would use the Agricultural Research Service to the best of its ability.

I am wondering whether the Senator from South Dakota expects a vote on the substitute bill as a whole. I realize that some of the amendments to be offered

will, doubtless, receive greater consideration by the Senate than others.

Mr. McGOVERN. I would anticipate that there would be a vote on the bill as a whole.

Mr. AIKEN. And then the Senator will offer his amendments one by one.

Mr. McGOVERN. If the substitute carries, as I hope it will, that will not be necessary.

Mr. AIKEN. I think maybe it will be necessary. With particular reference to the use of food stamps for the purchase of bathtubs—

Mr. McGOVERN. I beg the Senator's pardon. Is the Senator against bathtubs?

Mr. AIKEN. They could use food stamps for the purchase of bathtubs?

Mr. McGOVERN. Yes; but I think before people eat, they should wash their hands.

Mr. AIKEN. Some of the amendments will probably be considered by the Senate. Thus, I hope we would be able to get to them one by one. Of course, they are the Senator's amendments, not mine. I was just trying to get the "lay of the land."

Mr. ELLENDER. In connection with our discussion, I wonder whether the Senator from South Dakota would tell us what he means relative to page 9, which has a provision which states:

Notwithstanding any other provision of this Act, a household may, if it so elects, purchase any amount of coupons less than the full coupon allotment it is entitled to purchase.

What does the Senator mean by that?

Mr. McGOVERN. If a family were entitled to buy \$125 worth of stamps at a price, let us say, of \$25 and they did not have the \$25 in a particular month, but they had \$10, they would be permitted to buy \$10 worth of stamps with the total proportion reduced in accordance with what they have paid. If at some later time in the month they received additional money, they could go back and use the unused allotment to make other purchases. In other words, this is to get away from the contention that they have to buy the whole allotment at one time, or they have to buy the same amount month after month.

Mr. ELLENDER. If that language is left in there, would it not mean the recipient would not have to buy a sufficient number of coupons so as to provide him with an adequate diet?

Mr. McGOVERN. If he did not have the money at any given time in any given month, if he were short in any given month, what this would mean is that he would not be out of the program entirely. He could buy such stamps as his funds would permit, and then, as his financial condition improved, he could come back the next month at the regular level. This is the so-called variable feature.

Mr. ELLENDER. Would it not also mean that he could use them as cash for purposes other than to buy food? That, I presume, would be what would cause him to desire to spend less money and get less diet.

Mr. McGOVERN. I believe that every one of these poor families, of the kind we would probably be dealing with at

some time or other, will be faced with the situation that they will have rent pressing in, medical bills to pay, and other problems. What was revealed, as I am sure the Senator will recall from the testimony we took, was that there are times when it is almost impossible for a family to make its normal food stamp purchases. But why not let them go as far as the funds they have will permit them in that month, and then come back the next month at their regular level?

Mr. ELLENDER. That could be easily accomplished if the State decided to have them buy four times a month, if they so desired. We provide a minimum here of twice a month, but the States could provide for four times a month if they desired.

Mr. McGOVERN. That is the provision in the substitute bill, that there would be a provision for weekly purchases.

Mr. ELLENDER. We have that in our bill. We fix a minimum of two per month, but the States would have authority to make it four times a month, or five times a month, at their convenience.

Mr. McGOVERN. I understand the Senator's point.

Mr. MONDALE. Mr. President, will the Senator from South Dakota yield?

Mr. McGOVERN. I yield.

Mr. MONDALE. The point I want to make is that administration testimony the other day indicated it felt there was great need for the kind of variable purchase plans which I think are contemplated in the substitute amendment. I am glad to see it is reached, in part, by the committee. I think they are both trying to deal with the same problem.

Mr. McGOVERN. That was brought out on page 15, in testimony from Secretaries Hardin and Finch, that they favored the so-called variable provision that would permit a family to purchase differing amounts of food stamps from month to month, and also at different times during the month.

The second major provision required of a realistic food stamp program is that it offers stamps at a price which the poor can fairly be expected to pay. What is this price?

Some 1.3 million Americans have no cash income at all. OEO estimates that 561,000 are unrelated individuals; 770,000 live in families of varying size.

The Agriculture Committee not only rejected a proposal to authorize free stamps to families with incomes of less than \$40 a month, it wrote into its bill a minimum charge of 50 cents per person per month—a provision more restrictive than present law which, at least technically, authorizes free stamps to households with no "normal expenditures for food."

To require that families with no income pay for their stamps will simply write out of the program 1.3 million poor who have no cash income, on the false assumption that the poor need some incentive to save their money for food and learn to budget their food dollar.

More than 5 million poor people have incomes lower than the amount they must have for food alone—less than the equivalent of \$125 a month for a family of four. Food is the first necessity of life

which they need desperately. Food is what they buy with the money they have left over—if they have any left—after they pay to keep from being evicted by the landlord, to keep their lights from being shut off, and to keep from freezing in winter. It is cruel to ask such a family to choose between food and medicine and other necessities and call that choice an education in effective budgeting.

We have given free food to poor families for decades under the commodity donation program. Yet we do not call that program a dole. Instead, we use the rationalization that we need to dispose of the surplus our farmers produce. I have never been really able to understand why it is acceptable—and it has been acceptable for years—to Members of Congress to provide free direct food without any cost and yet we feel that, somehow, there must be a charge for food stamps that in turn are converted into food. We provide free education for American families whether they are poor or rich. We provide income supplements in the form of public assistance, based, theoretically, on a family's minimum basic living expenses, including food, and we do not ask the poor to pay into those programs on a "let's not give something for nothing" rationalization. The food stamp program is the only Federal poverty program that requires the poor to pay an admission fee—a token fee except for those who cannot pay, designed to put us safely on record against "the dole."

We should have the compassion and decency to waive that admission fee for those whose incomes and standards of living are so low that they are in a state of hopeless poverty. A family whose income forces it into a perpetual state of hunger and malnutrition should receive its food stamps free.

One of the most important provisions of the substitute will provide free stamps to such families—families whose entire monthly income is less than \$80.00.

In other words, any family of 4 with an income of \$80 per month, an average of \$20 per person, or below, would receive its stamps without cost.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. McGOVERN. I yield.

Mr. MONDALE. Am I correct that the pending committee bill prohibits the distribution of free stamps?

Mr. McGOVERN. Yes.

Mr. ELLENDER. No.

Mr. McGOVERN. I think I am correct. Is there not a minimum charge made?

Mr. ELLENDER. Yes, but that charge must be paid by the State agency.

The bill reads, on page 3, beginning at line 18:

The State agency shall arrange for payment from State or local sources, including sums made available by charitable and similar organizations, of such portion of the minimum charge as may be necessary to insure the participation of all households certified for participation at the minimum charge.

Mr. McGOVERN. In other words, the stamps would not be made available free by the Federal Government, but whatever minimum cost was involved would be picked up by the State and local agencies?

Mr. ELLENDER. By the State, that is right.

As I stated on the floor yesterday, this program will be better administered if it is on a cooperative basis, the same as our school lunch programs. The Senator well knows that what made the school lunch programs so popular and so effective was that it was a cooperative effort on the part of the Federal Government, the State government, and the children involved, as well as the counties and the school districts. In that way we have been able to put on a program involving the expenditure of over \$2¼ billion, with the Federal Government paying out a substantial portion of it. We want to get the State governments involved to some extent.

Under the bill the only thing the States would pay would be the cost of administering the program and being responsible for the stamps. The Federal Government would pay, I think, half of the cost of servicing people not on welfare. It is a very small charge.

The Senator will remember that the Senator from Kansas (Mr. DOLE) or the Senator from Nebraska (Mr. CURTIS) offered an amendment to require the States to pay at least 10 percent of the cost of the program. The committee voted down that amendment. It strikes me that \$3 is a very small amount that they will have to contribute. That is the only amount the State would have to pay, plus the cost of administration.

Mr. McGOVERN. There is much logic in the Senator's point in that it seems to me the State and local agencies would be willing to pick up part of the cost; but, as the Senator knows, we have had great trouble in getting States and counties to participate in the program. I do not know whether it is because they are so hard-pressed that they do not want to spend a few dollars, but it occurs to me that the problem of hunger and malnutrition is so important, particularly when we are talking about families at the bottom economically, that for the few additional dollars it would cost to make that food available to the very poorest of families, we would avoid much delay and confusion if we wrote into the bill that those stamps would be made available without cost to the recipient.

It seems to me we are going to spend as much money collecting that little fee and getting the machinery set up as we would to write off the cost of the whole program. It is a small amount, the Senator will agree, in terms of the cost of the total effort we are talking about here.

Mr. ELLENDER. It is a small amount, but, in my opinion, it would mean more cooperation on the part of the States with the Federal Government and would make a better program.

Mr. McGOVERN. I appreciate the Senator's point of view, and I know he feels strongly about it.

I yield now to the Senator from Minnesota.

Mr. MONDALE. I do not wish to interrupt the Senator from South Dakota unduly at this point, but I believe the point he makes about the need for free food stamps to assist desperately poor people—some of whom have no income

or incomes that are hardly worth mentioning—is essential if we are to get food to those who are, by definition, most desperately in need.

We have seen many unintended effects of our food programs, but I think one thing was apparent wherever we went in our field trips: that the people who most desperately needed food were the ones receiving no assistance at all.

This is not a problem in only one sector of the country. A series of articles published in the Minneapolis Tribune, which I had printed in the RECORD, reported the fact that there were hundreds of families in Minnesota making \$20, \$30, or \$40 a month, who could not possibly afford food stamps.

Thus, I see this part of the Senator's proposal as the key to any hope for reaching the national objective, declared by the President of the United States, of eliminating hunger.

One thing that bothers me about the pending committee proposal is that it does not deal effectively with one of the most disappointing aspects of the present programs—the failure of a number of States and counties to participate in the program. There are seven States not even in the food stamp program, and a number of counties with no food programs at all; but, more important than that, seven or eight hundred counties have programs that are only token programs, in which fewer than 20 percent of the needy receive any help at all.

If we go on from that point, and add a total charge of \$200 million to build an incentive, we will discourage States and local governments because anyone who receives help imposes a larger charge on the counties. If we have learned anything from the program, we know that many counties would be even less inclined to be helped.

Mr. McGOVERN. I appreciate the points the Senator has made.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. McGOVERN. I yield to the Senator from Louisiana.

Mr. ELLENDER. I realize that, under the laws that now exists, States could not participate or did not participate as much as they should have. But this new act would make it possible for the Federal Government to supply a needy family with an adequate diet at a cost which would mean that all that the participant would have to contribute would be a token amount of, say, \$3, either directly or through a local church organization, the Salvation Army, or what have you. Under the present law that could not be done, but under this new bill, we have made the requirement so flexible that the Secretary of Agriculture has a right to expand its features to the fullest extent, so as to provide for an adequate diet for every family.

The bill, as presented to the Senate, does provide for that; and it also goes farther than the present law in this respect: The Senator stated an example a while ago of the need for keeping a little cash on hand for certain purposes. Under this proposal, relief can be obtained in cases where it is needed. For instance, it would be possible that if, for

example, a family of five has an income of \$1,000, and that family could show that it must have more than half of that for medical care, it could retain that much cash for that purpose; or if it could show that \$750 would be necessary to take care of that need, that amount could be exempted. The Secretary of Agriculture would then be bound, under this measure, as I understand it, to furnish sufficient stamps, irrespective of what total income the recipient has, to give that family an adequate diet.

That is how far the committee bill goes; and I think it is far enough.

Mr. McGOVERN. Mr. President, another important provision of the substitute stipulates that no poor family be asked to pay over 25 percent of its total income for stamps. Since the average American family spends only 17 percent of its income for food, I can see no reason for asking the poor to spend the 30 percent of their tiny incomes which S. 2547 requires them to spend on stamps.

The third critical requirement of a decent stamp program is that it provide administration and regulations which help the needy family to participate, rather than hindering or even prohibiting its participation.

The present food stamp program is part and parcel of the welfare system which President Nixon branded a "colossal failure." In order to reform that system and provide what he called "elementary justice," the President proposed that applicants for assistance should be certified by simple personal self-declaration and that any family earning less than about \$4,000 per year should be eligible. Neither of these very important reforms is made by S. 2547. Both reforms, reforms which would replace costly, humiliating eligibility investigations with simple, effective spot checks, and would substitute an adequate national eligibility standard for the patent inequity of wildly varying State-by-State standards, are contained in the substitute.

Also written into our substitute for S. 2547 is a workable guarantee that every county in the Nation will have a food stamp program by 1971. Since it is widely agreed that the food stamp program is our best food program, and since it is obviously unfair to offer the poor either no program at all, or an inadequate substitute for the food stamp program, the substitute provides appropriate authority for the Secretary to operate stamp programs as a last resort to insure that we will finally have a real national program by 1971. S. 2547 sets no date, and provides no authority for creating a truly national food stamp program.

Each of these administrative and regulatory reforms—national eligibility standards, self-certification, and national program coverage—have been accepted as vital to a workable welfare system. They are equally vital to that step-child of the welfare system, the food stamp program. Without these reforms it will make little difference whether our food stamp program offers the poor family a chance to eat properly, for few families will be able to cut through the existing

administrative mess to take advantage of that chance. Only if the substitute for the committee bill is adopted can we fairly announce that we have written a program which offers food assistance to all of the poor, and offers that assistance solely on the basis of the family's need.

The final, and in the last analysis decisive, prerequisite to any real effort to end hunger is the provision of enough money to do the job. The only honest statement which can be made about the annual cost of an adequate food stamp program is that this cost cannot be accurately estimated. By juggling "guesstimates" of future participation and unemployment rates, one can obtain whatever cost estimate suits his purpose. I do not think we should engage in such guessing games with respect to this substitute. It will cost more than the Agriculture Committee bill—perhaps 25 percent more per person reached. How much the entire program might cost depends entirely on factors which neither I, USDA, nor anyone else can predict.

The only way to absolutely guarantee an adequate food stamp program is to provide the sort of financial flexibility which we already guarantee to our farmers through the back-door funding scheme operated by the Commodity Credit Corporation, and to our school-children through the open-ended authorization. But because I am aware of the Senate's longstanding opposition to financing of this sort, except for the agricultural program, I have dropped my publicly stated insistence on an open-ended authorization for the food stamp program. I do that only as a concession to the strong feeling on the part of many of the Senators against open-ended authorization.

I fully agree with the cosponsors of the substitute that the authorization levels which it contains—\$1.25 billion for fiscal 1970, \$2 billion for fiscal 1971, and \$2.5 billion for fiscal 1972—over the next 3 fiscal years represent the most far-reaching commitment of resources to the battle of hunger ever considered by the Senate.

In addition to the changes which I have mentioned, a substitute for/of the Agriculture Committee bill makes a number of other improvements. All are important. All meet needs exposed in long days of hearings before the Select Committee on Nutrition. All would amend the food stamp program so as to insure that it becomes at last what we have long promised it to be—a strong first line of defense against the hunger which afflicts our poor.

Mr. President, there are some issues that cannot be compromised. Ending the hunger of America's poorest families is one such issue. We have the opportunity now to enact the first program which can offer real hope to the very poorest families in America—families which for years have watched helplessly while their children followed the same dismal cycle that has ruined their own lives. This cycle leads from infant malnutrition through adult dependency to total despair. It must be broken. In the words of Dr. Charles Lowe:

The most readily accessible step is also the most critical. Were we to ensure that the infants, children and pregnant mothers of this country receive adequate nutrition, we could interrupt the cycle and remodel the future.

"Interrupt the cycle and remodel the future." It sounds too simple to resolve the seemingly insoluble problems we face. Yet, as is often the case with what seems insoluble, it may be the simple but basic approach, rather than the complex remedy, that provides the ultimate solution.

I ask that the Senate take this simple, basic approach to ending poverty by voting today for the kind of strong, expanded food stamp program which will finally win the long battle against hunger in America. Only the bipartisan substitute to S. 2547 would create such a program.

Mr. President, I yield the floor.

Mr. MONDALE. Mr. President, I rise to support the substitute proposal offered by the distinguished Senator from South Dakota (Mr. McGOVERN) and several other cosponsors. I am proud to be a cosponsor of the measure.

Before I begin my remarks on behalf of the substitute, I express my admiration for the magnificent work which the Senator from South Dakota has done—first, in proposing the creation of the Committee on Nutrition and Human Needs, and next in chairing a truly remarkable series of hearings and visits to provide us with a thorough knowledge of the problems of hunger in our land and recommendations as to what we must do if we are to eliminate them.

The speech we have just heard and the reports that have been issued by the Select Committee on Nutrition and Human Needs reflect the inspired and creative dedication of the Senator from South Dakota toward the end that we eliminate the curse of hunger and malnutrition in our land.

Mr. President, there are many aspects to this issue. I do not intend to deal with all of them in my remarks.

On July 30, 1968, the Senate unanimously approved Senate Resolution 281, establishing the Select Committee on Nutrition and Human Needs. That decision was a turning point in the effort to end hunger in the United States—for the first time, the Senate was willing to face up to the possible existence of widespread hunger and malnutrition in the world's most prosperous country. Our creation of this committee demonstrated a willingness to come to grips with this problem in a meaningful fashion.

In its relatively brief existence, the select committee has thoroughly and comprehensively documented the widespread existence of hunger and malnutrition in this country. And it has produced substantial evidence of the failures of Federal food programs.

I have served on this committee, and I have heard witness after witness describe the existence of hunger, its devastating effects, and the inadequacies of existing programs.

The testimony of these witnesses confirmed what I suspected to be true. But testimony alone cannot adequately convey the shocking reality of hunger and

dire poverty. It was not until I traveled with the committee to southwest Florida that I truly understood the meaning of what I had read and heard.

In Florida, we saw many who lived in shacks which were unfit for human habitation. We saw children and old people who regularly missed one or two meals a day and who depended on grits and fatback to survive. And we saw people of all ages who were obviously defeated by these conditions.

In the evenings, I met privately with migrant workers, who constitute a large segment of the population of southern Florida. They told me a story of unequalled human misery and despair—of seldom having enough to eat, of seldom knowing where or when their next job would be, of seldom being eligible for community services we take for granted.

What I saw during the day and heard at night had a profound impact on me. But it is the faces of listless and undersized young children that I cannot get out of my mind—faces which stared straight ahead, indicating no comprehension of the world around them. The condition of these children was the vivid and terrible proof of what nutritionists and pediatricians had been telling our committee for several months; that children who are malnourished suffer irreversible brain damage, as well as injury to the body's tissues.

I could see the result of many years of malnutrition and sordid living conditions in the parents of these children. It is not overdramatic to characterize their existence as a "shadow life"—hemmed in by poverty in its most extreme form and yet too weak, too ill, and simply too worn down to press for change.

These conditions are not unique to one State or to one region. The committee saw essentially the same thing in the District of Columbia, in California, and in Illinois. And we heard witnesses from almost every area of the country describe to us what we had seen for ourselves in other places.

Few of us would quarrel with President Nixon's statement that "millions of Americans are simply too poor to feed their families properly." And I think that few of us would quarrel with the select committee's finding in its interim report on the failure of family food assistance:

In relation to the dimensions of the problem, the impact of the two major Federal food assistance programs, the food stamp and commodity distribution programs, has been minimal. They have neither served a significant proportion of those in need of assistance, nor been administered to provide sufficient food or food stamps to enable the few who do participate to provide themselves and their families with an adequate diet. They have been neither funded nor administered to alleviate the problem of poverty-related hunger.

The bill reported by the Committee on Agriculture and Forestry is an attempt to correct many of the deficiencies in the most important of these Federal programs—the Food Stamp Act. This bill is a step in the right direction. The distinguished chairman of the Agriculture Committee (Mr. ELLENDER), who was the author of the Food Stamp Act and who has been one of the most diligent

and hard-working members of the select committee, deserves an enormous amount of credit for his efforts to improve Federal food programs of all varieties. If there is a more informed, honest, and diligent Member of the Senate, I have not met him.

But I believe that some aspects of the program need strengthening. I believe that the substitute proposed by the Senator from South Dakota (Mr. McGOVERN) fully deals with these problems.

The bill reported by the Agriculture Committee does not eliminate some of the most basic deficiencies in the food stamp program. That is why nine of the 13 members of the select committee have joined together in a bipartisan effort to improve the Agriculture Committee's bill. We have offered a substitute bill which, in our opinion, contains essential reforms which are lacking in the committee bill.

For example, the substitute bill would provide free coupons to families whose total income is less than two-thirds the cost of purchasing an adequate diet; the committee bill prohibits free stamps. The substitute bill would require the simultaneous operations in a county of both the food stamp and commodity programs during the transition from commodities to stamps until participation in the stamp program equals previous participation in the commodity program; the committee bill prohibits the simultaneous operation of these programs except for 90 days after transition to stamps if the State agency requests and pays for it. And the substitute bill would simplify the method of certification for food stamp eligibility by requiring only a personal declaration in the form of an affidavit; the committee bill leaves the present cumbersome certification procedure substantially intact.

Each of these provisions, as well as other basic reforms in the substitute bill, have been fully explained by the chairman of the select committee. But there is one reform contained in the substitute bill which I believe to be absolutely essential to the successful operation of the food stamp program. It is found in section 15 of this bill, and reads as follows:

Notwithstanding any other provision of this Act, the Secretary shall administer a food stamp program through and private nonprofit organization or through any Federal, State, or county agency he deems appropriate in any political subdivision of a State if

(1) he determines that in the administration of the program in such political subdivision there is a failure by the State agency to comply with the provisions of this Act, or with the regulations issued thereunder, or with the State plan of operation approved by the Secretary and he has informed such State agency of such failure and such failure has not been corrected after a reasonable period of time; or

(2) he determines that a food stamp program is needed in such political subdivision and the appropriate officials of such political subdivision or the State have not requested a food stamp program for such political subdivision after the Secretary has made an offer of Federal payments as authorized by this section; or

(3) a food stamp program is not being operated, or is not being operated in accord-

ance with the provisions of this Act, in such political subdivision on January 1, 1971, or thereafter; or

(4) he determines that the ratio of the number of persons participating in the food stamp program to the number of persons classified by the Office of Economic Opportunity as low income in such political subdivision is not adequate to effectuate the policy of Congress and the purposes of this Act.

When the Secretary administers a food stamp program under the provisions of this subsection, he shall observe, or require the administering organization or agency to observe, all of the appropriate provisions of this Act and regulations issued pursuant thereto.

Without this provision, the other reforms in the substitute bill, vital as they are, will not dramatically improve the administration of the present food stamp program. For we have seen that the absence of food programs in some counties and the token nature of these programs in most counties is a result of one basic flaw in the present legislation—no level of government is ultimately responsible for finding and feeding the poor.

I emphasize that because it is, in my opinion, the fundamental findings of the Select Committee on Nutrition and Human Needs. It is the fact that hits one in the face whenever he goes out on a tour to investigate hunger and malnutrition. It is dramatically and unarguably set forth in certain statistics that I shall submit for the RECORD: That is, that today no single level of government is ultimately responsible for finding and feeding the poor. The problem of doing so is still a political football or a hot potato. It is thrown from one level of government to another. No one feels responsible, and no one is. That is why millions of Americans are hungry and malnourished today.

Under present legislation there is little that a person needing food assistance can do if he has the misfortune of living in a county with no food program. As of June 13, 1969, there were 413 such counties throughout the United States. A person could be starving, he could be demonstrably near death from hunger, and there would be nothing he could do insofar as the official programs of the county are concerned; there is no direct commodity food program or food stamp program in these counties.

A county's failure to request a food program may be a result of the callousness and indifference of local officials or it may be due to the fact that the county cannot afford to pay the administrative expenses of these programs. Whatever the cause, the only real losers are the poor and needy living in these counties.

In Collier County, Fla., county officials repeatedly refused to participate in the commodity program, ignoring their citizens' pleas for participation and ignoring the overwhelming need for such a program. In a county where there are often as many as 22,000 migrants in residence, the attitude of these local officials was best expressed by one commissioner, who told the select committee that the county had no responsibility for its migrants, since, as he put it:

The migrants themselves are Federal people. They are not Immokalee people. They

are not Collier people, they are not Florida people. They are Federal people, and if there is free food, these people will come early and stay late. We will have them in town all year long.

He went on to say that he thought it was illegal to provide food to the hungry migrants and farm workers in his county. He is not unusual in this respect, nor is this an unusual county. The figures I am about to introduce will show that this is not a localized problem, not a Southern problem; it is a national problem, and it exists throughout this country. Unfortunately, up until this point, the record has been as I have described it. No one is really responsible, and thus the job is not being done.

Despite this incredible abdication of local responsibility, despite the pressure generated by the committee's visit to Collier County, and despite the Department of Agriculture's authority to directly administer a commodity program, the people of that county still have no food program—some 7 months after the committee's visit.

But it is not just those people living in the counties without any food program who are suffering as a result of the "local option" feature of present legislation. I wish to emphasize this, because in recent testimony, by the Secretaries of Health, Education, and Welfare, and Agriculture, there was an assumption that the Federal Government had fulfilled its responsibility when a county joined the program. None of their testimony focused on the question of token programs, and that is the biggest problem of all. Counties which join a program and serve very few, and only a nominal or token part of the hungry within their county, comprise the largest part of the present Federal food stamp program.

The Secretary of Agriculture was asked how he intended to deal with that problem. He said he was going to deal with it through persuasion. It boggles the imagination to know, in the light of the record that has been established over the years and the figures I am going to produce, how "persuasion" could possibly work.

Thus, even in those counties where there is either a food stamp or commodities program, most of the poor do not participate in these programs. I emphasize that: Even in those counties where there is either a food stamp or commodities program, most of the poor do not participate in these programs.

There are 1,125 counties with a commodity distribution program: In 327 of these counties less than 20 percent of the poor participate in the program; in 431 of these counties, less than 40 percent participate; in 241 counties, less than 60 percent participate; and only in 126 of these counties—less than 12 percent of the total number of counties in the program—does the participation of the poor rise to more than 60 percent.

These statistics are shocking, but they are not as shocking as going and looking at the situation firsthand; because the people who are denied the help are almost invariably the worst off—the poor, the sick, the aging, the young, the enfeebled, the illiterate, who are so incapacitated because of deprivation that they

are unable to assert any rights they might have. They suffer silently, in a sort of shadow life, suffering from hunger and malnutrition, which often takes their lives or stunts them so thoroughly that they would be better off dead.

The statistics on participation in the food stamp program are even worse. Only 20 of the 1,139 food stamp counties show a level of participation in excess of 60 percent. In other words, most of the food stamp programs today—several years after institution of the program—serve fewer than 20 percent of those estimated to need food stamp assistance. Only 20 of the 1,139 food stamp counties show a level of participation in excess of 60 percent. In 701 of the counties enrolled in this program, participation by the poor is less than 20 percent. In 322 counties, participation is less than 40 percent, and in the remaining 96 counties, participation is less than 60 percent. I might say that at this point, that there are seven States in this Union that have yet to join the food stamp program—seven sovereign States out of 50 which refuse to have any food stamp program whatsoever.

Indeed, in the past year, the California Legislature passed a bill providing that every county in the State must have a food program, and the distinguished Governor of that State vetoed the bill.

What accounts for the massive failure of these programs to reach the people they were designed to serve? A large part of this failure can be explained by the various deficiencies of the programs—bureaucratic certification procedures, the inability to pay for stamps, and rigid eligibility standards. The substitute bill would correct, or partially correct, most of these deficiencies.

But there is another basic cause of these shamefully low levels of participation: In many of these counties, local officials are simply unconcerned by the fact that most of those needing food assistance are not receiving it. In some of these counties, officials are indifferent to the condition of malnutrition and make no real efforts to improve the level of participation in these programs; in other counties, officials are motivated by the belief that it is their duty to protect the public purse from "welfare chiselers."

In Lee County, Fla., the harsh and restrictive administration of the commodity program by the county welfare director—who is known lovingly by the community as "Mr. Crab"—has led to a situation in which less than 2 percent of the county's population receive commodity foods, while 32 percent of the population earns less than \$3,000 per year. The officials in this county have repeatedly refused to hire outreach workers or to set up food distribution centers nearer to the depressed areas of the county.

The substitute bill and its provision assigning ultimate responsibility for these programs to the Federal Government will make it possible to reach those most in need of food assistance. The bill is based on the premise that the food stamp program is the most effective means of ending hunger and malnutrition. Section

(15) empowers the Secretary of Agriculture to assure that every county in America has a meaningful food stamp program.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the finding of the Select Committee on Nutrition and Human Needs as set forth on page 33 of the committee print entitled "The Food Gap: Poverty and Malnutrition in the United States."

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

LOCAL OBSTRUCTION

The committee believes that local cooperation is essential to the operation of all Federal food assistance programs. In most food stamp and commodity counties, local officials do the best they can with what they have to work with. But the committee has found some counties where local officials refuse to help their own citizens and others where local program administrators simply have little or no regard for the people they are serving.

In those counties, such as Collier, Fla., where local officials simply refuse to feed the poor, the committee sees no alternative to Federal administration. The law now permits the Department of Agriculture to administer the commodity distribution program directly where a county will not assume this responsibility. The Department should use this power in any county that refuses to feed its poor regardless of whether the county is among the thousand poorest in the Nation. Similarly, the Department should be allowed to administer the food stamp program directly in counties which arbitrarily refuse to participate in the face of clear need. In other counties, ways must be found to deal with the all too familiar litany of long lines, too few administrators, too short hours, humiliating investigations and other inconveniences which discourage participation.

Far too many counties either have no food programs or programs in which so few participate that they can only be described as token. Bureaucratic inefficiencies as well as statutory inadequacies often combine with the obstruction of local officials with the result that most of the poor in these counties remain hungry and malnourished. Some level of government must be given the ultimate responsibility for finding and feeding the poor.

Ending hunger in America is a national objective. The responsibility for fulfilling that objective should encompass Federal authority to override recalcitrant local officials so that those who most desperately need Federal food assistance will receive the help they need to overcome malnutrition.

Mr. MONDALE. I would like to refer to this language, because I think it underscores the feeling and the findings of our committee. It concludes with this language:

Far too many counties either have no food programs or programs in which so few participate that they can only be described as token. Bureaucratic inefficiencies as well as statutory inadequacies often combine with the obstruction of local officials with the result that most—

I underscore the word "most"—of the poor in these counties remain hungry and malnourished. Some level of government must be given the ultimate responsibility for finding and feeding the poor.

Ending hunger in America is a national objective. The responsibility for fulfilling that objective should encompass Federal authority to override recalcitrant local offi-

cials so that those who most desperately need Federal food assistance will receive the help they need to overcome malnutrition.

Under present food programs, there is clear evidence of resistance at the local county level. Some local officials do not like to set up convenient distribution centers because they cost money; they do not like to hire outreach workers because it costs money to do so. However, the pending committee proposal would require local counties or States, or both, to assume the cost of assisting the impoverished in paying the cost of food stamps.

It is estimated that initially the cost to local governments would be \$200 million. To the extent that a county has a successful program to reach all the hungry, those costs would rise; to the extent that it was a token program and most of the hungry ignored, those costs would drop. In light of the record of token participation—and the statistics are unarguable—we are creating a financial incentive to ignore the hungry.

Under the select committee's substitute bill, the Secretary of Agriculture is directed to establish a food stamp program in any county which has refused to request such a program in the face of evident need.

Section 15 also provides for the establishment of a nationwide food stamp program by 1971.

In order to deal with the most prevalent problem of inadequate participation by the poor, section (15) requires the Secretary to administer the program, either directly or indirectly, in any county where he determines that the ratio of the numbers of persons participating in the food stamp program to the number of low-income persons in the county is inadequate to effectuate the purposes of the act; or that local officials have failed to comply with the provisions of the Food Stamp Act and its regulations.

The committee bill does not deal effectively with this problem of indifference or inaction on the part of local officials. The bill does authorize direct Federal administration in counties which refuse to accept a food stamp program. But as Senator McGOVERN observed in his individual views to the committee report:

This provision . . . is so incumbered by conditions and restrictions as to be almost totally ineffective. First, the Secretary must find and notify the State welfare agencies that there is a "manifest and urgent need" for the program. Then, if the State agency "fails and refuses" to request a program for the area concerned for 90 days, and if the Governor requests, the Secretary may administer a program directly.

Not only does this provision seem to require that the Secretary all but declare an emergency before finding a need for a program, it makes the State welfare agency responsible for the recalcitrance of local county officials and then puts the Governor in the position of having to overrule his own welfare department and invite Federal intervention.

The assignment of ultimate responsibility for finding and feeding the poor to the Federal Government is both proper and essential. For as the select committee observed in its interim report—

Ending hunger in America is a national objective.

This is not to say that it is desirable for the Department of Agriculture to directly administer the food-stamp program in any county where the poor remain hungry and malnourished. Section (15) gives the Secretary the flexibility to administer the program "through any nonprofit organization or through any Federal, State, or county agency he deems appropriate in any political subdivision of a State." The bill thus recognizes that "local cooperation is essential to the operation of all Federal food-assistance programs" and would allow the Secretary to turn to another local organization or agency where local officials with primary responsibility have failed.

Nor is the select committee's substitute bill designed to end local control over the food-stamp program in those counties which simply cannot afford to pay the administrative costs of the program. The bill authorizes the Federal Government to pay the largest part of the administrative costs of the program where a county is unable to do so. I think this is a very important part of the measure.

The bill, then, is not aimed at centralizing the operation of the food-stamp program. Rather, its purpose is to assure that some level of government will be ultimately responsible for providing food assistance throughout the country. The buck must stop somewhere, and this bill will enable those who are barred from receiving needed food assistance to look to the Federal Government for help.

It would be tragic if Congress enacts legislation which improves aspects of the food stamp program but fails to solve the problem of indifference and obstruction on the part of local officials. That is why section 15 of the substitute bill is so vital. It is the key to any real and lasting improvement in the food stamp program.

Today, we have the opportunity to create, for the first time, a truly meaningful food stamp program. If we fail to take this opportunity now, each passing year without action means millions of children are born to face hunger and the shadow-life existence of their parents.

I do not mean to be overly dramatic. But I am convinced that if there was ever a time for decisive action, it is now. We have studied, analyzed, and talked to the poor to the point of embarrassment. The decision to approve the select committee's substitute bill is another crucial turning point—for the time has come to see if the Senate meant what it said when it mandated the committee to study the extent of hunger in America and to make recommendations to alleviate and eliminate this condition.

Mr. President, I have several documents to substantiate the remarks I have just made. The first document is a table which shows the percentage of poor people served by food stamp programs by State and county as of February, 1969. The table shows that as of February 1969, out of 1,139 counties participating in the program, 701 counties distributed food stamps to fewer than 20 percent of

those estimated to be needing assistance in those counties. In very few counties, indeed, have we had a higher percentage. There are many counties in which there was no food stamp program whatsoever.

The policy of the Department of Agriculture is to shift from direct commodity

food programs to food stamps. Where this occurs, there has been, on the average, a 50 percent dropoff in participation in the number of families being served by food stamps as against direct commodities. One wonders what happened to the lives of those people who cannot

afford to participate in the food-stamp program. I ask unanimous consent that the table to which I have just referred be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 30.—THE PERCENTAGE OF POOR PEOPLE SERVED BY FOOD STAMP PROGRAMS BY STATE AND COUNTY FEBRUARY 1969¹

State	Number of programs	Average participation in State ² (percent)	Number of counties reaching given percentages of the poor ³			
			0 to 19	20 to 39	40 to 59	60 plus
Alabama	19	17.4	10	7	2	0
Alaska ⁴	33					
Arizona ⁵	0	0	0	0	0	0
Arkansas	52	18.8	37	10	5	0
California	9	35.3	1	4	4	0
Colorado	43	27.2	25	14	3	1
Connecticut ⁶						
Delaware ⁶	0	0	0	0	0	0
District of Columbia	1	40.5	0	1	0	0
Florida ⁶	0	0	0	0	0	0
Georgia	72	17.1	53	14	4	1
Hawaii	4	16.4	4	0	0	0
Idaho ⁶	0	0	0	0	0	0
Illinois	69	19.2	63	6	0	0
Indiana	21	17.0	17	4	0	0
Iowa	73	11.3	68	5	0	0
Kansas	7	9.8	7	0	0	0
Kentucky	51	29.3	14	19	14	4
Louisiana	35	23.1	14	19	1	1
Maine	1	12.2	0	1	0	0
Maryland	16	17.0	14	2	0	0
Massachusetts ⁶						
Michigan	22	18.2	12	8	1	1
Minnesota	42	21.3	27	12	1	2
Mississippi	43	36.6	4	24	14	1
Missouri	1	21.0	0	1	0	0
Montana	8	32.1	5	1	1	1
Nebraska	45	13.7	43	2	0	0
Nevada ⁶	0	0	0	0	0	0
New Hampshire ⁶	0	0	0	0	0	0
New Jersey	12	27.9	3	7	2	0
New Mexico	20	38.7	5	8	6	1
New York	7	29.3	4	2	1	0
North Carolina	27	17.1	17	9	1	0
North Dakota	29	15.8	23	6	0	0
Ohio	50	28.1	34	14	2	0
Oklahoma ⁶	0	0	0	0	0	0
Oregon	1	25.1	0	1	0	0
Pennsylvania	39	24.6	20	18	1	0
Rhode Island ⁶						
South Carolina	37	21.6	19	15	3	0
South Dakota	4	18.5	2	2	0	0
Tennessee	73	17.0	41	26	5	1
Texas	10	12.6	7	3	0	0
Utah	26	12.5	24	2	0	0
Vermont ⁴	23					
Virginia	27	11.3	24	3	0	0
Washington	37	48.3	3	14	15	5
West Virginia	54	29.1	16	29	8	1
Wisconsin	30	26.0	24	6	0	0
Wyoming	23	24.5	17	4	2	0
U.S. total	1,139	21.6	701	322	96	20

¹ Participation rates are based on USDA figures for February 1969 for those counties that had food stamp programs established before September 1968. Counties in which programs operated in only part of the county are not included in the analysis since data concerning the number of poor was available only on a countywide basis except for independent cities in Virginia and for New York, Baltimore and St. Louis. The number of poor was calculated by taking the 1960 census data for the number of poor and multiplying it by $\frac{2}{3}$ in order to reflect the decreased number of poor in 1968 relative to 1959 (26,000,000 compared to 39,000,000). The definition of poverty used is that of the Social Security Administration which defined a nonfarm family of 4 as poor if their income was below \$3,060 in 1959 or \$3,335 in 1968. This table differs slightly from the table that appeared in the Congressional Record on June 24, 1969 (S. 6979). The table in the Record was based on figures calculated by USDA that used a total base of 39,000,000 poor people rather than the base of 26,000,000 poor people used in this table. The above table does not include counties in which programs have been recently established and thus are likely to have lower participation rates.

² The average for the State refers to the percentage of poor people being served by food stamp programs in those counties that had programs in operation before September 1968. An average based on the total number of poor people in the State would be much lower since many counties have a commodity distribution program instead of the food stamp program or have no program at all. Average figures for the combined programs can be found in table 32.

³ The term "county" refers to all administrative units of government that operate food stamp programs. This would include independent cities, parishes, and Indian reservations where appropriate.

⁴ Alaska and Vermont have food stamp programs in all areas of the State. However, calculations about the program for this table were impossible since census data about the number of poor are based on counties and food stamp units are welfare districts that vary from county lines.

⁵ No food stamp program operates in the State.

⁶ All food stamp programs that operate in the State are in cities rather than countywide and thus calculations for this table were impossible.

Mr. MONDALE. Mr. President, I also ask unanimous consent to have printed in the RECORD a table showing the per-

centage of poor people served by commodity distribution programs by State and county as of February 1969.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 31.—THE PERCENTAGE OF POOR PEOPLE SERVED BY COMMODITY DISTRIBUTION PROGRAMS BY STATE AND COUNTY, FEBRUARY 1969¹

State	Number of programs	Average participation in State ²	Number of counties reaching given percentages of the poor ³			
			0 to 19 percent	20 to 39 percent	40 to 59 percent	60 percent and over
Alabama	46	44.7	0	19	19	8
Alaska ⁴	0	0	0	0	0	0
Arizona	12	45.6	2	5	2	3
Arkansas	21	27.5	7	9	4	1
California	25	42.6	7	5	8	5
Colorado ⁴	0	0	0	0	0	0
Connecticut	3	25.8	1	1	1	0
Delaware	3	59.1	0	0	2	1
District of Columbia ⁵	0	0	0	0	0	0
Florida	47	24.5	7	17	22	1
Georgia	79	34.0	10	30	33	6
Hawaii ⁴	0	0	0	0	0	0
Idaho	11	42.5	2	6	2	1
Illinois	12	19.7	9	3	0	0
Indiana	67	15.6	52	15	0	0
Iowa	13	25.1	9	3	1	0
Kansas	14	35.4	8	5	1	0
Kentucky	64	25.2	19	42	2	1
Louisiana	16	63.2	0	1	3	12
Maine	15	24.9	7	6	2	0
Maryland	1	14.4	1	0	0	0
Massachusetts ⁵						
Michigan	47	36.6	6	23	12	6
Minnesota	21	18.8	15	6	0	0
Mississippi	38	58.1	0	6	15	17
Missouri	57	39.6	9	25	11	12
Montana	4	71.3	0	1	1	2
Nebraska	2	38.4	0	1	0	1
Nevada	10	24.9	5	2	2	1
New Hampshire	10	16.1	5	5	0	0
New Jersey ⁴						
New Mexico	10	43.4	1	2	6	1
New York	40	38.9	1	13	24	2
North Carolina	59	21.3	25	27	6	1
North Dakota	7	44.7	2	5	0	0
Ohio	18	25.4	9	7	1	1
Oklahoma	71	53.1	1	23	28	19
Oregon	34	60.9	2	3	12	17
Pennsylvania	16	15.3	10	6	0	0
Rhode Island ⁴						
South Carolina ⁴	0	0	0	0	0	0
South Dakota	35	35.3	21	9	0	5
Tennessee	14	27.8	5	8	0	1
Texas	128	20.1	45	62	15	6
Utah ⁴	0	0	0	0	0	0
Vermont ⁴	0	0	0	0	0	0
Virginia	38	23.4	17	20	1	0
Washington ⁴	0	0	0	0	0	0
West Virginia ⁴	0	0	0	0	0	0
Wisconsin	30	21.9	17	7	5	1
Wyoming ⁴	0	0	0	0	0	0
U.S. total	1,125	32.7	327	431	241	126

¹ Participation rates are based on USDA figures for February 1969 for those counties that had commodity programs established before September 1968. See footnote 1, table 30, for further information concerning methodology.

² The average for the State refers to the percentage of poor people being served by commodity distribution programs in those counties that had programs in operation before September 1968. An average based on the total number of poor people in the State would be much lower since many counties have a food stamp program, rather than a commodity program, or have no program at all. Average figures for the combined programs can be found in table 32.

³ The term "county" refers to all administrative units of government that operate commodity distribution programs. This would include independent cities, parishes, and Indian reservations where appropriate.

⁴ No commodity distribution program.

⁵ Commodity distribution program on city basis only so calculations for this table are impossible.

Mr. MONDALE, Mr. President, I ask unanimous consent to have printed at this point in my remarks a table prepared by the Department of Agriculture which sets forth—on a State and county basis—the percentage of persons participating in food stamps and direct commodity distribution programs.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EXHIBIT 2

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

[In percent]

State/Adm. unit	Commodity distribution	Food stamp
ALABAMA		
Autauga	46	
Baldwin	43	
Barbour		10
Bibb	27	
Blount	18	
Bullock		41
Butler	35	
Calhoun	18	
Chambers	33	
Cherokee	25	
Chilton	28	
Choctaw		15
Clarke		5
Clay	30	
Cleburne	30	
Coffee	25	
Colbert	22	
Conecuh	38	
Coosa	27	
Covington	27	
Crenshaw	26	
Cullman	28	
Dale	28	
Dallas		24
De Kalb	16	
Elmore	33	
Escambia	41	
Etowah	24	
Fayette	27	
Franklin	16	
Geneva	22	
Greene		42
Hale		24
Henry	47	
Houston		9
Jackson	23	
Jefferson		8
Lamar		9
Lauderdale	23	
Lawrence	35	
Lee	36	
Limestone	26	
Lowndes	92	
Macon	74	
Madison	25	
Marengo	63	
Marion	16	
Marshall	27	
Mobile		19
Monroe	55	
Montgomery		10
Perry		28
Pickens		16
Pike		10
Randolph	28	
Russell		14
St. Clair	18	
Shelby	24	
Sumter		19
Talladega	38	
Tallapoosa	27	
Walker		19
Washington		16
Wilcox	55	
Winston	23	
Total		30
ALASKA		
ARIZONA		
Apache	5	
Cochise	18	
Coconino	9	
Gila	26	
Graham	63	
Greenlee	18	
Maricopa	30	
Mohave	18	
Navajo	40	
Pima	31	
Pinal	58	
Santa Cruz	32	
Yavapai	10	
Yuma	21	

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

[In percent]

State/Adm. unit	Commodity distribution	Food stamp
ARKANSAS		
Arkansas		6
Ashley		18
Baxter	9	
Benton	8	
Boone		3
Bradley		6
Calhoun		5
Carroll	4	
Chicot		28
Clark	11	
Clay	21	
Cleburne	11	
Cleveland	13	
Columbia		4
Conway		9
Craighead		9
Crawford		7
Crittenden		36
Cross		18
Dallas		6
Desha		15
Drew		14
Faulkner		4
Franklin	13	
Fulton	22	
Garland		5
Grant		8
Greene		8
Hempstead		4
Hot Spring	10	
Howard	8	
Independence		8
Izard		9
Jackson		16
Jefferson		14
Johnson		8
Lafayette		14
Lawrence		10
Lee		34
Lincoln		24
Little River		6
Logan		7
Lonoke		8
Madison	14	
Marion		6
Miller		3
Mississippi		23
Monroe		36
Montgomery	17	
Nevada	16	
Newton	42	
Ouachita		5
Perry		14
Phillips		37
Pike	12	
Poinsett		23
Polk		6
Pope		6
Prairie		9
Pulaski		8
Randolph		7
St. Francis		38
Saline		6
Scott	8	
Searcy	27	
Sebastian		4
Sevier		4
Sharp		9
Stone		14
Union		6
Van Buren	23	
Washington		4
White	17	
Woodruff	34	
Yell		6
CALIFORNIA		
Alameda		30
Amador	6	
Colusa	19	
Contra Costa		61
El Dorado	41	
Fresno	35	
Humboldt		25
Inyo	12	
Kern	43	
Kings	11	
Lake	25	
Lassen		30
Los Angeles		20
Madera	48	
Mendocino	3	
Merced	2	
Modoc		6
Monterey		40
Napa	25	
Plumas	20	
CALIFORNIA—Continued		
Sacramento	42	
San Francisco		17
San Joaquin	38	
San Luis Obispo	20	
San Mateo		13
Santa Barbara	35	
Santa Clara		32
Santa Cruz	20	
Shasta		57
Sonoma		20
Stanislaus	30	
Sutter	5	
Tehama	14	
Tulare	10	
Tuolumne	36	
Ventura	28	
Yolo	32	
Yuba	3	
COLORADO		
Adams		33
Alamosa		14
Arapahoe		15
Archuleta		14
Baca		4
Bent		18
Boulder		8
Chaffee		6
Cheyenne		6
Clear Creek		8
Conejos		40
Costilla		48
Crowley		13
Custer		4
Delta		7
Denver		28
Do ores		14
Eagle		11
Elbert		3
El Paso		12
Fremont		8
Garfield		5
Gilpin		(1)
Grand		4
Gunnison		12
Huerfano		17
Jefferson		8
Kiowa		6
Kit Carson		10
Lake		20
LaPlata		14
Larimer		29
Las Animas		16
Lincoln		7
Logan		8
Mesa		11
Mineral		(1)
Moffat		14
Montezuma		12
Montrose		10
Morgan		15
Otero		21
Phillips		4
Prowers		14
Pueblo		31
Rio Blanco		8
Rio Grande		19
Routt		8
Saguache		10
Sedgwick		3
Teller		9
Washington		4
Weld		9
Yuma		3
CONNECTICUT		
Hartford: Hartford (Dist.)		26
Litchfield	3	
New Haven: New Haven (Dist.)		23
Waterbury (Dist.)		38
New London	16	
Tolland	5	
Windham	28	
DELAWARE		
Kent	35	
New Castle	51	
Sussex	28	
District of Columbia: Washington		23
FLORIDA		
Alachua	23	
Baker	37	

Footnotes at end of table.

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

[In percent]

State/Adm. unit	Rododity distribution	Food stamp
FLORIDA—Continued		
Bay	12	
Bradford	33	
Broward	10	
Collier	0	
Calhoun	41	
Columbia	35	
Dade	11	
De Soto	20	
Dixie	30	
Duval	18	
Escambia	26	
Franklin	24	
Gadsden	74	
Gilchrist	25	
Glades	29	
Gulf	37	
Hamilton	37	
Hardee	15	
Hernando	24	
Highlands	13	
Hillsborough	13	
Holmes	28	
Jackson	28	
Jefferson	51	
Lafayette	26	
Lake	10	
Lee	9	
Leon	22	
Levy	26	
Liberty	38	
Madison	39	
Monroe	8	
Okaloosa	18	
Okeechobee	18	
Palm Beach	16	
Pasco	14	
Pinellas	8	
Polk	48	
St. Lucie	23	
Santa Rosa	31	
Sumter	33	
Suwannee	29	
Taylor	28	
Union	27	
Volusia	9	
Wakulla	41	
Walton	30	
Washington	35	

GEORGIA

Appling	24	
Atkinson	47	
Bacon	25	
Baker	50	
Baldwin		14
Banks	18	
Barrow	17	
Bartow	14	
Ben Hill		12
Berrien		4
Bibb		13
Bleckley		13
Brantley	32	
Brooks	43	
Bryan	38	
Bulloch	25	
Burke		22
Butts	35	
Calhoun		8
Camden	47	
Candler	33	
Carroll		6
Catoosa		11
Charlton		35
Chatham		10
Chattahoochee	68	
Chattooga	22	
Cherokee	11	
Clarke	12	
Clayton	13	
Clinch		14
Cobb	12	
Coffee	24	
Colquitt		12
Columbia	25	
Cook	20	
Coweta		7
Crawford	41	
Crisp		9
Dade	14	
Dawson		6
Decatur		13
De Kalb	19	
Dodge		18
Dooley	41	
Dougherty		14

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

[In percent]

State/Adm. unit	Commodity distribution	Food stamp
GEORGIA—Continued		
Douglas	13	
Early	49	
Echols		37
Effingham	48	
Elbert		9
Emanuel	29	
Evans	32	
Fannin	15	
Fayette		6
Floyd	20	
Forsyth		3
Franklin	12	
Fulton	23	
Gilmer		5
Glascok	32	
Glynn	16	
Gordon		5
Grady		12
Greene		6
Gwinnett	15	
Habersham		5
Hall		6
Hancock		27
Haralson	19	
Harris	35	
Hart		8
Heard		13
Henry	19	
Houston		14
Irwin	35	
Jackson	16	
Jasper		14
Jeff Davis	21	
Jefferson	37	
Jenkins		12
Johnson		18
Jones		6
Lamar		12
Lanier		12
Laurens		34
Lee		36
Liberty		10
Lincoln		48
Long		11
Lowndes		11
Lumpkin		4
McDuffie		34
McIntosh	34	
Macon	61	
Madison		4
Marion	38	
Meriwether		14
Miller	29	
Mitchell		22
Monroe	24	
Montgomery	34	
Morgan		12
Murray	11	
Muscogee	18	
Newton	22	
Oconee		8
Oglethorpe		6
Paulding	26	
Peach		7
Pickens		5
Pierce		11
Pike		17
Polk		5
Pulaski		17
Putnam		14
Quitman	78	
Rabun		21
Randolph	36	
Richmond		6
Rockdale	26	
Schley	35	
Screven	41	
Seminole		15
Spalding		9
Stephens		6
Stewart	39	
Sumter	37	
Talbot	33	
Taliaferro		56
Tattnall	30	
Taylor	38	
Telfair	27	
Terrell	58	
Thomas		16
Tift		12
Toombs		7
Towns		12
Treutlen		12
Turner	28	
Twiggs		21
Union	21	

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

[In percent]

State/Adm. unit	Commodity distribution	Food stamp
GEORGIA—Continued		
Upson		7
Walker	23	
Walton		7
Ware	32	
Warren		18
Washington		15
Wayne	33	
Webster	40	
Wheeler		10
White		4
Whitfield	16	
Wilcox	38	
Wilkes		7
Wilkinson	47	
Worth	34	
HAWAII		
Hawaii		14
Honolulu		17
Kauai		14
Maui		14
IDAHO		
Benewah	16	
Bonner	21	
Boundary	17	
Clearwater	71	
Fremont	12	
Idaho	19	
Kootenai	26	
Latah	10	
Lewis	24	
Nez Perce	47	
Shoshone	32	
Teton	14	
ILLINOIS		
Adams		6
Alexander		12
Bond		3
Brown		2
Bureau		1
Calhoun		1
Carroll	3	
Cass		3
Champaign		4
Christian		2
Clark		1
Clay		5
Clinton		2
Collee		3
Cook		18
Crawford		3
Cumberland		3
De Witt		1
Douglas		5
Edgar		4
Edwards		1
Effingham		5
Fayette		5
Ford		2
Franklin		11
Fulton		3
Gallatin		6
Greene		4
Grundy		1
Hamilton		2
Hancock		2
Hardin		10
Henderson	14	
Henry	5	
Iroquois		1
Jackson		9
Jasper		2
Jefferson		9
Jersey		2
Jo Daviess	3	
Johnson		6
Kane		2
Kankakee		7
Knox		4
La Salle		2
Lawrence		12
Lee	9	
Livingston		2
Logan		1
McDonough		1
McHenry	4	
McLean		1
Macon		9
Macoupin		3
Madison		13
Marion		8

Footnotes at end of table.

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969—Continued

[In percent]

State/Adm. unit	Commodity distribution	Food stamp
ILLINOIS		
Marshall		3
Mason		4
Massac		8
Menard		2
Mercer	10	
Monroe		4
Montgomery		2
Morgan		3
Moultrie		3
Ogle	5	
Peoria		12
Perry		3
Piatt		1
Pike		5
Pope		9
Pulaski		20
Putnam		1
Randolph		2
Richland		4
Rock Island	17	
St. Clair		27
Saline		9
Sangamon		5
Schuyler		3
Scott		3
Shelby		1
Tazewell		4
Union		6
Vermilion		3
Wabash		3
Warren	7	
Washington		1
Wayne		17
White		3
Whiteside	10	
Will		1
Williamson		5
Winnebago	22	
INDIANA		
Adams	4	
Allen	18	12
Bartholomew		
Benton	1	
Blackford	9	
Boone	2	
Brown	17	
Carroll	6	
Cass	6	
Clark	13	
Clay	10	
Clinton	2	
Crawford	12	
Daviess		4
Dearborn		10
Decatur	7	
De Kalb	4	
Delaware	11	
Dubois	3	
Elkhart	5	
Fayette	9	
Floyd		11
Fountain	7	
Franklin	10	
Fulton	2	
Gibson		6
Grant	10	
Greene	12	
Hamilton	3	
Hancock	5	
Harrison		5
Hendricks	3	
Henry	6	
Howard		6
Huntington	1	
Jackson	13	
Jasper	3	
Jay	4	
Jefferson	8	
Jennings	12	
Johnson	9	
Knox		6
Kosciusko	3	
Lagrange	2	
Lake		26
La Porte	11	
Lawrence	11	
Madison		7
Marion		9
Marshall		4
Martin	17	
Miami	6	
Monroe	12	
Montgomery	3	
Morgan	10	
Noble	6	

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

[In percent]

State/Adm. unit	Commodity distribution	Food stamp
INDIANA—Continued		
Ohio		8
Orange		13
Owen		10
Parks		13
Perry		
Pike		18
Porter	5	10
Posey		9
Pulaski	3	
Putnam		3
Randolph	7	
Ripley	6	
Rush	3	
St. Joseph	10	
Scott	19	
Shelby	4	
Spencer		11
Starke	15	
Sullivan	13	
Switzerland		6
Tippecanoe	7	
Tipton		5
Union	4	
Vanderburgh		11
Vermilion	14	
Vigo	21	
Wabash	1	
Warren	2	
Warrick		9
Washington	8	
Wayne	13	
Wells	1	
Whitley	2	
IOWA		
Adair		2
Adams		1
Allamakee	8	
Appanoose		9
Audubon		3
Benton		2
Black Hawk		
Boone	34	
Buchanan	16	
Buena Vista	9	
Butler		2
Bremer		2
Calhoun		3
Carroll		6
Cass		5
Cedar	6	
Cerro Gordo		7
Cherokee		3
Chickasaw	10	
Clarke		2
Clay		5
Clayton		5
Clinton		7
Crawford	7	
Dallas		5
Davis		6
Decatur		5
Delaware		6
Des Moines		4
Dickinson		3
Dubuque		15
Emmet	3	
Floyd	4	
Franklin	2	
Fremont	4	
Greene	3	
Grundy	2	
Guthrie	2	
Hamilton	5	
Hancock	2	
Hardin	3	
Harrison	4	
Henry	2	
Howard	3	
Humboldt	6	
Ida		2
Iowa	5	
Jackson		6
Jasper		6
Jefferson		5
Johnson		5
Jones		4
Keokuk	9	
Kossuth		6
Lee		6
Linn		9
Louisa	17	
Lucas		11
Lyons		2
Madison		3
Mahaska	15	

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

[In percent]

State/Adm. unit	Commodity distribution	Food stamp
IOWA—Continued		
Marion		8
Marshall		4
Mitchell		2
Mills		5
Monona		5
Monroe	16	
Montgomery		2
Muscatine	18	
O'Brien		2
Osceola		2
Page		4
Palo Alto		10
Plymouth		2
Pocahontas		4
Polk		28
Pottawattamie		10
Poweshiek		2
Pinggold		4
Sac		3
Scott		20
Shelby		1
Sioux		3
Story		7
Tama		3
Taylor		3
Union		5
Van Buren		3
Vapello		14
Warren		5
Washington		2
Wayne		4
Webster	25	
Winnebago		3
Winnesiek	9	
Woodbury		18
Worth		3
Wright		4
KANSAS		
Atchison		7
Bourbon		2
Cherokee		8
Clark	5	
Crawford		5
Elk	4	
Ford	7	
Grant	18	
Greenwood		5
Hamilton	11	
Harper	4	
Hodgeman	3	
Kearny	9	
Kingman	1	
Labette		4
Leavenworth		4
Meade	3	
Sedgwick	25	
Shawnee	16	
Sherman	15	
Wilson		3
Wyandotte	39	
KENTUCKY		
Adair		8
Allen		4
Anderson	4	
Ballard	8	
Barren	13	
Bath		19
Bell		34
Boone	6	
Boyd	27	
Boyle	13	
Bracken	13	
Breathitt		48
Breckinridge	18	
Bullitt	12	
Butler		10
Caldwell	17	
Calloway	8	
Campbell		12
Carlisle	16	
Carroll	12	
Carter		17
Casey		13
Christian	14	
Clark		9
Clay		43
Clinton		23
Crittenden	12	
Cumberland		18
Daviess	20	
Edmonson	25	
Elliott		30
Estill		26

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

(In percent)

State/Admin. unit	Commodity distribution	Food stamp
KENTUCKY—Continued		
Fayette	9	
Fleming	16	
Floyd		24
Franklin	19	
Fulton	40	
Gallatin	18	
Garrard	11	
Grant		6
Graves	9	
Grayson	13	
Greene	13	
Greenup	20	
Hancock	17	
Hardin	11	
Harlan		36
Hart	15	
Henderson	11	
Henry	10	
Hickman		10
Hopkins	7	
Jackson		28
Jefferson		6
Jessamine	13	
Johnson		28
Kenton		13
Knott		50
Knox		36
Larue	11	
Laurel		22
Lawrence	27	
Lee		37
Leslie		59
Letcher		30
Lewis	26	
Lincoln		14
Livingston	17	
Logan		7
Lyon	19	
McCracken	20	
McCreary		40
McLean	21	
Madison	12	
Magoffin		47
Marion	24	
Marshall	6	
Martin		53
Mason	12	
Meade	6	
Menifee		19
Mercer	15	
Metcalfe	10	
Monroe	17	
Montgomery		14
Morgan		28
Muhlenberg		7
Nelson	22	
Nicholas	22	
Ohio	21	
Oldham	15	
Owen	15	
Owsley		42
Pendleton	14	
Perry		38
Pike		14
Powell		31
Pulaski		12
Robertson	12	
Rockcastle		29
Rowan		16
Russell		13
Scott	11	
Shelby		3
Simpson		5
Spencer	10	
Taylor	10	
Tood		5
Trigg	21	
Trimble	10	
Union	13	
Warren	9	
Washington	16	
Wayne		20
Webster	18	
Whitley		23
Wolfe		33
Woodford	18	

LOUISIANA

Acadia		18
Allen		16
Ascension	46	
Assumption		25
Avoyelles		31
Beauregard		8
Bienville	44	
Caddo		6

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

(In percent)

State/Admin. unit	Commodity distribution	Food stamp
LOUISIANA—Continued		
Calcasieu		19
Caldwell		15
Cameron		6
Catahoula	48	
Claiborne	45	
Concordia		20
De Soto		8
East Baton Rouge		9
East Carroll		26
East Feliciana	61	
Evangeline		41
Franklin		29
Grant	45	
Iberia		8
Iberville		25
Jefferson Davis		11
Lafayette		18
La Salle	28	
Livingston	71	
Madison		22
Morehouse		22
Natchitoches		18
Orleans		6
Pointe Coupee		26
Rapides		12
Red River		26
Richland		25
Sabine	45	
St. Bernard	53	
St. Charles	35	
St. Helena		14
St. James		13
St. John the Baptist		18
St. Landry		29
St. Martin		25
St. Mary	37	
Tangipahoa	53	
Tensas		18
Union		13
Vermilion		7
Vernon		13
Washington	45	
West Baton Rouge	61	
West Carroll		21
West Feliciana	68	
Winn		10

MAINE

Androscoggin		19
Aroostook	35	
Cumberland	18	
Franklin	4	
Hancock	14	
Kennebec	18	
Knox	27	
Lincoln	7	
Oxford	10	
Penobscot	14	
Piscataquis	21	
Sagadahoc	24	
Somerset	2	
Waldo	7	
Washington	10	
York	11	

MARYLAND

Alleghany		8
Anne Arundel		12
Baltimore	5	
Caroline	8	
Carroll	4	
Charles	31	
Dorchester	3	
Frederick	3	
Garrett	9	
Harford	10	
Kent		4
Montgomery	9	
Prince Georges	15	
Queen Anne's	4	
St. Mary's	10	
Somerset	3	
Talbot	3	
Wicomico	7	
Worcester	1	

Independent city

Baltimore City		19
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MASSACHUSETTS

Bristol: New Bedford (city)	21	
Essex: Lynnfield (city)	(1)	

Footnotes at end of table.

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

(In percent)

State/Admin. unit	Commodity distribution	Food stamp
MASSACHUSETTS—Continued		
Franklin:		
Bernardston (city)	(1)	
Buckland (city)	(1)	
Deerfield (city)	(1)	
Springfield (city)	20	
W. Springfield (city)	(1)	
Hampshire:		
Amherst (city)	(1)	
Easthampton (city)	(1)	
Goshen (city)	(1)	
Northampton (city)	30	
Williamsburg (city)	(1)	
Middlesex:		
Cambridge (city)	15	
Lowell (city)	28	
Malden (city)	14	
Norfolk: Quincy (city)	7	
Plymouth:		
Brockton (city)	34	
Whitman (city)	(1)	
Suffolk: Boston (city)	28	
Worcester:		
Garnder (city)	(1)	
Winchendon (city)	(1)	
MICHIGAN		
Alcona	24	
Alger		19
Allegan		12
Alpena	25	
Antrim	24	
Arenac	21	
Baraga	39	
Barry		10
Bay	29	
Benzie	29	
Berrien		14
Branch	15	
Calhoun	37	
Cass	17	
Charlevoix	16	
Cheboygan	26	
Chippewa	30	
Clare		15
Clinton		7
Crawford		19
Delta	27	
Dickinson	29	
Eaton		6
Emmet	15	
Genesee		19
Gladwin	20	
Gogebic		13
Grand Traverse		16
Gratiot		10
Hillsdale		4
Houghton		24
Huron		4
Ingham		16
Ionia	12	
Iosco	21	
Iron		13
Isabella		11
Jackson		15
Kalamazoo		9
Kalkaska	52	
Kent	29	
Keweenaw		47
Lake	35	
Lapeer		9
Leelanau		10
Lenawee	16	
Livingston	16	
Luce	31	
Mackinac		13
Macomb		11
Manistee	25	
Marquette	16	
Mason	20	
Mecosta	11	
Menominee	16	
Missaukee	32	
Monroe		7
Montcalm	15	
Montmorency	22	
Muskegon		25
Newaygo	23	
Oakland		9
Oceana	22	
Ogemaw		17
Ontonagon		10
Osceola	20	
Oscoda	43	
Otsego	11	
Ottawa	16	
Presque Isle	19	

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

[In percent]

State/Adm. unit	Commodity distribution	Food stamp
MICHIGAN—Continued		
Roscommon	29	28
Saginaw		14
St. Clair		6
St. Joseph		
Sanilac	5	
Schoolcraft	32	
Shiawassee	21	
Tuscola	15	
Van Buren		7
Washtenaw		4
Wayne		13
Wexford	26	
MINNESOTA		
Aitkin		8
Anoka		25
Becker		13
Beltrami		17
Benton		8
Big Stone		9
Blue Earth		8
Carlton		24
Carver		5
Cass		12
Chippewa		3
Chisago		8
Clearwater	25	
Cook		34
Cottonwood	5	
Crow Wing		13
Dakota		12
Douglas	12	
Faribault	10	
Grant	11	
Hennepin		15
Hubbard		15
Isanti	8	
Itasca		18
Jackson	4	
Kanabec	7	
Kandiyohi		8
Kittson		6
Koochiching		22
Lac qui Parle		3
Lake		8
Lake of the Woods		13
Le Sueur		5
Lincoln		8
Lyon	12	
Mahnomen	24	
Marshall		7
Meeker	7	
Mille Lacs		10
Morrison	57	
Mower	56	
Murray		31
Nicollet	40	
Nobles		16
Otter Tail		16
Pennington		28
Pine		36
Pipestone		17
Polk		27
Pope	20	
Ramsey		26
Red Lake		9
Redwood		4
Renville		5
Rock	4	
Roseau		5
St. Louis		21
Scott	10	
Sherburne	11	
Sibley		5
Stearns		9
Stevens	7	
Swift		7
Todd	13	
Traverse	10	
Wadena		7
Waseca	9	
Washington		12
Wright		6
Yellow Medicine		4
MISSISSIPPI		
Adams	35	
Alcorn		19
Amite	51	
Attala		26
Benton	64	
Bolivar		48
Calhoun	32	
Carroll	54	
Chickasaw		21
Choctaw	43	

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

[In percent]

State/Adm. unit	Commodity distribution	Food stamp
MISSISSIPPI—Continued		
Claiborne		31
Clarke	52	
Clay		40
Coahoma		49
Copiah	41	
Covington		25
DeSoto		50
Forrest		18
Franklin	34	
George	51	
Greene	53	
Grenada		22
Hancock	20	
Harrison		12
Hinds		24
Holmes		48
Humphreys		40
Issaquena	61	
Itawamba		9
Jackson		14
Jasper		31
Jefferson	73	
Jefferson Davis		31
Jones		27
Kemper	44	
Lafayette	31	
Lamar		19
Lauderdale	32	
Lawrence	48	
Leake	60	
Lee		17
LeFlore		43
Lincoln		18
Lowndes		19
Madison		30
Marion		15
Marshall	73	
Monroe		20
Montgomery		25
Neshoba	23	
Newton	26	
Noxubee	75	
Oktibbeha		21
Panola		31
Pearl River	22	
Perry	31	
Pike		19
Pontotoc	23	
Prentiss		14
Quitman		36
Rankin	54	
Scott		24
Sharkey	89	
Simpson		14
Smith	31	
Stone	30	
Sunflower		35
Tallahatchie		44
Tate	50	
Tippah	29	
Tishomingo	18	
Tunica		53
Union		16
Walthall	57	
Warren		15
Washington		29
Wayne	43	
Webster	25	
Wilkinson	66	
Winston	40	
Yalobusha		24
Yazoo		40
MISSOURI		
Benton	14	
Bollinger	27	
Buchanan	19	
Butler	35	
Caldwell	1	
Cape Girardeau	18	
Carter	49	
Christian	17	
Clay	10	
Dade	13	
Dallas	24	
Daviess	11	
De Kalb	1	
Dent	25	
Douglas	21	
Dunklin	34	
Gentry	1	
Greene	23	
Harrison	10	
Hickory	18	
Howell	21	

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

[In percent]

State/Adm. unit	Commodity distribution	Food stamp
MISSOURI—Continued		
Iron		43
Jackson		17
Jefferson		17
Lewis		13
Linn		1
Livingston		16
McDonald		14
Madison		26
Maries		12
Marion		16
Mercer		10
Mississippi		54
New Madrid		44
Nodaway		1
Oregon		27
Osage		13
Ozark		23
Pemiscot		52
Perry		1
Pike		15
Polk		27
Putnam		14
Ralls		11
Reynolds		70
Ripley		38
St. Charles		45
St. Clair		12
St. Francois		31
St. Louis		20
Schuyler		1
Scott		42
Shannon		36
Shelby		19
Stoddard		37
Stone		21
Sullivan		11
Texas		23
MISSOURI		
Washington	44	
Wayne	43	
Webster	17	
Worth	9	
Wright	22	
Independent city		
St. Louis		15
MONTANA		
Cascade		27
Deer Lodge		18
Flathead	30	
Glacier		8
Lewis and Clark		8
Lincoln		38
Roosevelt	65	
Silver Bow		22
Valley		12
Wibaux	17	
NEBRASKA		
Antelope		3
Boone		4
Boyd		6
Box Butte		4
Buffalo		4
Butler		2
Cedar		4
Clay		3
Cuming		3
Custer		3
Dakota		8
Dawson		4
Deuel		3
Dixon		5
Dodge		5
Douglas		23
Franklin		2
Gage		3
Garfield		4
Gosper		3
Greeley		9
Hall		5
Harlan		6
Holt		2
Howard		3
Johnson		1
Kearney		3
Keith		5
Knox	13	
Lancaster		6
Madison		1
Merrick		3
Morrill		4
Nance		1
Nemaha		3
Phelps		4

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

(In percent)

State/Adm. unit	Commodity distribution	Food stamp
NEBRASKA—Continued		
Pierce		1
Pawnee		3
Rock		5
Sarpy		9
Saunders		3
Scotts Bluff		10
Sheridan		7
Sherman		2
Stanton		3
Thayer		2
Thurston	48	
Valley		3
Washington		2
Wheeler		3
York		2

NEVADA		
Churchill	21	
Clark	13	
Elko	20	
Eureka	16	
Humboldt	51	
*Lincoln	15	
Lyon	29	
Mineral	34	
Ormsby	9	
Pershing	27	
Washoe	18	
White Pine	28	

NEW HAMPSHIRE		
Belknap	18	
Carroll	14	
Cheshire	19	
Coos	23	
Grafton	7	
Hillsborough	11	
Merrimack	15	
Rockingham	5	
Strafford	8	
Sullivan	12	

NEW JERSEY		
Atlanta		20
Bergen		6
Burlington:		
Mount Holly (city)	(1)	
Mount Laurel (city)	(1)	
North Hanover (city)	(1)	
Camden		18
Cape May		15
Cumberland		21
Essex: Newark (city)	22	
Gloucester:		
Glassboro (city)	(1)	
Washington (township)	(1)	
Monroe (city)	(1)	
Hudson		27
Mercer		15
Middlesex		19
Monmouth:		
Asbury Park	(1)	
Keyport (city)	(1)	
Ocean		24
Passaic		6
Salem		23
Somerset: Millstone (city)	(1)	
Sussex: Franklin (city)	(1)	
Union		12
Warren		10

NEW MEXICO		
Bernalillo		49
Catron	17	
Chaves		18
Collax		19
Curry		19
De Baca		11
Dona Ana	34	
Eddy		25
Grant	25	
Guadalupe		41
Harding		12
Hidalgo	34	
Lea		13
Lincoln		10
Luna	41	
McKinley	47	
Mora		44
Otero		18
Quay		21

Footnotes at end of table.

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

(In percent)

State/Adm. unit	Commodity distribution	Food stamp
NEW MEXICO—Continued		
Rio Arriba		60
Roosevelt		20
Sandoval		49
San Juan	50	
San Miguel		50
Santa Fe		47
Sierra	23	
Socorro	56	
Taos		4
Torrance		32
Union		8
Valencia	47	

NEW YORK		
Albany	13	
Allegany	22	
Broome	22	
Binghamton (city)	46	
Union (city)	(1)	
Cattaraugus		12
Cayuga	28	
Auburn (city)	29	
Chautauqua	(1)	
Jamestown (city)		(1)
Chemung	32	
Clinton		14
Columbia	19	
Cortland	27	
Delaware	25	
Erie		20
Essex	30	
Franklin	44	
Fulton	38	
Genesee	28	
Greene	13	
Hamilton	31	
Herkimer	18	
Jefferson	28	
Lewis	50	
Livingston	19	
Madison	30	
Monroe	25	
Montgomery	22	
Nassau	20	
New York (city)	27	
Niagara		24
Oneida	27	
Onondaga	39	
Orleans	30	
Oswego	40	
Oswego (city)	(1)	
Rensselaer	32	
St. Lawrence	39	
Saratoga	14	
Schenectady	11	
Schoharie	29	
Schuyler	30	
Seneca	24	
Steuben	33	
Suffolk	29	
Tioga	34	
Tompkins	20	
Ulster	12	
Warren	27	
Washington	33	
Wayne		8
Westchester	18	
Wyoming		5
Yates	25	

NORTH CAROLINA		
Alexander	12	
Alleghany	15	
Anson		12
Ashe	12	
Avery	23	
Beaufort	11	
Bertie		32
Bladen		29
Brunswick		12
Buncombe	12	
Burke	5	
Cabarrus		4
Caldwell	6	
Camden	30	
Carteret	11	
Caswell	10	
Catawba		4
Chatham		6
Cherokee	13	
Chowan		11
Clay	17	
Cleveland		5
Columbus	23	

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

(In percent)

State/Adm. unit	Commodity distribution	Food stamp
NORTH CAROLINA—Continued		
Craven	18	
Cumberland	17	
Currituck	24	
Dare		8
Davidson	6	
Davie		5
Duplin	14	
Durham		14
Edgecombe	31	
Forsyth		7
Franklin		17
Gaston	11	
Gates	19	
Graham	17	
Granville		9
Greene		26
Guilford	14	
Halifax		24
Harnett		4
Haywood	20	
Henderson	8	
Hertford	38	
Hoke	34	
Hyde	46	
Jackson	15	
Johnston	12	
Jones	40	
Lee		15
Lenoir	17	
McDowell		7
Macon	10	
Madison	23	
Martin		25
Mecklenburg	20	
Mitchell	30	
Montgomery	13	
Moore		7
Nash		18
New Hanover		8
Northampton		19
Onslow	11	
Orange		6
Pamlico	15	
Pasquotank	17	
Pender	15	
Perquimans	23	
Person		13
Pitt	37	
Richmond		4
Robeson	17	
Rockingham		3
Rowan	7	
Rutherford	7	
Sampson	15	
Scotland		18
Stokes	9	
Surry		5
Swain	22	
Transylvania	10	
Tyrrell	40	
Union		6
Vance	28	
Wake	18	
Warren		29
Washington	39	
Watauga	25	
Wayne	22	
Wilkes	11	
Wilson	21	
Yadkin	6	
Yancey	18	

NORTH DAKOTA		
Barnes		13
Benson		21
Billings		5
Bottineau		5
Burke		5
Burleigh	24	
Cass	14	
Cavalier		18
Dickey		12
Divide		7
Dunn		5
Emmons		25
Foster	9	
Golden Valley		(1)
Grand Forks	18	
Grant		5
Griggs		7
Hettinger		7
Kidder		4
La Moure		11
Logan		7
McHenry		10

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

(In percent)

State/Adm. unit	Commodity distribution	Food stamp
NORTH DAKOTA—Continued		
McIntosh		7
McLean		5
Mercer		6
Morton		12
Mountrail		12
Nelson		3
Oliver		7
Pembina		11
Pierce		9
Ramsey	4	
Ransom		5
Richland		7
Rolette	15	
Sargent		10
Sheridan		8
Sioux		3
Stark		13
Steele		4
Towner		9
Traill		9
Walsh	16	
Ward	21	
Williams		13
OHIO		
Adams	21	
Allen		10
Ashland		2
Ashtabula		10
Athens		12
Belmont		7
Brown	14	
Butler		9
Carroll		4
Champaign	4	
Clark		9
Clermont		23
Clinton	19	
Columbiana		10
Coshocton		3
Crawford		5
Cuyahoga		36
Darke	7	
Erie		8
Fayette	17	
Franklin		22
Fulton		2
Geauga		2
Guernsey		6
Hamilton		21
Hardin		3
Harrison		4
Highland	17	
Hocking		8
Holmes		2
Huron		6
Jackson	41	
Jefferson		21
Knox		5
Lake		7
Lawrence		26
Licking	10	
Logan		5
Lorain		27
Lucas		30
Madison	20	
Mahoning		18
Marion		9
Medina		4
Meigs		12
Miami		5
Monroe		9
Montgomery	15	
Morgan		9
Morrow	6	
Muskingum		14
Ottawa		10
Perry	11	
Pickaway	20	
Pike	43	
Portage		8
Preble	7	
Richland		6
Ross		13
Sandusky		6
Scioto		19
Shelby	4	
Stark		11
Summit		17
Trumbull		15
Tuscarawas		7
Union	7	
Van Wert		4
Vinton		9
Warren		9

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

(In percent)

State/Adm. unit	Commodity distribution	Food stamp
OHIO—Continued		
Washington		5
Wayne		4
Wood		8
Wyandot		7
OKLAHOMA		
Adair	71	
Alfalfa	11	
Atoka	34	
Beckham	28	
Blaine	20	
Bryan	20	
Caddo	37	
Canadian	12	
Carter	33	
Cherokee	37	
Choctaw	41	
Cimarron	19	
Cleveland	20	
Coal	43	
Comanche	16	
Cotton	20	
Craig	18	
Creek	32	
Custer	22	
Delaware	45	
Dewey	14	
Ellis	11	
Garfield	17	
Garvin	30	
Grady	30	
Grant	9	
Greer	26	
Harper	16	
Haskell	48	
Hughes	36	
Jackson	30	
Jefferson	27	
Johnston	43	
Kay	24	
Kingfisher	13	
Kiowa	26	
Latimer	52	
Le Flore	45	
Lincoln	22	
Logan	27	
Love	33	
McClain	20	
McCurtain	53	
McIntosh	45	
Marshall	38	
Mayes	30	
Murray	30	
Muskogee	42	
Noble	18	
Nowata	32	
Okfuskee	40	
Oklahoma	37	
Okmulgee	40	
Osage	21	
Ottawa	24	
Pawnee	23	
Payne	17	
Pittsburg	26	
Pontotoc	25	
Pottawatomie	26	
Pushmataha	36	
Roger Mills	12	
Rogers	23	
Seminole	40	
Sequoyah	65	
Stephens	23	
Texas	24	
Tillman	41	
Tulsa	25	
Wagoner	36	
Washington	19	
Washita	11	
Woodward	12	
OREGON		
Baker	26	
Benton	19	
Clackamas	38	
Clatsop	22	
Columbia	47	
Coos	57	
Crook	40	
Curry	56	
Deachutes	31	
Douglas	48	
Gilliam	4	
Grant	37	
Harney	25	
Hood River	50	

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

(In percent)

State/Adm. unit	Commodity distribution	Food stamp
OREGON—Continued		
Jackson	24	
Jefferson	49	
Josephine	48	
Klamath	27	
Lake	37	
Lane	56	
Lincoln	34	
Linn	45	
Malheur	32	
Marion	39	
Morrow	19	
Multnomah		15
Polk	36	
Sherman	16	
Umatilla	30	
Union	17	
Wallowa	24	
Wasco	31	
Washington	24	
Wheeler	10	
Yamhill	28	
PENNSYLVANIA		
Allegheny		23
Armstrong		13
Beaver		17
Bedford	16	
Berks		8
Blair		9
Bradford		19
Bucks	17	
Butler		11
Cambria		13
Cameron		15
Carbon	9	
Centre		10
Chester	5	
Clarion		22
Clearfield		15
Clinton		10
Columbia		5
Crawford		8
Cumberland	7	
Dauphin		9
Delaware		20
Elk		7
Erie		10
Fayette		27
Forest	10	
Franklin	13	
Fulton	23	
Greene		24
Huntingdon		14
Indiana		13
Jefferson		11
Juniata		7
Lackawanna		14
Lancaster	4	
Lawrence		25
Lebanon	6	
Lehigh	5	
Luzerne		9
Lycoming		7
McKean		19
Mercer		9
Mifflin		10
Monroe		11
Montgomery	6	
Montour		2
Northampton		11
Northumberland		8
Perry		8
Philadelphia		18
Potter		18
Schuylkill	14	
Snyder	9	
Somerset		13
Sullivan		9
Susquehanna		9
Tioga		24
Union	16	
Venango		16
Warren	11	
Washington		16
Wayne		4
Westmoreland		12
Wyoming		6
York		14
RHODE ISLAND		
Bristol		
Bristol (city)	(9)	
Warren (city)	(9)	

Footnotes at end of table.

EXHIBIT 2—Continued

EXHIBIT 2—Continued

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

[In percent]

State/Adm. unit	Commodity distribution	Food stamp
RHODE ISLAND—Continued		
Kent:		
Coventry (city).....	(1)	-----
East Greenwich (city).....	(1)	-----
Warwick (city).....	10	-----
West Greenwich (city).....	(1)	-----
West Warwick (city).....	(1)	-----
Newport:		
Jamestown (city).....	(1)	-----
Newport (city).....	(1)	1 N/A
Providence:		
Burrillville (city).....	(1)	-----
Central Falls (city).....	-----	1 N/A
Cranston (city).....	12	-----
East Providence (city).....	-----	1 N/A
Foster (city).....	(1)	-----
Glocester (city).....	(1)	-----
Johnston (city).....	(1)	-----
Lincoln (city).....	(1)	-----
North Providence (city).....	(1)	-----
North Smithfield (city).....	(1)	-----
Pawtucket (city).....	-----	(1)
Providence (city).....	-----	25
Smithfield (city).....	(1)	-----
Woonsocket (city).....	-----	(1)

SOUTH CAROLINA

Abbeville.....	4	-----
Aiken.....	8	-----
Allendale.....	24	-----
Anderson.....	3	-----
Bamberg.....	18	-----
Barnwell.....	18	-----
Beaufort.....	20	-----
Berkeley.....	24	-----
Calhoun.....	19	-----
Charleston.....	9	-----
Cherokee.....	6	-----
Chester.....	6	-----
Chesterfield.....	13	-----
Clarendon.....	31	-----
Colleton.....	16	-----
Darlington.....	17	-----
Dillon.....	40	-----
Dorchester.....	19	-----
Edgefield.....	13	-----
Fairfield.....	8	-----
Florence.....	26	-----
Georgetown.....	36	-----
Greenville.....	7	-----
Greenwood.....	3	-----
Hampton.....	17	-----
Horry.....	16	-----
Jasper.....	16	-----
Kershaw.....	11	-----
Lancaster.....	7	-----
Laurens.....	6	-----
Lee.....	40	-----
Lexington.....	5	-----
McCormick.....	31	-----
Marion.....	18	-----
Marlboro.....	31	-----
Newberry.....	5	-----
Oconee.....	7	-----
Orangeburg.....	18	-----
Pickens.....	5	-----
Richland.....	4	-----
Saluda.....	11	-----
Spartanburg.....	5	-----
Sumter.....	16	-----
Union.....	5	-----
Williamsburg.....	40	-----
York.....	14	-----

SOUTH DAKOTA

Beadle.....	6	-----
Bennett.....	3	-----
Bon Homme.....	6	-----
Brookings.....	8	-----
Brown.....	7	-----
Brule.....	13	-----
Buffalo.....	10	-----
Campbell.....	18	-----
Charles Mix.....	21	-----
Clark.....	4	-----
Codington.....	6	-----
Corson.....	4	-----
Davison.....	9	-----
Day.....	14	-----
Deuel.....	11	-----
Dewey.....	17	-----
Douglas.....	8	-----

Footnotes at end of table.

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

[In percent]

State/Adm. unit	Commodity distribution	Food stamp
SOUTH DAKOTA—Continued		
Edmunds.....	10	-----
Faulk.....	6	-----
Grant.....	6	-----
Gregory.....	11	-----
Hamlin.....	5	-----
Hand.....	9	-----
Hanson.....	3	-----
Hutchinson.....	-----	2
Hyde.....	-----	9
Jackson.....	-----	8
Jerauld.....	5	-----
Kingsbury.....	12	-----
Lake.....	-----	6
Lincoln.....	3	-----
Lyman.....	7	-----
McCook.....	9	-----
McPherson.....	4	-----
Marshall.....	7	-----
Mellette.....	8	-----
Miner.....	4	-----
Moody.....	16	-----
Pennington.....	-----	22
Perkins.....	9	-----
Potter.....	10	-----
Roberts.....	8	-----
Sanborn.....	6	-----
Todd.....	6	-----
Tripp.....	16	-----
Turner.....	-----	3
Union.....	9	-----
Walworth.....	23	-----
Ziebach.....	-----	32

TENNESSEE

Anderson.....	25	-----
Bedford.....	3	-----
Benton.....	16	-----
Bledsoe.....	26	-----
Blount.....	10	-----
Bradley.....	8	-----
Campbell.....	27	-----
Cannon.....	12	-----
Carroll.....	12	-----
Carter.....	18	-----
Cheatham.....	20	-----
Chester.....	6	-----
Claiborne.....	18	-----
Clay.....	16	-----
Cocke.....	10	-----
Coffee.....	8	-----
Crockett.....	14	-----
Cumberland.....	14	-----
Davidson.....	4	-----
Decatur.....	13	-----
DeKalb.....	8	-----
Dickson.....	6	-----
Dyer.....	13	-----
Fayette.....	39	-----
Fentress.....	20	-----
Franklin.....	10	-----
Gibson.....	19	-----
Giles.....	6	-----
Grainger.....	14	-----
Greene.....	5	-----
Grundy.....	17	-----
Hamblen.....	12	-----
Hamilton.....	8	-----
Hancock.....	23	-----
Hardeman.....	51	-----
Hardin.....	15	-----
Hawkins.....	10	-----
Haywood.....	41	-----
Henderson.....	12	-----
Henry.....	4	-----
Hickman.....	14	-----
Houston.....	13	-----
Humphreys.....	12	-----
Jackson.....	13	-----
Jefferson.....	17	-----
Johnson.....	11	-----
Knox.....	9	-----
Lake.....	31	-----
Lauderdale.....	29	-----
Lawrence.....	7	-----
Lewis.....	9	-----
Lincoln.....	7	-----
Loudon.....	9	-----
McMinn.....	7	-----
McNairy.....	13	-----
Macon.....	6	-----
Madison.....	10	-----
Marion.....	26	-----
Marshall.....	11	-----
Mauzy.....	5	-----

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

[In percent]

State/Adm. unit	Commodity distribution	Food stamp
TENNESSEE—Continued		
Meigs.....	-----	12
Monroe.....	-----	9
Montgomery.....	-----	6
Moor.....	-----	6
Morgan.....	-----	32
Obion.....	-----	4
Overton.....	-----	14
Perry.....	-----	12
Pickett.....	-----	14
Polk.....	-----	8
Putnam.....	-----	9
Rhea.....	-----	17
Roane.....	-----	17
Robertson.....	13	-----
Rutherford.....	-----	5
Scott.....	-----	39
Sequatchie.....	-----	23
Sevier.....	-----	6
Shelby.....	-----	8
Smith.....	-----	7
Stewart.....	21	-----
Sullivan.....	-----	11
Sumner.....	-----	9
Tipton.....	-----	28
Trousdale.....	-----	8
Unicoi.....	-----	17
Union.....	24	-----
Van Buren.....	-----	11
Warren.....	-----	6
Washington.....	8	-----
Wayne.....	-----	10
Weakley.....	-----	5
White.....	-----	11
Wilson.....	-----	6

TEXAS

Anderson.....	6	-----
Angelina.....	42	-----
Atascosa.....	12	-----
Austin.....	8	-----
Bastrop.....	18	-----
Bee.....	4	-----
Bexar.....	-----	12
Brewster.....	-----	12
Brooks.....	61	-----
Brown.....	11	-----
Burleson.....	28	-----
Caldwell.....	16	-----
Callahan.....	9	-----
Cameron.....	14	-----
Camp.....	24	-----
Carson.....	3	-----
Cass.....	18	-----
Cherokee.....	11	-----
Childress.....	7	-----
Cochran.....	18	-----
Coke.....	8	-----
Comanche.....	10	-----
Cooke.....	11	-----
Cottle.....	24	-----
Crosby.....	6	-----
Culberson.....	-----	15
Dallam.....	6	-----
Dallas.....	12	-----
Dawson.....	16	-----
Delta.....	15	-----
De Witt.....	16	-----
Dickens.....	19	-----
Dimmitt.....	30	-----
Duval.....	51	-----
Eastland.....	11	-----
El Paso.....	-----	13
Falls.....	17	-----
Fannin.....	21	-----
Fayette.....	9	-----
Fisher.....	10	-----
Floyd.....	10	-----
Foard.....	12	-----
Franklin.....	15	-----
Freestone.....	19	-----
Frio.....	32	-----
Galveston.....	10	-----
Goliad.....	34	-----
Gonzales.....	20	-----
Grimes.....	25	-----
Grayson.....	-----	-----
Denison (City).....	(1)	-----
Guadalupe.....	8	-----
Hale.....	13	-----
Hamilton.....	5	-----
Hardeman.....	13	-----
Hardin.....	19	-----
Harris.....	10	-----
Haskell.....	14	-----

EXHIBIT 2—Continued

EXHIBIT 2—Continued

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

[In percent]

State/Adm. unit	Commodity distribution	Food stamp
TEXAS—Continued		
Hays	19	
Hemphill	7	
Henderson	8	
Hidalgo	17	
Hills	13	
Hockley	10	
Houston	20	
Howard	9	
Hudspeth		17
Hutchison	23	
Irion	22	
Jackson	8	
Jasper	20	
Jeff Davis		16
Jefferson	11	
Jim Hogg	58	
Jim Wells	25	
Jones	18	
Karnes	41	
Kent	18	
Kinney	55	
Kleberg	21	
Know	15	
Lamb	8	
La Salle	45	
Lavaca	11	
Lee	19	
Leon	27	
Liberty	12	
Limestone	19	
Lipscomb	3	
Live Oak	41	
Lubbock	6	
McLennan	6	
Madison	25	
Marion	33	
Martin	7	
Matagorda	17	
Maverick	44	
Madina	16	
Milam	19	
Montague	13	
Moore	4	
Morris	19	
Motley	22	
Nacagdoches	14	
Newton	23	
Nolan	15	
Nueces	8	
Orange	10	
Panola	18	
Pecos		12
Polk	19	
Potter	7	
Presidio		36
Rains	15	
Real	33	
Robertson	41	
Sabine	10	
San Augustine	18	
San Jacinto	39	
San Patricio	27	
Scurry	16	
Shelby	8	
Smith	2	
Starr	67	
Stonewall	18	
Swisher	17	
Tarrant		6
Terrell		6
Terry	5	
Titus	15	
Tom Green	11	
Travis	20	
Trinity	23	
Tyler	14	
Upshur	20	
Val Verde Del Rio (city)	23	
Waller	14	
Walker	38	
Ward	27	
Washington	23	
Webb	40	
Wilbarger	13	
Willacy	39	
Williamson	10	
Wilson	15	
Zapata	57	
Zavala	28	
UTAH		
Beaver		5
Box Elder		5
Cache		3

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

[In percent]

State/Adm. unit	Commodity distribution	Food stamp
UTAH—Continued		
Carbon		10
Daggett		(9)
Davis		11
Duchesne		11
Emery		6
Garfield		8
Grand		11
Iron		6
Juab		4
Kane		2
Millard		2
Morgan		4
Piute		1
Rich		1
Salt Lake		18
San Juan		26
Sanpete		6
Sevier		5
Summit		4
Tooele		4
Uintah		10
Utah		10
Wasatch		6
Washington		4
Wayne		1
Weber		19
VERMONT ⁴		
Addison		(1)
Middlebury ⁴		
Bennington		
Bennington ⁴		(1)
Caledonia		
Morrisville (WD)		(1)
St. Johnsbury (WD)		(1)
Chittendon		
St. Alban's (WD)		(1)
Burlington (WD)		30
Middlebury (WD)		(1)
Morrisville (WD)		(1)
Essex		
Newport (WD)		(1)
St. Johnsbury (WD)		(1)
Franklin		
St. Alban's (WD)		(1)
Grand Isle		
St. Alban's (WD)		(1)
Lamoille		
Morrisville (WD)		(1)
Orange		
Hartford (WD)		(1)
Montpelier (WD)		(1)
St. Johnsbury (WD)		(1)
Orleans		
Newport (WD)		(1)
Rutland		
Rutland (WD)		(1)
Washington		
Montpelier (WD)		(1)
Morrisville (WD)		(1)
St. Johnsbury (WD)		(1)
Windham		
Brattleboro (WD)		(1)
Springfield (WD)		(1)
Windsor		
Hartford (WD)		(1)
Springfield (WD)		(1)
VIRGINIA		
Accomack	7	
Amelia		5
Amherst	11	
Appomattox	17	
Bath	16	
Bland	11	
Brunswick	15	
Buchanan	21	
Buckingham	15	
Caroline		2
Carroll	9	
Charles City		5
Charlotte	9	
Craig	13	
Cumberland	15	
Dickenson		23
Dinwiddie		6
Essex		3
Fairfax		5
Floyd	5	
Fluvanna	18	
Franklin	6	
Giles	18	
Goochland		2

Footnotes at end of table.

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

[In percent]

State/Adm. unit	Commodity distribution	Food stamp
VIRGINIA—Continued		
Grayson		4
Greene	19	
Greenville	16	
Halifax	18	
Highland		1
Isle of Wight	27	
King and Queen	14	
Lee		14
Louisa	11	
Lunenburg	13	
Madison		4
Mecklenburg		1
Middlesex		5
Nansemond	33	
Nelson	12	
Northampton	13	
Northumberland		2
Nottoway	20	
Page	24	
Patrick	4	
Pittsylvania	22	
Powhatan	14	
Prince Edwards	18	
Rappahannock	17	
Richmond	20	
Russell	20	
Scott	16	
Smyth		4
Southampton		9
Surry	15	
Sussex	29	
Tazewell		15
Washington		6
Westmoreland		3
Wise		13
Wythe		2
INDEPENDENT CITIES		
Bristol		16
Chesapeake		13
Danville		7
Fairfax		(1)
Falls Church		(1)
Norfolk		7
Norton		(1)
Roanoke	9	
WASHINGTON		
Adams		35
Asotin		28
Benton		37
Chelan		34
Clallam		31
Clark		24
Columbia		31
Cowlitz		21
Douglas		28
Ferry		19
Franklin		35
Garfield		16
Grant		28
Grays Harbor		49
Island		5
Jefferson		18
King		20
Kitsap		14
Kittitas		18
Klickitat		28
Lewis		21
Lincoln		6
Mason		32
Okanogan		21
Pacific		15
Pand Oreille		18
Pierce		22
San Juan		3
Skagit		32
Skamania		68
Snohomish		23
Spokane		29
Stevens		16
Thurston		20
Wahkiakum		33
Walla Walla		35
Whatcom		20
Whitman		14
Yakima		46
WEST VIRGINIA		
Barbour		18
Berkeley		9
Boone		36
Braxton		23
Brooke		26

EXHIBIT 2—Continued

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969)

(In percent)

State/Adm. unit	Commodity distribution	Food stamp
WEST VIRGINIA—Continued		
Cabell.....		14
Calhoun.....		28
Clay.....		46
Doddridge.....		11
Fayette.....		25
Gilmer.....		23
Grant.....		8
Greenbrier.....		14
Hampshire.....		9
Hancock.....		14
Hardy.....		11
Harrison.....		9
Jackson.....		18
Jefferson.....		9
Kanawha.....		20
Lewis.....		14
Lincoln.....		41
Logan.....		37
McDowell.....		36
Marion.....		10
Marshall.....		14
Mason.....		14
Mercer.....		18
Mineral.....		18
Mingo.....		52
Monongalia.....		8
Monroe.....		15
Morgan.....		6
Nicholas.....		22
Ohio.....		12
Pendleton.....		10
Pleasants.....		14
Pocahontas.....		14
Preston.....		14
Putnam.....		17
Raleigh.....		21
Randolph.....		21
Ritchie.....		11
Roane.....		19
Summers.....		28
Taylor.....		11
Tucker.....		15
Tyler.....		12
Upshur.....		19
Wayne.....		40
Webster.....		38
Wetzel.....		22
Wirt.....		8
Wood.....		10
Wyoming.....		41
WISCONSIN		
Adams.....		11
Ashland.....	29	
Barron.....		6

EXHIBIT 2

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 Census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969—Continued)

(In percent)

State/Admin. unit	Commodity distribution	Food stamp
WISCONSIN—Continued		
Bayfield.....		10
Brown.....	14	
Buffalo.....	11	
Burnett.....		7
Chippewa:		
Arthur (city).....	(1)	
Bloomer (city).....	(1)	
Birch Creek (city).....	(1)	
Cadott (city).....	(1)	
Chippewa Falls (city).....	(1)	
Cleveland (city).....	(1)	
Cornell (city).....	(1)	
Eagle Point (city).....	(1)	
Estella (city).....	(1)	
New Holcombe (city).....	(1)	
New Auburn (city).....	(1)	
Ruby (city).....	(1)	
Sampson (city).....	(1)	
Stanley (city).....	(1)	
Clark.....	8	
Columbia.....		4
Crawford.....		11
Dane.....	16	
Dodge.....	5	
Door.....		4
Douglas.....		24
Duan.....		7
Eau Claire.....		10
Florence.....	40	
Fond du Lac.....	7	
Forest.....		13
Grant.....		6
Green.....		3
Iowa.....		3
Iron.....		6
Jackson.....	16	
Juneau.....	13	
Kenosha.....	32	
Kewaunee.....		3
LaCrosse.....		12
Lafayette.....	14	
Langlade.....		7
Lincoln.....		13
Manitowoc.....	13	
Marathon.....	10	
Marinette.....		11
Marquette.....		4
Menominee.....	85	
Milwaukee.....		25
Monroe.....		7
Oconto.....	11	
Oneida.....		18
Outagamie.....	9	10
Ozaukee.....		8
Pepin.....		10

EXHIBIT 2

TABLE II.—FOOD ASSISTANCE PROGRAMS—NEEDY FAMILY (CD) AND FOOD STAMP PROGRAMS—Continued

Percent of persons participating in county and city administrative units (computation based on: (1) 1960 Census of families with incomes under \$3,000, (2) an average family of 4, and (3) program participation as of February 1969—Continued)

(In percent)

State/Admin. unit	Commodity distribution	Food stamp
WISCONSIN—Continued		
Pierce.....		4
Polk.....	11	
Portage.....	12	
Price.....		8
Racine.....	30	
Richland.....		5
Rock.....	19	
Rusk.....		11
St. Croix.....		4
Sauk.....	7	
Sawyer.....	27	
Shawano.....	9	
Sheboygan.....	7	
Taylor.....	14	
Trempealeau.....		4
Vernon.....		4
Washburn.....	27	
Washington.....	9	
Waukesha.....		9
Waupaca.....	9	
Wausara.....	10	
Winnebago.....	8	
Wood.....	16	
WYOMING		
Albany.....		9
Big Horn.....		16
Campbell.....		6
Carbon.....		16
Converse.....		6
Crook.....		2
Fremont.....		4
Goshen.....		10
Hot Springs.....		3
Johnson.....		6
Laramie.....		34
Lincoln.....		3
Natrona.....		16
Niobrara.....		4
Park.....		9
Platte.....		10
Sheridan.....		8
Sublette.....		4
Sweetwater.....		17
Teton.....		13
Uinta.....		2
Washakie.....		10
Weston.....		11
National average.....	22	16

1 Not available.

2 Included with Billings County.

3 Combined with Uintah.

4 Welfare district.

EXHIBIT 3

STATE-BY-STATE PROFILE OF THE DROP IN PARTICIPATION IN COUNTIES TRANSFERRING FROM COMMODITY DISTRIBUTION PROGRAM TO FOOD STAMP PROGRAM¹

State	Commodity participation just after transfer	Food stamp participation just after transfer	Food stamp participation Jan. 1, 1969	Decline in participation	
				Number	Percent
Total ²	2,783,108	1,478,568	1,698,891	1,084,217	40
Alabama.....	69,562	27,308	28,302	41,260	58
Arkansas.....	118,777	47,630	64,464	54,313	46
California.....	6,196	3,652	8,039	+1,843	(*)
Colorado.....	65,425	25,200	45,135	20,290	31
Connecticut.....	574	21,382	18,104	+17,530	
Georgia.....	31,325	7,316	12,086	19,239	67
Illinois.....	112,394	42,191	43,792	68,602	61
Indiana.....	49,846	22,255	35,162	14,684	29
Iowa.....	43,755	16,832	22,660	21,095	48
Kansas.....	1,820	1,034	763	1,057	58
Kentucky.....	196,083	95,071	119,968	76,115	39
Louisiana.....	113,444	66,336	66,068	47,376	42
Maine.....	1,070	647	2,738	+1,668	
Maryland.....	43,447	31,634	32,339	11,108	26
Massachusetts.....	4,133	4,294	4,134	(*)	
Michigan.....	217,162	113,070	86,925	130,237	60
Minnesota.....	47,265	21,700	27,297	19,968	42
Mississippi.....	295,500	176,415	178,050	117,450	40
Missouri.....	68,106	9,235	21,876	46,230	67
Montana.....	2,768	1,518	1,855	913	33
Nebraska.....	12,872	6,992	8,665	4,207	33
New Jersey.....	5,138	19,856	31,414	+26,276	
New Mexico.....	34,637	18,566	36,043	+1,406	
New York.....	54,569	33,289	36,044	18,525	34
North Carolina.....	19,925	9,909	11,563	8,362	42
North Dakota.....	1,582	1,968	2,127	+545	
Ohio.....	274,053	169,814	216,704	57,349	21
Oregon.....	31,383	9,841	11,703	19,680	63
Pennsylvania.....	416,685	231,241	223,197	193,488	46
Rhode Island.....	4,299	4,591	6,282	+1,983	
South Carolina.....	13,119	7,264	9,671	3,448	26
Tennessee.....	98,412	73,066	72,870	25,542	26
Texas.....	7,844	5,207	7,534	310	4
Utah.....	9,957	4,852	4,786	5,171	52
Vermont.....	2,297	3,679	4,777	+2,480	
Virginia.....	13,838	10,019	6,519	7,319	52
Washington.....	76,028	37,362	60,923	15,105	20
West Virginia.....	198,741	89,851	121,235	77,506	39
Wisconsin.....	13,529	5,551	5,958	7,571	56
Wyoming.....	9,681	5,224	5,253	4,428	45

Footnotes on following page.

¹ Includes only counties transferring during fiscal years 1961-68. Based on participation in food stamp programs on Jan. 1, 1969, as reported by USDA and on USDA publication "Participation in Needy Family Program in Projects Prior to Transfer to Food Stamp Program and Participation in Food Stamp Program" C. & M. S./CFPSS, Dec. 2, 1968. Participation in food stamp program on Jan. 1, 1969 includes only counties which have transferred from the commodity program, thus, it is not equivalent to total participation in the food stamp program. Prepared by the Select Committee on Nutrition and Human Needs.

² These totals vary slightly from totals in USDA table II because cities for which Jan. 1, 1969 participation figures are not available are omitted from this table.

³ See the following table:

	Commodity participation just before transfer	Food stamp participation just after transfer	Food stamp participation Jan. 1, 1969
California:			
Humboldt.....	5,032	1,027	3,539
Modoc.....	282	59	127
Shasta.....	882	2,556	4,373

⁴ This figure is based on the May 1968 participation, not the December 1968 participation as all the others are.

⁵ Returned to commodity program.

TABLE II.—PARTICIPATION IN NEEDY FAMILY PROGRAM FOR PROJECTS BEFORE TRANSFERRING TO FOOD STAMP PROGRAM AND IN FOOD STAMP PROGRAM AFTER TRANSFERRING AND PARTICIPATION IN ALL PROJECTS OF FOOD STAMP PROGRAM,¹ BY MONTH

Transfers from needy family to food stamp					Food stamp, all projects		
Month entered food stamp program	States ²	Counties or cities	Persons participating		States ²	Projects ³	Persons participating
			In needy family prior to transfer	In food stamp after transfer			
Fiscal year 1968:							
July	1	1	517	277	1	1	277
August	1	1	5,187	2,946	2	2	6,452
September	1	1	5,940	3,008	3	3	7,749
October	2	4	41,750	32,025	4	5	35,113
November	1	3	574	21,382	1	2	37,922
January					1	1	1,267
February	2	2	1,069	1,024	3	4	1,631
March	11	26	42,750	32,620	18	72	72,315
April	16	56	85,929	54,539	25	103	94,932
Total	23	94	183,716	147,821	30	193	258,162
Cumulative to date	42	728	2,956,633	1,524,574	443	1,027	2,024,982
Fiscal year 1969:							
July	6	18	38,505		10	57	
August	8	24	54,806		19	83	
September	1	2	494		4	13	
October					1	1	
November	4	6	3,199		6	7	
Total	14	50	97,004		24	161	
Cumulative to date	42	778	3,053,637		443	1,186	
Fiscal year 1961:							
May	1	1	36,673	11,287	1	1	11,287
June	4	4	52,096	33,715	5	5	38,353
Total	5	5	88,769	45,002	6	6	49,640
Fiscal year 1962:							
July	2	2	168,238	91,315	2	2	91,315
Cumulative total	7	7	257,007	136,317	8	8	140,955
Fiscal year 1963:							
October	1	1	32,285	11,500	1	1	11,500
November	3	6	50,106	28,829	4	7	31,372
December	3	3	62,728	29,321	3	3	29,321
January	2	2	79,922	20,239	2	2	20,239
February	1	1	6,536	4,717	1	1	4,717
March	8	10	214,464	91,214	8	10	91,214
April	2	2	18,705	5,163	2	2	5,163
May	2	2	90,544	46,568	2	2	46,568
June	2	5	18,231	8,894	3	6	9,386
Total	16	32	573,521	246,445	18	34	249,480
Cumulative total	19	39	830,528	382,762	21	42	390,435

Transfers from needy family to food stamp					Food stamp, all projects		
Month entered food stamp program	States ²	Counties or cities	Persons participating		States ²	Projects ³	Persons participating
			In needy family prior to transfer	In food stamp after transfer			
Fiscal year 1964:							
September	1	1	3,423	1,264	1	1	1,264
Cumulative total	20	40	833,951	384,026	22	43	391,699
Fiscal year 1965:							
February	3	8	45,980	26,652	3	8	26,652
March	6	12	81,209	40,094	8	19	61,102
April	10	15	101,569	73,400	11	20	156,465
May	5	12	63,201	29,042	7	15	33,587
June	3	3	17,755	7,889	5	5	11,106
Total	17	50	309,714	177,077	21	67	288,912
Cumulative total	27	90	1,143,655	561,103	29	110	680,611
Fiscal year 1966:							
July	5	6	84,444	36,988	5	6	37,240
September	1	2	6,807	5,267	1	2	5,267
October	4	8	43,537	24,321	5	9	29,532
November	12	25	83,854	57,070	18	32	74,119
December	10	21	95,650	45,910	16	32	125,363
January	2	2	35,133	16,422	5	5	30,342
February	1	1	33,926	20,779	4	4	33,825
March	2	4	22,079	7,987	6	9	12,173
April	9	15	53,006	21,746	18	31	55,253
May	14	45	339,356	134,217	16	57	138,012
June	9	28	87,175	36,483	15	28	38,586
Total	24	157	884,967	407,190	37	215	579,712
Cumulative total	33	247	2,028,632	968,293	41	324	1,260,323
Fiscal year 1967:							
July	2	2	7,401	4,518	2	2	4,518
August	1	1	12,984	9,167	1	1	9,167
September	1	3	4,299	4,591	2	4	16,532
October					1	1	117
November	8	38	45,878	25,787	13	62	39,926
December	14	57	100,829	60,163	20	83	79,694
January	17	91	157,256	79,489	18	112	89,291
February	10	47	103,638	64,593	14	56	68,108
March	10	22	79,402	45,445	15	35	59,655
April	14	30	51,548	27,587	17	44	36,830
May	16	49	56,821	26,134	18	60	32,094
June	9	47	124,229	63,465	14	54	70,565
Total	30	387	744,285	410,939	34	514	506,497
Cumulative date	39	634	2,772,917	1,376,753	42	838	1,766,820

¹ Participation in needy family program is the peak of the 3 months prior to entering food stamp program; participation in food stamp program is the peak month nationally in fiscal year.

² States are counted only once in arriving at fiscal year total; also, only once since beginning of food stamp program in arriving at cumulative total.

³ Projects expanding city to county operation or new county joining existing projects are not included as new projects.

⁴ Includes District of Columbia.

⁵ Rice County, Kans., withdrew Apr. 1, 1965.

⁶ Cherokee County, S.C. (reentered July 1, 1968) and Hardeman County, Tenn., withdrew July 1, 1967; Nash County, N.C., withdrew Aug. 1, 1967 (reentered Aug. 1, 1968); Marshall County, Miss., withdrew Dec. 29, 1967.

⁷ Includes District of Columbia; Massachusetts discontinued program when Amherst (city) withdrew July 31, 1968.

⁸ Amherst (city), Mass., withdrew July 31, 1968; Red River, Tex., withdrew Sept. 30, 1968.

Mr. MONDALE. Mr. President, the table to which I have just referred shows that most food-stamp programs are token programs that appear to be—but are not—feeding the poor. Once again Congress would be adopting a program which has the appearance of dealing with a problem but which in fact does not do so.

Now, Mr. President, I am not pointing the finger at other States because we

have the same problems in Minnesota. In looking at the table, I find that, as of a few months ago, there were 12 counties in my State with no food programs—no direct commodity program, no food-stamp program. I appealed to the Governor of my State to help. I asked him to set up a committee. He did not do so. So that the citizens who need food assistance in those counties are still in need.

Mr. President, I ask unanimous con-

sent that my letter of April 21, 1969, to Governor Levander be inserted in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

APRIL 21, 1969.

HON. HAROLD LEVANDER,
Governor, State of Minnesota, State Capitol,
St. Paul, Minn.

DEAR GOVERNOR LEVANDER: During the past several months, the Select Committee on Nu-

trition and Human Needs of the U.S. Senate, assisted by numerous private and public efforts including a survey by the U.S. Department of Public Health, has carefully documented the widespread existence of hunger and malnutrition in this country.

As a Minnesotan who has been privileged to serve on the Committee and participate in this study, I have become increasingly concerned about its implications for our State. While we have not held hearings in Minnesota, authoritative statistical and other printed reports indicate that many of the same patterns of income variation, spotty participation in supplementary food programs, and ineffective delivery of assistance may also be present in Minnesota, where we pride ourselves on the quantity and quality of our food production and our concern for the needy.

THE NATIONAL PICTURE

Much work remains to be done in organizing and evaluating the information we are gathering, but I believe the following observations represent a fair appraisal of what we have established to the satisfaction of a responsible bipartisan cross-section of the Committee:

1. Hunger and malnutrition are far more widespread than any of us have thought. While figures are necessarily speculative at this time, most responsible authorities would now agree that approximately 10 million Americans suffer from some degree of malnutrition.

2. Although there may be pockets of more serious and more concentrated nutritional deprivation, hunger and malnutrition do exist in all parts of the United States and in every State.

3. While programs to avert hunger and malnutrition have expanded in recent years they still fail substantially to meet their goals. To summarize some of the inadequacies of major nutrition programs:

A. Direct commodity food program (DCF)

DCF programs exist in only 1,342 of the nation's 3,098 counties, or just over 43 percent. A county may not participate in both DCF or Food Stamp programs. Foods distributed under DCF programs are inadequate to carry a needy family through the entire month for which they are provided. Eligible foods often do not meet the special requirements of the ill, the young, and those who have special traditional eating patterns.

Food is often available at only one point in a county, requiring as much as \$7.00 to \$8.00 per month for pick-up costs if transportation can be found at all. Some county administrators carry out the program in such a way that they unintentionally or intentionally discriminate against certain recipients or embarrass and harass the poor to the point that they prefer to remain hungry. Outreach workers are rarely available to find those most in need.

B. Food-stamp program (FS)

The FS program is designed to permit a recipient to purchase his own food according to his family's needs, but the bonus value of stamps is usually so meager that a family receiving food stamps, as former Secretary of Agriculture Freeman testified before the committee, may spend more money on food stamps than it previously spent on food and will still spend a greater proportion of its net income for food than will a family of average means.

Since food stamps—except in two counties in South Carolina—are never free, a recipient may find himself unable at a given time to make the full payment for a two-week or one-month supply of food stamps because he simply does not have the cash. Rent, fuel, utilities, costs of going to and from work, and other expenses which require immediate cash payment literally take food from the mouths of his family. Like the DCF program, the FS program will not carry a family

through its food needs for the month even if the initial cash investment can be made. The cash problem may help to explain why, when counties shift from DCF to FS programs, as many as 50 percent of persons who have been receiving commodities do not participate in the Food Stamp program! How do they feed themselves and their families?

Food stamps are available only for foods or food products. While a food stamp purchaser may use his stamps to purchase cake, candy, potato chips, or other "luxury" foods, for example, assistance is not available for the purchase of such basic household needs as soap, detergent, and medicine. The immediate necessity for cash outlay for these items can also cut substantially into funds available for a food stamp payment. In addition, the FS program relies on the family to make purchasing judgments, but nutrition education for the family is usually lacking.

Like the DCF program, the FS program can be and sometimes is administered in a token, conservative or actually insulting and discriminatory way. And outreach workers are rarely available in this program to seek out those most in need.

C. The national school lunch and breakfast programs

Although adequate nutrition is vital to the energy and learning capacity of students, not enough schools participate in the programs—a shocking percentage of the very poorest children cannot participate because of the charges that may be imposed by the school. Estimates indicate that there are approximately 6.6 million school children in the country whose families can be described as poverty-stricken, but only two million of them can participate in school lunch programs. Others may be left out because there are no programs where they live or because their families cannot provide money for lunches. Often these latter children sit next to friends and higher-income families who enjoy hot, nutritious, government-subsidized lunches while poor children have little for lunch except humiliation.

The School Breakfast Program suffers the same inadequacies, besides being so new that it can be found only in a small number of schools. I have been appalled to find how many children come to school without breakfast, jeopardizing both their health and their ability to learn. In Florida alone, it is reliably estimated that 85 thousand school children arrive at school each morning without breakfast.

Like other programs for the poor, the National School Lunch and Breakfast programs are often least available to those who need them most. The poorest school districts have the least financial resources for school cafeteria facilities and operational costs, and they are also the least able to provide reduced-price or free meals for those who must go hungry without that help.

4. Inadequate as these programs are, they do exist; but there is no program to deal even remotely with the critical nutrition needs of infants from the period before birth until they reach school age. Pediatricians have pleaded eloquently before the Committee for national recognition of the disaster—mental as well as physical—which befalls undernourished infants. Besides the dangers of permanent physical impairment and increased susceptibility to illness which malnutrition brings during the pre-school period, a child's capacity to learn may be seriously and permanently damaged by undernourishment. Most of a human being's mental capacity develops in the pre-school years. A mind crippled by malnutrition cannot later be restored to full capacity. In fact, malnutrition may be one of the key reasons that infant mortality, premature birth, and physical and mental subnormality are found in such shocking percentages among the

very poor. We now know that kwashiorkor, pellagra, marasmus, and rickets, all diseases of malnutrition, are serious problems in this country. Dr. Charles Lowe, chairman of the Committee on Nutrition of the American Academy of Pediatrics, was asked before our Committee whether his testimony meant that he thought the problem of hunger and malnutrition was the first factor that must be solved if we are to break the cycle of poverty in America.

"That would be my opinion," Dr. Lowe replied, "not only the first but the most readily approachable."

But we do not have systematic, nationwide programs to attack this basic, approachable problem in the early years of childhood where they are most critical.

5. Those most needing help to obtain good nutrition—infants and children, mothers, the illiterate, the aging, the physically and mentally disabled, the mentally ill, the totally impoverished—are at the same time the most difficult to reach. They suffer, and die, in baffled and heartbreaking silence. They are usually neither seen nor heard. Many live a "shadow life"—not even knowing or understanding their problems, let alone what they might do to solve them. Others, I am convinced—thousands and perhaps millions of them—prefer hunger to the degrading treatment they receive when they seek help. So present programs almost invariably stop at the shoreline of greatest need, by default depriving unreached Americans of their health, their physical and mental abilities, sometimes their chance for pride—even, perhaps their capacity to care for themselves. And what is worse is that this nation is therefore denied the productivity of thousands or millions of Americans crippled to the point of uselessness as producers. We are a nation whose capacity to produce nutritious foods is world-renowned; pervasive hunger and malnutrition is our national shame.

MINNESOTA

Hunger in Minnesota is as difficult to measure precisely as hunger in the nation as a whole, but some of the same general measures make it possible to judge that a problem does exist in our State.

A new Bureau of Labor Statistics study concludes that an urban family of four must receive a gross income of \$6,000 a year to feed its members properly and still meet other minimum expenses. A comparable rural family, the Bureau estimates, must receive a gross income of \$5,000 to \$5,500 per year. Even then, according to the study, only one-fourth of persons living on those incomes actually obtain adequate diets.

Assuming the Bureau's estimates are reasonable, surely families of four anywhere in Minnesota who receive \$3,000 or less in gross income per year must suffer some degree of nutritional deprivation. In Minnesota an estimated 600,000 persons live in such families, while only about 73,000 Minnesotans are currently participating in either the Direct Commodity Food Program or the Food Stamp program, according to current Department of Agriculture figures.

For some of the more than 500,000 Minnesotans whose family income is below \$3,000 but who are not receiving food supplements through either program, the National School Lunch program may be providing some help for the children. But 170,000 elementary and secondary school children in Minnesota attend the 1,454 schools of the 3,299 schools in our state where the program is not available, and the children from poor families among them obviously have no opportunity to receive these benefits. Furthermore, of the 507,000 children who do participate in the National School Lunch Program in Minnesota, the percentage receiving free meals was only 2.7 per cent during the past fiscal year. This compares with a national average of 12 per cent of children in the

program who received free meals during the same period. It is impossible to know how many undernourished children remain hungry in Minnesota despite the National School Lunch Program, but it is fair to speculate on the basis of the available information that many Minnesota children from needy families, like similar children throughout the nation, are being missed by this program.

School Breakfast Programs in Minnesota, as elsewhere in the Nation, are pitifully inadequate. During fiscal 1968 only 18 schools served 3,426 Minnesota children. If Florida estimates 85,000 breakfast-less children, how many do we have in Minnesota?

The general nutritional situation can be looked at in another way. Every person receiving welfare assistance is eligible automatically for food assistance. But even if *all* of the persons presently receiving help from either the Direct Commodity Food program or the Food Stamp program in Minnesota were assumed to be welfare recipients (and they almost certainly are not all welfare recipients) these programs would be reaching only slightly more than half of the 144,000 persons receiving welfare assistance in Minnesota in November 1968.

Furthermore, some of the same administrative problems evident in these food programs nationally are probably present in Minnesota as well. I should expect that there would be less tokenism and harassment in Minnesota than in most states, but it is true that some Minnesota counties distribute as few as 15 of the 22 Commodity Food items available and that none of the Minnesota counties have more than one distribution point for commodities. As we would expect in Minnesota, there are some impressive volunteer efforts to make up for this deficiency, most notably in Pope, Douglas, and Lyon counties, according to the U.S. Department of Agriculture.

These are the basic questions:

How many of the 170,000 Minnesota school children in schools which do not have School Lunch Programs are undernourished?

How many of the 507,000 school children participating in the School Lunch Program should be receiving free lunches but are not? How many of the 360,000 children who are not receiving lunches in schools which *have* the program should be participating, probably through free lunches?

How many eligible welfare recipients are not receiving food supplements of any kind?

How many eligible families do not participate in food supplement programs because of administrative or information problems, or because the counties in which they live do not have any program at all?

Tragically, we do not know the answers to these questions. But we should know them, so that we can deal with the problems they reflect, and I hope we will find them out.

SUPPLEMENTAL FOOD AND EMERGENCY SERVICES PROGRAMS

In addition, other special federal nutritional programs could be more widely used in Minnesota.

One such program is USDA's new Supplemental Food program under which doctors are permitted to prescribe food for mothers and young children whom they diagnose as suffering from malnutrition. This program is aimed directly at those most susceptible to the crippling effects of malnutrition, and it should be adopted as widely as possible in Minnesota.

Another program which might be expanded in Minnesota is the Emergency Food and Medical Services program of the Office of Economic Opportunity. Under this program outreach workers tour areas with substantial poverty-stricken populations, informing eligible residents of the help available to them, offering information on proper nutritional practices, and providing direct aid in cases of severe need. Recently I was able to help

establish one such program on the Leech Lake Indian Reservation, and we certainly should have others.

A NUTRITION SURVEY FOR MINNESOTA

I have gone on at some length to sketch the character of nutritional problems and program deficiencies at the state and national levels. Regrettably, we must speculate on the basis of general income figures about the extent and location of the hungry in Minnesota.

To improve the basis of our information, I would be happy to join with you in asking the U.S. Public Health Service to expand its National Nutrition Survey to include Minnesota. As an alternative, Minnesota, like New York, might enlist the expert nutritionists available within the State in a comprehensive nutrition survey of its own. If we are to deal with malnutrition effectively in Minnesota, we will need expert assistance to identify its specific locations, its magnitude, and the measures which might be taken to alleviate it.

Since it is unlikely, however, that such a survey would come quickly enough or be state-wide in its application, I urge you to establish quickly a State Commission on Human Nutrition to examine all aspects of the problem of malnutrition in Minnesota. This Committee might be composed of federal, state, and local representatives of such programs as the Direct Commodity Food program, the Food Stamp Program, the School Lunch and Breakfast programs, the OEO's Emergency Food and Medical Services Program, and USDA's new Supplemental Food Program. It could also usefully draw on the expert knowledge available at our universities and the practical knowledge possessed by the food industry in Minnesota. It should include welfare officers, Public Health specialists, and a wide range of interested and knowledgeable citizens.

I would hope that the Commission could begin work immediately so that, if possible, it could present this session of the legislature with proposals to make our State government a full participant in the growing effort to eradicate hunger. The Committee might then continue the preparation of a comprehensive report that details the location and extent of hunger in Minnesota, outlines existing programs for its alleviation, and presents a comprehensive plan to commit all available State resources to a coordinated federal-state-local-private campaign against hunger.

Several states have committed themselves to such efforts. In North Carolina, for example, Governor Moore has made the eradication of hunger the keystone of his administration. Toward this end North Carolina has sponsored a careful study of the nutritional requirements of its citizens; examined the failures of Federal Food programs; called on every State agency with responsibility in the area of nutrition to report on its present efforts and lay plans for expanding these efforts; urged county officials to adopt and encourage participation in existing food programs; convened a state-wide "opportunity group" to coordinate state efforts and to enlist the help of private industry and charitable groups; assisted new nutrition education programs in many counties; and, most important, appropriated state funds to help needy persons, poor counties, and weak school districts to participate in useful, but often too costly, Federal programs.

I note also, in today's newspapers, that Governor Rockefeller has asked the New York State legislature to require that every county participate in the Food Stamp program as soon as adequate Federal funds are available, and to require that counties participate in the Direct Commodity Food program until Food Stamp participation is possible.

We need not imitate the North Carolina or New York efforts, but we should emulate their resolution to act quickly and effectively

at the State level to eradicate hunger. I sincerely hope that you will act now by establishing a Commission on Human Nutrition.

I will enthusiastically support any significant new efforts at the State level and continue my own efforts to improve food assistance programs at the Federal level.

As public officials, we share responsibility for the pitifully inadequate public efforts to meet the needs of the poor and the hungry in America. But assessing blame will not feed anyone. What we must share in the future instead is a firm resolve to move together in a non-partisan attack which will draw all of our resources—local, state, federal, and private—into a united drive against hunger.

I look forward to working with you in this effort.

Sincerely,

WALTER F. MONDALE.

Mr. MONDALE. Mr. President, looking at the Minnesota counties which do participate, one of them delivers food stamps to only 8 percent of those needing them; another to 5 percent; another to 3 percent; many others to 3 percent and 5 percent and other kinds of token percentages.

I am glad to see that there are a few counties doing better, but the same pattern exists in Minnesota as in other States. It shows that we have only a token food stamp program in this country. We talk about ending hunger but we are not acting to alleviate it.

Mr. President, as we meet here today, there are millions of Americans, of all ages, all races, all beliefs, who are hungry and suffer from malnutrition. We are robbing many of our children of the promise of a decent life because Congresses have not fully met this problem.

Mr. President, now is the time for this Congress to act.

I yield the floor.

Mr. McGOVERN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. PELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PELL. Mr. President, I rise to support the substitute food-stamp bill introduced today by Senator McGOVERN, myself, and other colleagues.

I would like to say at the outset of my comments that the Committee on Agriculture and especially my distinguished colleague from Louisiana, Senator ELLENDER, should be commended for the excellent efforts which they have made, first earlier in this session to increase the 1970 authorization for food stamps to \$750 million and for the many improvements which they have made in the bill recently reported to the floor.

However, in view of the massive national concern for the problem of malnutrition at this time, I think it is extremely important that we do not miss the opportunity to pass a food-stamp bill which would encompass all the improvements needed in the food-stamp program to eliminate malnutrition in this country.

As a member of the Senate Select Committee on Nutrition and Human Needs, I have become extremely sensi-

tive to the suffering and hardship felt by those many Americans who lack an adequate diet.

I believe it would be extremely unfortunate if the Senate would pass a food-stamp bill which would only provide a limited amount of progress toward the elimination of malnutrition in this country; a goal which I believe is shared by all Americans. It is for this reason that I have joined with Senator McGOVERN and other members of the Senate Select Committee on Nutrition and Human Needs in the introduction of a substitute bill which would go that extra mile needed to reach our goal of an adequate diet for all Americans regardless of income.

If we are to span the nutrition gap, then we must build a bridge based on the food stamp program which does not fall short of reaching the goal supported by all Americans—an adequate diet for all.

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the vote on the pending McGovern substitute, and all amendments thereto, occur not later than 3:45 p.m.; in the meantime, the time to be equally divided between the Senator from South Dakota (Mr. McGOVERN) and the Senator from Louisiana (Mr. ELLENDER), the Senator in charge of the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. McGOVERN. Mr. President, at this time I would like to make a minor modification of the pending substitute. I send it to the desk and ask that it be stated.

The PRESIDING OFFICER. Does the Senator wish to modify his amendment?

Mr. McGOVERN. That is correct.

The PRESIDING OFFICER. Without objection, the amendment is modified as the Senator requests.

The modification is on page 7 line 2 of the substitute strike "two-thirds" and insert in lieu thereof "one-half."

Mr. McGOVERN. Mr. President, if I may just have the attention of the Senate, the modification relates to the matter of free food stamps. Instead of making families eligible for free food stamps when they have an income of \$80 a month or less, this is a somewhat more conservative amendment. It would set that figure at approximately \$60. The formula would be one-half the current amount necessary to purchase a nutritionally adequate diet prescribed by the Secretary under section 7(a).

Mr. HOLLAND. Mr. President, I would have no objection.

Mr. McGOVERN. The purpose of that modification is to comply with the request made by the Senator from Virginia (Mr. SPONG), one of the cosponsors of the substitute bill, that would take a somewhat more conservative approach on the matter of free food stamps. Otherwise the substitute bill stands as originally offered.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. ELLENDER. Mr. President, is that time to be taken out of the time of the Senator from South Dakota?

Mr. McGOVERN. Yes, to be taken out of my time.

The PRESIDING OFFICER. The time will be taken out of the time of the Senator from South Dakota.

The bill clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. McGOVERN. Mr. President, I yield such time as required to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, last February 18, I joined with several of my colleagues to support the fight for full funding of the Select Committee on Nutrition and Human Needs. At that time, we were concerned with the need to extend, full blown, the life of that committee, in order to continue to investigate the problems of hunger and malnutrition in our society. Authorization for full funding was approved by this Senate, and the committee has been conducting its very thorough investigation. Under the leadership of Senator McGOVERN, that investigation has produced indisputable evidence of the tragic consequences of hunger and deprivation. The information about poor nutrition and inadequate food, gathered and presented to the American public, leaves no question that this problem is one of the most serious in our society.

Today, we are concerned not with continuing the committee's investigation, although that remains as a yet unfinished task; instead, we are concerned with a proposal to help meet the needs that have already been explicitly documented. The current Federal food stamp program serves only 3.2 million of the currently estimated 25 million poor and 13 million near poor. Combined in these groups, are those people whose incomes place them in substantial danger of being malnourished. Suppose the disbursement to farmers eligible to receive Federal payments for holding the ceiling on their production of food was limited to just a few of the eligible farmers. If that payment were made to farmers on the same limited basis that food stamps are issued to the hungry poor, then 193,000 farmers would have received subsidy payments instead of the 2.3 million farmers who got Government subsidy checks last year. Eligible people who might be able to eat better with Federal food stamps live in every county in the United States. Yet, the stamp program is currently serving only 16 percent of all hungry Americans in the Nation's counties. Imagine, if you will, what it would mean if the Department of Defense provided adequate diets for just 16 percent of the men in every military unit. That could never happen because the DOD does not let itself become embroiled in

debates about the relationship between good nutrition and desired productivity. They know a hungry soldier is not an effective soldier. Only when we are asked to consider food assistance for the poor do we make probing inquiries about the value of an adequate diet. Only then do we make microscopic investigations into the proposed cost of putting enough food into the mouths of the hungry.

Public debates about the country's ability to feed the poor pointlessly end in a wrangle about money, loss of personal incentives and concern over proving the relationship between good nutrition and desired productivity. But in the largest Federal food assistance program administered by the Department of Defense, these irrelevant concerns are never debated. In fiscal year 1970, DOD plans to expend nearly \$4 billion to feed 3.5 million servicemen at an annual rate of considerably over \$1,100 per person. This compares with the administration budget for food assistance for the poor which would allegedly service 8 million poor people at a cost of \$1.226 billion, or an annual rate of \$145 per person. That ratio of nearly 8 to 1 in favor of the armed services can only make the poor firmly convinced that their Government is not fighting the real enemy.

For a family that is poor, the enemy that gnaws away throughout each day of their dreary, hollow existence is their constantly undernourished, anemic diets. Even for those participating in the food stamp program, there is no provision to insure that recipients will enjoy an adequate, healthy diet. They get, instead, the crumbs of a cruelly administered fraud. Our Government has estimated that more than \$3 billion is needed to provide an economy, low-cost diet for all poor families—a diet, that was admittedly designed for emergency situations to meet food needs for a very few days. Yet, the total food benefits planned by the administration for fiscal 1970 fall \$2 billion short of that amount. It falls nearly \$4 billion short of the amount needed to provide a more nutritious low-budget diet which has been prescribed as the absolute minimum a family needs to achieve nutritional adequacy over a period of time.

In other words, we are being woefully unfair and dishonest with the poor, when an admittedly weak program is approved to meet the serious nutritional needs of millions of Americans. We know that the current food stamp program cannot buy enough nutritious food to feed a poor family. Yet, it is the cost of this soup line program which is used to measure the total cost for feeding the hungry. It is astounding that over the years we can continue these pitiful illusions.

If the needs of the war in Vietnam were met in the same way, American life might be considerably different. What would be happening in Vietnam if, when the Pentagon asks for 500 jet fighters, funds are made available to procure only 100?

Dr. Charles Upton Lowe, chairman of the Committee on Nutrition of the American Academy of Pediatrics notes:

We have a reasonable set of figures upon which to estimate the dollar cost of relieving

malnutrition. Food to meet the needs of an adult costs approximately one dollar a day; infants, during the period they are bottle fed, need 36 cents a day for milk. Extrapolating these figures to national need, one can estimate that in addition to the present food programs, we must spend another 3 billion dollars if we are to provide adequate food for all those in America who are now suffering some degree of malnutrition. The cost, although great in dollars, is a small fraction of the gross national product; less than one third of one percent and miniscule compared to the social cost of failure to feed hungry people.

Senator Robert Kennedy's 1967 observations of the seriousness of hunger and malnutrition in Mississippi focused national attention on this problem. His concerns have hastened our consideration of ways to improve the program so that more of the poor, including those with no income at all, can maintain an adequate diet.

Later, that year, Senator Kennedy joined with our very able colleague from New York (Senator JAVITS) to submit the Partnership for Health Amendments of 1967. That provision called for a comprehensive national survey of the incidence and location of serious hunger and malnutrition and related health problems. Since then, the Public Health Service initiated and is conducting the national nutrition survey. Under Dr. Arnold Schaefer's direction, this survey has already verified instances of starvation and neglect.

Because of Robert Kennedy's insistence to highlight the national hunger problem, the celebrated CBS report "Hunger in America" developed a sympathetic stirring for American TV viewers. Perhaps, that documentary has done more than any other single event to awaken the public to this national shame.

Senator McGOVERN's bill is designed to realistically meet the food needs of the poor. By citing only selected features of Senator McGOVERN's proposal, we see that his bill will authorize free food stamps for 5 million poor Americans. They represent the 20 percent of all the poor, whose total income is less than \$1,000 per year. Over 1 million of these very poor have no cash income at all. This is a provision that was offered more than 2 years ago.

In June 1967, Robert Kennedy asked Secretary of Agriculture, Orville Freeman, to issue free food stamps. Senator Kennedy asserted that the minimum payment must be reduced permanently to zero for people who have no income. Today's bill offered by Senator McGOVERN will also provide for an allotment of food stamps that is large enough to buy a nutritious diet. It is not a continuation of the present watered down program that weakly attempts to buy a poor family the skimpy diet designed for emergency use.

And finally, this bill requires the Secretary of Agriculture to operate a food stamp program whenever local officials refuse to recognize and meet the needs of the hungry poor. I am pleased to give my full support to Senator McGOVERN. He has compiled in this bill the provisions that are necessary to begin a sincere attack on hunger induced by poverty.

The PRESIDING OFFICER. Who yields time?

Mr. McGOVERN. Mr. President, I yield myself 1 minute to thank the Senator from Massachusetts for the excellent statement he has made today, for the leadership he has provided the Select Committee on Nutrition and Human Needs, and for the excellent work he has done as Chairman of the Subcommittee on Indian Education which has been looking into the problems of that neglected group of citizens. I appreciate very much the contribution the Senator has made.

Mr. ELLENDER. Mr. President, I yield 5 minutes to the Senator from Vermont.

Mr. AIKEN. Mr. President, I do not think we ought to adopt the proposed amendment as a substitute bill. There are many things that do not fit the situation at all. These are some points which we should consider:

First, rather than allow the elderly to give stamps to nonprofit organizations and commissaries of the Department of Defense, it would be simpler to meet their needs through other programs.

Second, under the substitute simultaneous operation of commodity distribution and food stamp programs must continue until participation of the food stamp program equals the previous participation in the commodity program. Thus, simultaneous operation, with its duplication of effort, could go on for a long time.

Third, the substitute amendment, offered by the Senator from South Dakota and others requires distribution of stamps and collection of charges by the Post Office. Too many persons have had trouble getting mail lately with an overworked Post Office Department, and it does not seem that we should put this additional burden on the Post Office until they are able to handle the excessive work which is already loaded on them.

Fourth, the amendment offered requires establishment of the program in every area after January 1, 1971. Yet, the appropriation authorization for fiscal 1972 is only \$2.5 billion, and heaven knows what little distance that would go if we complied with the rest of the amendment.

Fifth, the amendment authorizes the Secretary of Agriculture to administer the program nationally or in any area through a nonprofit organization. We can see the difficulties which would be encountered in that situation, with the nonprofit organizations all vying with each other to see who would run the food stamp program.

Sixth, the amendment relieves the States of the cost of issuing coupons and collecting charges for food stamps, and this further lessens the State's responsibility in a cooperative program.

I cannot think of any reason in the world why we should vote for the amendment offered by several of our very well-meaning colleagues.

The PRESIDING OFFICER (Mr. GURNEY in the chair). Who yields time?

Mr. McGOVERN. I yield 10 minutes to the senior Senator from New York.

The PRESIDING OFFICER. The Senator has only 6 minutes remaining.

Mr. McGOVERN. I yield 5 minutes to the Senator from New York.

Mr. JAVITS. Mr. President, I think that the argument just made by the Senator from Vermont (Mr. AIKEN) is a very important one. I think the answer to it is that this is an alternate plan for the plan proposed by the Agriculture Committee, dealing with certain fundamental changes which overshadow the particular matters to which my beloved colleague, Senator AIKEN, has called attention—that is, they deal with the question of free food stamps.

The level is now down to \$60 a month. It deals with the adequacy of the stamp allotment which requires \$125 a month for a low-cost food plan, and it makes national eligibility standards and therefore insures that we will not have the situation in which 10 percent of the counties in the country have no plan of any kind. These are critically important things, and I consider also very important the bypassing provision.

I am the ranking minority member of the committee which Senator McGOVERN has so very ably and brilliantly led; and we found county after county in which, no matter what you do whether people are starving or not the county just will not take corrective action. If we are going to be stymied by that, then the United States is not performing its obligation.

Therefore, Mr. President, as the ranking Republican member of the Select Committee on Nutrition and Human Needs, I proudly join in sponsoring the substitute food stamp bill—an urgently needed reform measure to eliminate the intolerable conditions of hunger and malnutrition from our Nation.

I think it significant that nine members of the select committee—on a bipartisan basis—joined in sponsoring the substitute food stamp bill. As members of the select committee, we have—in the course of our 9-month investigation of the extent of hunger in this Nation—witnessed firsthand the evils of malnutrition and the inadequacy of the present food stamp program.

I would like to express pride in the fact that this administration has overcome some of the redtape and bureaucracy which has entangled its predecessors and has brought us from discovery of a national problem to a commitment to take action to deal with malnutrition and hunger.

I also wish to commend the Committee on Agriculture and Forestry, and particularly its chairman, Senator ELLENDER, for acknowledging the need for an expanded stamp program as evidenced by his leadership in the Senate's passage of the \$750,000,000 emergency food stamp authorization several weeks ago.

However, I do not feel that the committee bill goes far enough in providing the expansion and reform in the food stamp program which is so desperately needed. If we are to really get the job done and effect meaningful food stamp reform, then I believe that we must adopt the substitute bill and reject that reported by the Committee on Agriculture and Forestry.

The substitute bill as I have indicated, would provide the needed reforms in the stamp program including free stamps for

families of four whose income is less than \$60 per month; a stamp coupon allotment for families of four at an amount not less than the USDA low-cost food plan of approximately \$125 per month, and national eligibility standards which would allow families of four with income less than \$4,000 per year to participate in the stamp program.

Mr. President, these provisions in the substitute bill are similar to provisions in the food stamp section of my omnibus hunger bill, which I introduced several weeks ago. They were needed then and they are needed now. If we can give away free commodity foods, then we can and should do no less for the neediest recipients of food stamps. I think that free food stamps would go a long way in meeting the food needs of such recipients, whose incomes are less than \$60 a month for a family of four.

Regarding the coupon allotment of approximately \$1,500 per year, we should certainly provide this much food to the very needy in our country. The Department of Labor, Bureau of Labor Statistics estimated that in 1967, the average low-level standard food-at-home budget for a family of four ranged from \$1,433 to \$2,120 in metropolitan-urban areas of the United States and from \$1,369 to \$2,059 in nonmetropolitan areas—population from 2,500 to 50,000. In the Northeastern region of the United States, which includes New York, the range was from \$1,503 to \$2,237.

We should not hesitate to provide eligibility to those households where annual income is under \$4,000—especially since the average low-level standard of total budget expenses for a family of four is \$5,473 in the South alone—if we hope to someday see such families no longer in need for such aid.

The committee has taken a step forward in food stamp reform, but with all due respect to its members who worked so long and hard on writing the bill, we can no longer take steps when we need to take giant strides. The substitute represents the strides that must be taken if we are to help those to whom the doors of economic independence and adequate nutrition have been closed for too long. Let us open those doors, Mr. President. Let us open those doors so that mothers will no longer have to stare at the bloated bellies of their malnourished children and so that empty stomachs will no longer exist as a bar to gaining a full mind for many millions of school children who live in poverty.

Regarding appropriations, Mr. President, the substitute bill would provide \$1.25 billion for fiscal 1970, \$2 billion for 1971 and \$2.5 billion for 1972. Without these funds, we cannot have an expanded and meaningful food stamp program. The very least we can do is to fund the program at a level to solve the problem.

Finally, Mr. President, I view this substitute bill as an important interim measure at least until a comprehensive and adequate welfare reform program is enacted to provide monetary payments at a high enough level to permit food stamps to be discontinued without hardship to recipients. It would be unjust and unfair to phase out food stamps before

adequate welfare reform is enacted. We must meet the need right now, and I believe that the substitute stamp bill will provide the program and funds necessary to accomplish that goal.

In the final analysis, Mr. President, we will be judged morally as a great Nation, not only by our general well-being, but also by how well we provide for those who have too little.

Therefore, we are not doing anything overgenerous in this substitute bill. We are simply recognizing the reality that this country regurgitates when it thinks about the fact that there are many people in this country who are so malnourished that they are on the verge of starvation. Yet, that is the finding of fact that affects 5 million American families.

If our country cannot morally gird itself up to do something remotely adequate about it, it is a pretty sad day. In other words, instead of looking at this through the wrong end of the telescope, at subsidies and particular regulations, remember, the House has not acted, and they can tie up any particular minor detail that we do not cover in this substitute.

We have to look at the fundamental thrust of what has aroused the conscience of this country to an extent greater than did the war on poverty or anything in the welfare field. This is the fact that medical testimony has proven and demonstrated that many Americans—an estimate of 5 million families—are affected by hunger and malnutrition.

The substitute makes minimal provision and it differs from the basic measure before the Senate in the fundamental point—that we will not allow a family to starve because it does not have the money to pay for food stamps, and that we will not allow any political entity, a county or otherwise, to frustrate the conscience of the United States in providing for people who can find no income for food—not to mention other basic necessities of life.

For those reasons, Mr. President, because it settles the basic question of principle in a reasonable and modest way, I hope very much that the Senate will adopt the substitute and do its part to deal with what is a blot on the national escutcheon and an affront to the national conscience that demonstrably, hundreds of thousands of Americans go to bed hungry every night is something which I do not think any American wants to tolerate, however we may differ on any other question.

I thank the Senator for yielding to me.

Mr. ELLENDER. Mr. President, I yield myself 10 minutes.

Mr. President, the substitute means a rewriting of the whole bill. The Committee on Agriculture and Forestry spent 4 days in hearings and 2 or 3 days in marking up the bill. The only opposition was from the Senator from South Dakota. There was some opposition to a provision in the bill relating to granting free stamps to people receiving incomes of less than \$40 or \$60.

But this is a very liberal bill. It is not the same as the law we now have on the statute books, by any means. In this bill, I read from section 3 (a):

The face value of the coupon allotment which State agencies shall be authorized to

issue to any households certified as eligible to participate in the food stamp program shall be in such amount as the Secretary determines to be the cost of a nutritionally adequate diet.

Mr. President, the bill provides \$750 million for fiscal year 1970. The testimony was that the administration could use only \$610 million. Therefore, under the bill we are now considering we are providing \$140 million more than the administration said it could use.

For the second year the administrator would have \$1.5 billion and a carryover of whatever is left from fiscal year 1970. For the third year \$1.5 billion plus whatever is carried over from the two preceding years would be available.

Mr. President, the bill we are now considering is a vast improvement over the law that is now on the statute books. The present law provides that the recipient of stamps shall pay as much cash for stamps as he did pay in the past and, depending on his income, he would receive a small bonus of stamps for that much cash.

Under the old rules and regulations that were made by the Secretary of Agriculture, a person paying as low as \$2 could get stamps in the amount of \$30, \$40, up to \$50; and under this new bill the Secretary could even go further than that.

Under the new bill as well as the present law administration is provided at the local level. In other words, it involves participation by the State, by the county, and the people.

Under the substitute bill, if a county does not join in and ask for the program, the Federal Government could go in and establish a program not administered directly by the Secretary but by some association which he chooses to do the job.

Mr. President, I do not know the implications involved in the substitute we are now considering. We have not had time to consider all of the provisions of the substitute bill. The committee spent much time in producing the bill which was reported. In my humble judgment the substitute would not give to the people the diet that is prescribed in the bill that we have presented to the Senate for the reason that, as the Senator from South Dakota admitted today, the money could be used for other purposes than to buy stamps.

Our bill specifies that the stamps are to be used to provide a diet which the Secretary determines to be a nutritionally adequate diet. That is prescribed in the bill itself.

The substitute provides that the stamps could be used to buy soap—I will refer to the bill for the other language that is contained in the provision.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. ELLENDER. The substitute bill provides:

The term "food" also means such products as the Secretary may determine to be necessary for personal cleanliness, hygiene, and home sanitation.

Mr. AIKEN. That could mean clothing.

Mr. ELLENDER. It could mean clothing. It could mean housing.

Mr. AIKEN. It could mean almost anything pertaining to living quarters.

Mr. ELLENDER. There is no doubt about it.

As I said, Mr. President, the proposals of the Senator would change the bill altogether. On local administration I dare say that this bill would not give to the recipients the stamps necessary to give them an adequate diet. The local administration should be retained, but under the substitute bill it is intended that every county and every parish in the United States shall have a program of food stamps; and, if the locality does not do so, if it does not follow the law in applying for it, then, as I said a while ago the Secretary could employ an association—the Salvation Army or the Black Panthers, or what-have-you—to operate the program in the counties where the local authorities refuse or have reason not to desire to have a program.

One of the most seriously defective sections in the bill is the provision for concurrent operation of the food distribution program, which does not provide an adequate diet, along with the food stamp program, permitting participants to purchase less than that which is allotted as necessary to an adequate diet, and permitting food stamps to be used for a wide variety of nonfood products instead of being used for food.

Now, in order to carry out the program as envisioned by the distinguished Senator from South Dakota it would not require \$2.5 billion but probably \$5 billion per year to operate, and particularly when the bill provides that the moneys can be used for purposes other than food.

The committee felt that the program for food stamps should be relegated to food needs, for the purpose of purchasing food and nothing else.

Mr. President, I am very hopeful that the Senate will not make a snap judgment and vote for this substitute in lieu of the bill reported by the committee with little or no opposition from anyone except, as I said, a few who desire to have free stamps ranging from \$40 to \$60 to low income families.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to the Senator from Vermont.

Mr. AIKEN. Mr. President, I wish to say that we are charged with proceeding at a snail's pace. Now we are raising the appropriation authorization from \$340 million to \$1.5 billion in 2 years and that is a pretty good pace for a snail. It is more than a 400-percent increase.

Mr. ELLENDER. I agree with the Senator.

Mr. HOLLAND. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. Mr. President, I yield such time as he may require to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. HOLLAND. Mr. President, I have not seen a more serious effort to come up with good legislation than that which the Committee on Agriculture and Forestry used in the several days of hearings and the several days of markup which we employed. We came out with a bill which is really revolutionary in the amount of the increase to meet the problems of hunger in this Nation.

The Senator from Vermont (Mr. AIKEN) and the Senator from Louisiana (Mr. ELLENDER) both have stated accurately what happened in committee.

With only the reservation on the part of the Senator from South Dakota that he expected to offer a substitute bill, and the reservations of about four Senators that they wanted to vote for free food stamps for the least able families, there was no division in that committee of 13 Senators on the bill when it was reported.

Mr. President, the first point I want to mention, which has already been mentioned, is the fact that the substitute bill as proposed by the Senator from South Dakota would change the nature of the bill. This is a food stamp bill. I read only these words from the substitute bill:

The term "food" also means such products as the Secretary may determine to be necessary for personal cleanliness, hygiene, and home sanitation.

That means soap, toothpaste, toothbrushes, Lysol, toilet tissue, and any number of other things which we could mention that would be added to the articles which would come within the purview of the bill; that would make it not at all a food stamp bill exclusively.

I hardly need mention the fact that a drive would be made by many industries to get in under the purchases which could be made by food stamps, if this kind of provision were put in the bill.

The second thing I want to mention is the power of the Secretary of Agriculture to override the Governor and the State welfare department that would be given by the substitute bill. It is provided in the bill that, in the event the State welfare department has not managed the program well or does not ask for a program, and the Governor does not ask for a program, the Secretary of Agriculture can, on his own motion, bring food stamps into any county and have the program administered by a nonprofit association or organization of his choice, or by a public organization, if he so chooses.

Mr. President, if that is consonant with our form of government, then I fail to recognize it. It seems to me it seeks to put in the hands of a Federal agency, and in an important officer of the Federal Government, the power to override entirely the will of the local community, and the will of the State, that is directly opposed to the use of this kind of program.

Incidentally, there may be units that want to continue the commodity distribution program, which can be done, even under the committee bill.

The third point I want to mention is the excessive amounts that would be authorized in the bill. The present program for 1969 is \$315 million. The amount authorized for 1970 is \$340 million. The committee bill raises that to \$750 million—that is more than double—and raises that by doubling it to \$1.5 billion for 1971; and for the same amount, \$1.5 billion for 1972. It also provides for a cumulative use of the authorizations and appropriations. So that, as a matter of fact, what is provided is a total authorization of \$3.75 billion for the 3 years covered by the committee bill.

Mr. President, the substitute bill provides, instead, \$5.75 billion, or exactly \$2 billion more for the program in those 3 years, meaning that the judgment of the committee, after hearing all the testimony, is considered to be that far off in its effort to meet the practical problems of expansion of the present existing problems within those 3 years.

I want to give full credit to the Secretary of Agriculture. I think he is quite an humanitarian. He appeared before the committee more than once. We asked him to give us the figures as to what he thought could be spent in the first year, the second year, and the third year. He did so, and Senators will find the figures on page 411 of the printed record of the hearings.

The figures are as follows: That in the 1970 year, \$610,000,000 could be spent; that in the 1971 year, \$1,517,000,000 could be spent; that in the 1972 year, \$1,742,000,000 could be spent—meaning that he found, during the 3 years, that \$3,870,000,000, or a little less than that, could be spent by expanding, in every practical way known to him and his staff, this very important program.

Mr. President, I invite attention to the fact that there is only a slender difference between the total for 3 years as stated by the Secretary of Agriculture and what is in the committee bill. It is \$3,750,000,000 in the committee bill. It is \$3,870,000,000 under the testimony of the Secretary of Agriculture.

I say again that I think the Secretary of Agriculture is an humanitarian. He is as good an humanitarian as anyone in this Chamber, including those who press for adoption of the substitute bill. I think he knows a good deal more about administration than they do and can do, when he tells the committee what he told it. I believe that we should listen to him in that regard.

Mr. President, in these days of fiscal difficulty, shall we come in here and say that we want to authorize nearly \$2 billion more than he says can possibly be properly spent in the three years covered by the bill?

The next point I want to make—I am on limited time—is the practical point that I think we will make immensely harder the passage of any appropriate legislation if we adopt the substitute bill.

I remind Senators that several months ago we passed a provision, by special resolution, which we called an emergency resolution, raising the authorization to \$750,000,000 for 1970. We had hoped that it would be promptly handled in the House. It has not been so handled. It is still hanging fire over there.

For us to come up now with this figure, which would jump this year's authorization by half a billion dollars, and the years into the future even more, Mr. President, is just like putting a live match in grass which has been saturated with gasoline. We have no chance to hope for a real peaceful working out of this important program. We have got a limited time to do it in. We are already 3 months up into fiscal 1970, and we just cannot hope for a practical working out of that problem with the other House. They have just as much to say and just as much influence and just as much ob-

ligation in the passage of this measure as have we. I think it would be extremely unwise from the practical standpoint. I am sorry that I cannot feel there is any practicality at all in the substitute provision that is brought here, because I think it offers what amounts to almost a declaration of war with the other committees at the other end of the Capitol that are handling this type of legislation.

It is my very strong hope that the committee bill will prevail. I do not agree with every part of it, but we came out with the best judgment that we could agree on which represented the vast majority feeling of that committee, and when the final vote came, it was a unanimous vote except for the fact that the distinguished Senator from South Dakota reserved the right to offer the substitute bill here on the floor, which this committee had had before it and which the committee had declined to adopt for reasons that we thought were overwhelmingly powerful. We still feel that way. We feel the committee bill is a good job. We hope it will be enacted as reported by the committee.

Mr. ELLENDER. Mr. President, I yield 5 minutes to the Senator from North Dakota (Mr. YOUNG).

Mr. YOUNG of North Dakota. Mr. President, shortly after I came to the U.S. Senate nearly 25 years ago, I became a cosponsor of food stamp legislation with the senior Senator from Vermont (Mr. AIKEN). I have been a cosponsor with him all these years since. I look upon Senator AIKEN as a real authority in this field. He favored this program long before most Members here even thought about it or it became law.

The chairman of the committee, Senator ELLENDER, has given great study to this very worthwhile program.

I think our committee was very liberal in authorizing a vast amount of additional money, probably far more than we should at this time. I do not think doubling the program in 1 year does the program or the recipients of it any good. I think a more moderate expansion would have been far more advisable.

I support the action of the committee and hope the substitute bill does not prevail.

The PRESIDING OFFICER. Who yields time?

Mr. ELLENDER. Mr. President, I yield 2 minutes to the Senator from California (Mr. MURPHY).

Mr. MURPHY. I thank my colleague for yielding.

Mr. President, I would like to ask one question on a point on which the Senator from California is not clear. I was present at the hearings, 2 years ago in Massachusetts which I think possibly began to focus attention generally on this situation. We found a circumstances in one of the Southern States brought on by new legislation, the minimum wage law, as applied to farm labor in which we found there were a number of people in the area who had no work whatsoever, no wages whatsoever, and therefore a very definite and special situation was created where they had absolutely no money to buy stamps.

Under the committee bill, is there a provision, which would make it possible

for the Secretary of Agriculture to approach such a situation as an emergency and, under these provisions, provide food or food stamps free under circumstances in which people need it free, having no money with which to buy the stamps?

Mr. ELLENDER. Mr. President, may I state to my good friend that the law today has a provision which reads as follows:

In areas where a food stamp program is in effect there shall be no distribution of federally owned food to households under the authority of any other law except during emergency situations caused by natural or other disaster as determined by the Secretary.

That still remains the law.

Mr. MURPHY. In other words, the Secretary of Agriculture, the administrator of this particular bill, could declare that there was an emergency, and therefore he would have the power under the bill to provide food or food stamps free?

Mr. ELLENDER. Under the present law.

Mr. MURPHY. I thank my distinguished colleague very much.

The PRESIDING OFFICER. Who yields time?

Mr. ELLENDER. Mr. President, I do not know that anything more can be said than what has already been stated.

There is one point I would like to elaborate a little more than I did a while ago, and it relates to the direct distribution program. The substitute makes it possible for this food program to continue indefinitely if the State pays the cost of administration even though a food stamp program becomes effective.

In my opinion, and as I think all of us know, the direct distribution program has been a failure because there are only 22 different commodities that are now distributed under that program. It is a very limited program.

If that program of free distribution of food is permitted to go on, it will mean the Secretary will be unable to provide for an adequate diet for people. I am sure that, because of the fact that the food is free under the program, many will be tempted to accept the free food rather than obtain stamps with which they can buy any food of their choosing.

That is one point I would like to emphasize.

We do not provide that alternative in the bill. The committee bill provides that in the course of time the Secretary can gradually work the program from a food distributing program to a food stamp program.

Mr. President, I must oppose this substitute amendment. It is not the proper way to legislate. The committee has worked diligently on the committee bill. It analyzed all the proposals that were made on this subject, heard all witnesses that wished to be heard, had the counsel of the Senator from South Dakota, who is a member of the committee, had the technical assistance of experts on this program, and brought out a bill that the Senator from South Dakota recognizes as a major step to meet the problem.

On Monday the Senator had 17 amendments printed. Some are alternative provisions. Probably none of them

are identical to anything in the Senator's bill, S. 2014. Many of them are far reaching and the committee has had little opportunity to look into them from the standpoint of policy. Today we have a complete substitute, which we have had no opportunity to examine. We do not know its full implications.

If it is a compilation of the amendments which were printed and available yesterday, it does some things which I do not believe its author intended. For instance, it would make a millionaire eligible for the program if all his resources were in cash or non-income-producing property. It would repeal the Secretary's authority to limit the issuance of stamps to the amount of funds available for their redemption. It would make certification more cumbersome by requiring an affidavit, and subject the applicant to State criminal laws for any false statements in his affidavit.

The proposals of the Senator from South Dakota would, first, defeat the purpose of the act and perpetuate hunger and malnutrition by offering the commodity distribution program, which does not provide an adequate diet, as an alternative to the food stamp program; permitting participants to purchase less than the allotment necessary to an adequate diet; and permitting food stamps to be used for a wide variety of nonfood products instead of being used for food.

Second, increase Federal expenditures by providing for payment by the Federal, rather than the State government of the cost of stamps for those who cannot afford to pay; providing free stamps for those who can afford to pay—and who are now paying; extending the program to a wide variety of nonfood products; locking into the law a minimum national eligibility standard—\$4,000—which is almost \$700 in excess of what Senator McGOVERN terms at page 26 of the committee report “the minimum national standard that should be set”—\$3,335; inviting fraud by prohibiting the Secretary from looking behind an applicant's affidavit; providing for Federal payment of administrative costs now borne by local governments; providing for complete assumption of local administration by the Federal Government in certain situations; extending the act to foreign and other areas not subject to U.S. tax laws; authorizing expenditures in excess of appropriations; and repealing the Secretary's authority to limit the number of stamps issued to the amount of funds available to redeem them.

Third, make the certification process more cumbersome by requiring an affidavit, in lieu of the present unsworn statement.

Mr. JAVITS. Mr. President, will the Senator yield to me for a question or two?

Mr. ELLENDER. Surely.

Mr. JAVITS. Mr. President, first I would like to reemphasize the cooperation of the Senator from Louisiana (Mr. ELLENDER). He is on the same committee with the Senator from South Dakota (Mr. McGOVERN), and I would not want anything I say to reflect on his approach to the problem and his desire to do everything he can, as a human being, to im-

prove the situation. We may differ as to what ought to be done, its magnitude, and so forth, but as to the question of heart, there is no doubt about the Senator from Louisiana (Mr. ELLENDER). I wanted to reiterate that statement, as has the Senator from South Dakota (Mr. McGOVERN).

I want to ask a question with relation to the question asked by the Senator from California (Mr. MURPHY) about free food distribution. We had a very heated debate with Secretary Freeman because he did not interpret the law to permit distribution of free food stamps. It was only when Secretary Hardin came to office that the law was interpreted to permit distribution of free stamps, and then in a really extreme situation. It remains a rather vexing question. There is no channel in the existing law with respect to the distribution of free food stamps in the manner with which we are concerned in this debate.

Mr. ELLENDER. It is the law, as I just read it. That law has been used, as the Senator has said. It is true there may have been a misinterpretation by Secretary Freeman.

I think the Senator from Florida (Mr. HOLLAND) has something to say about that and has had some experience with it.

Mr. HOLLAND. Mr. President, if the Senator will yield to me, I would like to say this for the record in this matter. Secretary Freeman initiated the program, to assist people in the lower income classes, to help in advising on good quality food that could be bought with food stamps.

When Secretary Hardin came into office, he wanted to try free distribution of food stamps in two counties in South Carolina. He came to me, simply because I am chairman of the Appropriations Subcommittee on Agriculture, as the Senator knows. I told him I thought it should stand on the question of the legal interpretation of his rights under the section 32 law.

The Solicitor of the Department of Agriculture rendered him an opinion stating that in case of an emergency, he could use section 32 funds, if available, for that purpose; and the funds used in the two South Carolina counties where free distribution of food stamps took place on that limited scale came from section 32.

That opinion, I think, still stands, and I am sure that in the event of any grave emergency it would again be invoked. Certainly, as chairman of the subcommittee which I head, I would agree to its being invoked; and I wish to say that both Secretary Freeman, in the instance I mentioned, and Secretary Hardin, in the instance I mentioned—and he also carried on the food stamp assistance program that Secretary Freeman had begun—showed themselves to be real humanitarians; and I have no doubt whatever that any Secretary of Agriculture, in the event of real emergency, would make available funds under section 32 for distribution of free food stamps.

Mr. JAVITS. The Senator is aware, is he not, of the fact that we did have a very heated discussion with Secretary Free-

man about the fact that he did not interpret the law that way? It was not until Secretary Hardin came along that the section was so interpreted by the Department.

The Senator speaks of grave emergencies. Will he not agree that this does not apply, in any national way, to families of extremely limited income, like the \$60 standard contained in the substitute?

Mr. HOLLAND. My feeling is that it would pertain only in case of emergency and the Secretary found, and thought he was justified in finding, that in those two counties in South Carolina, there was an emergency gravely affecting the lives and welfare of human beings.

What later interpretations might be I do not know; but I think it would have to be some sort of emergency. It could be much less than a hurricane-destroyed area, because it was less than that in the areas in question.

The Secretary found that, under section 32, there was authority to dip into section 32 funds in an emergency, even for the payment of that part of the food stamps for each family that otherwise would have to be paid for by them or someone locally.

Mr. PERCY. Mr. President, I deeply appreciate the opportunity to speak on this measure.

This has been a notable year for our country. We have sent three men to the moon, taken a critical look at our tax structure, authorized already nearly \$20 billion for military procurement and will probably have a gross national product in excess of \$295 billion. But in this notable year, we will also have hundreds of thousands of men, women and children who will wake up hungry, remain hungry throughout the day, and lie down at night with their hunger still unrelieved.

As a member of the Senate Select Committee on Nutrition, I have seen the hunger and how they live. I have heard startling testimony about the extent of malnutrition in this country. And I am horrified.

But I have also learned that there is something we in Congress can do to change what I have seen and heard. I am convinced that we can alleviate hunger and its debilitating effects which all too often force people to live in poverty as unproductive members of our society.

We have, in fact, already begun to act through the food stamp and commodity distribution programs which reach approximately 6 million people.

Today we again have the opportunity to attack the problem of hunger by amending the Food Stamp Act. Senator ELLENDER and the members of the Agriculture Committee have provided us with this opportunity by reporting out the food stamp amendments now before us. They are to be commended for grappling with the food stamp program and attempting to correct its deficiencies.

The administration too should be commended for supporting this program and recommending some vital changes in it.

Despite these efforts, however, I feel that additional changes must be made to ensure the efficacy of our food assistance

programs. It is for this reason that I am cosponsoring the substitute food stamp amendment before us today.

This legislation will expand the food stamp program into the 469 counties which currently fail to provide food assistance to some 2 million people. It will, in addition, begin to set national standards of eligibility for participation in the food stamp program. This is the direction in which the President is moving for his family assistance proposal. It is the direction in which we must move if the food stamp program is to reach those most in need of assistance.

Not only will this bill increase eligibility under the Food Stamp Act, it will also increase participation in the program. One of the major reasons the food stamp program in Chicago and elsewhere across the Nation does not reach more people is because the poor cannot afford to participate in it. They simply cannot gather together once a month all the money they need to buy food stamps. Thus, they go hungry.

The variable purchase sections of this legislation will correct this problem. It will permit families to buy a portion of their food stamp allotment at least once a week.

Yet, the acquisition of stamps alone will not necessarily mean that a recipient will have a nutritionally adequate diet. Many of the poor do not know what such a diet entails.

Under the substitute education programs for recipients will be initiated. The administration of a food stamp program will include a nutrition education program to teach families what types of food to buy to insure that they have a balanced diet.

The importance of such a program cannot be overstated. A family that does not know what is nutritional can remain malnourished despite the availability of food stamps.

Finally, this legislation provides for the concurrent distribution of food stamps and commodities during emergencies, during the transition to a food stamp program, and when requested and financed by the State.

Mr. President, the appropriation requested to enact the provisions I have outlined is \$1.25 billion for fiscal 1970. This is far less than the \$2.93 billion the Bureau of the Budget indicated would be needed to eliminate hunger in the Nation this year.

We have a responsibility to make this investment, an obligation to the hungry and to our society to see that all our citizens are fed. I hope that we will accept this responsibility today as we consider amending the Food Stamp Act.

Mr. McGOVERN. Mr. President, in addition to the nine of the 13 members of the Select Committee on Nutrition and Human Needs who cosponsored this amendment in the nature of a substitute, I ask unanimous consent that the names of the Senator from South Carolina (Mr. HOLLINGS), the Senator from Virginia (Mr. SPONGE), the Senator from New York (Mr. GOODELL), the Senator from Alaska (Mr. GRAVEL), the Senator from Connecticut (Mr. RIBICOFF), the Senator from New Mexico (Mr. MONTOYA), the Senator from Oregon (Mr. HATFIELD),

the Senator from Massachusetts (Mr. BROOKE), and the Senator from California (Mr. CRANSTON) be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGOVERN. Mr. President, the bipartisan amendment that is before the Senate is designed to carry out the call that President Nixon and others have made to put an end to hunger in this country once and for all. It is my best judgment that the committee bill, while it is a big improvement over the existing program, will still leave about half of the 15 million hungry people in this country malnourished. It will not reach, in my judgment, more than seven or eight million of those people who can be classified as malnourished.

The substitute provision will reach all 15 million of those people.

The PRESIDING OFFICER. All time has expired.

Mr. SCOTT. Mr. President, I am pleased that the substitute food stamp bill, now before us, includes language similar to my amendment to extend the benefits of the food stamp program to elderly persons now denied eligibility because they lack kitchen facilities, or because they are physically unable to cook for themselves. My amendment proposed that private, nonprofit organizations be authorized to accept food stamps in exchange for cooked meals prepared either for home delivery or for consumption in community dining halls.

Thirty-three Senators joined me as a cosponsor of S. 2470, the bill which I introduced earlier this year, and on which my amendment is based. These distinguished Senators are: Mr. ALLOTT, Mr. BIBLE, Mr. BROOKE, Mr. CHURCH, Mr. CRANSTON, Mr. DODD, Mr. EAGLETON, Mr. FONG, Mr. GURNEY, Mr. HART, Mr. HANSEN, Mr. HARTKE, Mr. HATFIELD, Mr. HOLLINGS, Mr. INOUE, Mr. JAVITS, Mr. KENNEDY, Mr. MAGNUSON, Mr. MONDALE, Mr. MATHIAS, Mr. METCALF, Mr. MOSS, Mr. MURPHY, Mr. NELSON, Mr. PACKWOOD, Mr. PROUTY, Mr. PELL, Mr. RANDOLPH, Mr. SPONG, Mr. SAXBE, Mr. STEVENS, Mr. WILLIAMS of New Jersey, and Mr. YARBOROUGH.

Legislation identical to S. 2470 has been introduced also in the House of Representatives by two of Pennsylvania's able Congressmen, Mr. EDWARD G. BIESTER, JR., and Mr. JOSEPH M. McDADE.

Congress, in approving the Food Stamp Act of 1964, the act which we are today amending, intended to help older citizens with meager incomes to buy more and better food. Under the present law, however, persons who otherwise meet age, residency and income requirements are still not eligible for food stamps if they do not have cooking facilities in their households. If a physical incapacity or chronic illness makes it impossible for persons to shop or prepare food, and if they have no one to do these things for them, these persons, too, are in effect denied the use of food stamps. I see no reason why these citizens, who are often among the most isolated and needy in the community, should be denied the benefits which the Food Stamp Act was enacted to provide.

My proposal would amend the Food Stamp Act to meet this problem. It would authorize the Secretary of Agriculture, under regulations carefully prescribed and administered by him, to designate specific church and other nonprofit organizations of a bona fide charitable nature to accept food stamps in exchange for prepared meals. Although the redemption of these stamps would assist eligible groups in the purchase of food, the stamps themselves would be issued only to individuals, who would be the direct beneficiaries of this amendment. This, I believe, is fully in keeping with the congressional intent behind the Food Stamp Act. Moreover, by engaging the cooperation of nonprofit, charitable organizations, my proposal would be in keeping also with the current focus of relying more heavily on private initiative for solutions to pressing national problems, of which one, certainly, is hunger.

Today, in 27 States across America, more than 75 charitable organizations are taking one approach to the alleviation of hunger through programs which offer prepared meals to "shut-ins" and other elderly persons who are unable to cook for themselves and who, in the absence of this assistance, might otherwise face the dismal prospect of institutionalization. These programs, relying heavily on voluntary effort, are aimed at an element of the hunger problem which, though less noticed, is nevertheless significant and fully worthy of attention and corrective action.

It was through one such effort in my Commonwealth of Pennsylvania that I first learned of the need for the amendment which I am proposing today. The meals on wheels program, operated by the Lutheran Service Society of western Pennsylvania, currently provides such service to Pittsburgh's Northside, a section in which an unusually large number of persons live in rooming houses. A well-balanced nutritious diet is offered through two meals a day served five times weekly. Despite the extensive use of volunteers, however, food and other costs have limited the number of elderly who can be reached by this program so far to only about 50. Estimates indicate that in this one area alone, several thousand needy persons might potentially be served. My amendment is designed to encourage and make possible the expansion of just such efforts, not only for Pittsburgh, but for the many communities and cities throughout the Nation where a similar situation and need exist.

It is an irony, in these times of unprecedented economic achievement, that the basic goal of enough to eat still remains, for too many Americans, a promise rather than reality. As a Nation, we have become increasingly aware of the need to strengthen our food assistance programs to assure access to a proper diet for persons living on poverty level incomes and below. This administration has announced its intention to make the food stamp program a more effective vehicle for this purpose. Yet, without the changes proposed in my amendment, some of our most needy older citizens will remain disenfranchised from food stamp benefits.

Mr. President, the Senate Agriculture and Forestry Committee held extensive hearings before reporting its bill. This legislation, while extending and expanding the food stamp program, still failed to deal with the problem which my amendment is intended to resolve. The committee's bill still failed to provide a change of eligibility needed to enable the poor, who otherwise qualify, but who cannot cook for themselves because of physical disability or a lack of kitchen facilities, to purchase, and to effectively utilize, food stamps. This is the purpose of my amendment.

Some may question the effects of the administration's sweeping welfare proposals on the need for my amendment. The President intends his welfare program, and the food stamp program, to complement each other—at least for the time being. The administration's welfare proposals deal in no way, however, with a change in food stamp eligibility. Moreover, the \$65 minimum Federal monthly payment envisioned by the administration's welfare plan, with State supplement, will presumably be used by recipients to pay their total living costs. It will provide that much more security for those individuals who can reduce the portion of this payment allocated for food costs through the purchase of food stamps. Finally, the administration's welfare package is complex, making final congressional action this year doubtful. My amendment, by contrast, provides a simple approach, immediately, to the problem of hunger among the special group of elderly citizens which this proposal is designed to reach.

I recognize, too, that my amendment may be questioned in the light of the Older Americans Act. Title IV of this act authorizes Federal grants to State or State-approved agencies which may be used for demonstration or pilot food service programs to provide meals either for home delivery or for consumption in community dining halls. The use of title IV grants for this purpose, however, is limited generally to the payment of administrative and research costs in connection with these programs. This means that those persons, to whom these meals are offered, are still expected to pay for the cost of the food which goes into the meals which they consume. Even if title IV funding were to be increased dramatically, this would only enhance the ability of organizations to provide food services, without in any way increasing the ability of individual recipients to pay for their meals. I stress, Mr. President, that title IV of the Older Americans Act deals in this area primarily with administrative and research costs. In this, it differs markedly from my amendment, which addresses itself to the problem older citizens face as individuals in attempting to pay for the cost of meals obtained from nonprofit sources.

Many elderly persons, who are physically fit but who do not have kitchen facilities, would find their lives more rewarding if the use of food stamps were to make it possible for them to join others in community dining halls. This is true also for those elderly, physically handicapped and chronically ill persons

who otherwise could not afford them, but who could obtain home-delivered meals from religious and other nonprofit voluntary sources if authorized to use food stamps for this purpose. Too often the alternative, documented in hearings this year before the Select Committee on Nutrition and Human Needs, is hunger and malnutrition.

Mr. President, I remain convinced that my amendment is needed as an addition to the food stamp program in order to bring the Federal Government and many communities together in a further common effort to erase the problem of hunger among the elderly. I urge its favorable consideration.

SUPPORT FOR AN ADEQUATE FOOD STAMP PROGRAM

Mr. YARBOROUGH. Mr. President, I rise to support the McGovern substitute to S. 2547. The Select Committee on Nutrition and Human Needs, of which I am a member, has uncovered many inadequacies in the food stamp program, inadequacies which I feel these amendments remedy.

First, income eligibility standards would be no lower than three times the cost of the Department of Agriculture's low-cost food plan. This standard would have to be revised annually to reflect increases in food prices.

Second, the total coupon allotment would equal the USDA low-cost food plan in value. These provisions would guarantee an adequate diet for food stamp recipients—a goal not being achieved under the present program.

Third, the amendment provides for free food stamps for families of four, earning less than \$1,000 annually. This provision would make food stamps available to those who cannot now afford to purchase them. Furthermore, the amendment would require families to spend more than 25 percent of their total income on food stamps.

But the most vital provision in this bill is the one which authorizes the Secretary of Agriculture to operate a food stamp program directly or through any public or private agency when no food stamp program exist where one is needed, where no program exists at all by January 1, 1971, or where fewer than half of the poor in an area participate in a food stamp program. One of the most shocking inadequacies in the present program is the inability of the Federal Government to make food stamps available anywhere a clear need for them exists. It is simply inconceivable not to provide food stamps for all Americans that need them.

Mr. President, as a member of the Select Committee on Nutrition and Human Needs and as chairman of the Health Subcommittee of the Labor and Public Welfare Committee, I have seen the horrible damage which hunger and malnutrition can do. In adults, hunger and malnutrition sap the body and breaks the spirit. They rob men of energy and of initiative. They reduce the ability of the body to resist disease.

But the most sickening effect of an inadequate diet are found in children. Hungry and undernourished children suffer from all of the ill effects found in

hungry or undernourished adults. But hungry children are doubly afflicted, for hungry children cannot learn. Thus, when we condemn a child to hungry because we fail to assure that he has an adequate diet, we also condemn him to lag behind the other children because he cannot learn as well as they can.

The hearings held before the Select Committee on Nutrition and Human Needs have shown that 90 percent of the potential intellectual development of a person is fixed and determined by the time he reaches 4 years of age, and that malnutrition during the first 4 years of life of a child means that the child will be mentally retarded or a slow learner. A child malnourished during the first 4 years is mentally malnourished all the rest of his life, regardless of the diet he receives during later years.

I submit, Mr. President, that we, in this Senate, in this Nation, cannot go on record as being willing to do anything less than provide food for every American who needs it. Will we have it said of us that we were the generation that placed an American on the moon, we were the generation which achieved an undreamed-of level of technology here on earth and that we failed to feed its own fellow citizens? I think not, Mr. President. I urge adoption of this substitute.

Mr. McGOVERN. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. All time having expired, the question is on agreeing to the amendment, in the nature of a substitute, of the Senator from South Dakota.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. On this vote I have a pair with the Senator from Iowa (Mr. HUGHES). If he were present and voting, he would vote "yea"; if I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

The rolleall was concluded.

Mr. KENNEDY. I announce that the Senator from Washington, Mr. MAGNUSON is absent on official business.

I also announce that the Senator from Tennessee (Mr. GORE), the Senator from Mississippi (Mr. EASTLAND), the Senator from Iowa (Mr. HUGHES), the Senator from Wyoming (Mr. McGEE) are necessarily absent.

I further announce that, if present and voting, the Senator from Tennessee (Mr. GORE), the Senator from Washington (Mr. MAGNUSON), and the Senator from Wyoming (Mr. McGEE) would each vote "yea."

I further announce that, if present and voting, the Senator from Mississippi (Mr. EASTLAND) would vote "nay."

The result was announced—yeas 54, nays 40, as follows:

[No. 98 Leg.]

YEAS—54

Anderson	Church	Goodell
Baker	Cook	Gravel
Bayh	Cooper	Harris
Brooke	Cranston	Hart
Burdick	Dodd	Hartke
Byrd, W. Va.	Eagleton	Hatfield
Case	Fulbright	Hollings

Inouye
Jackson
Javits
Kennedy
Mansfield
Mathias
McCarthy
McGovern
McIntyre
Metcalf
Mondale

Montoya
Moss
Muskie
Nelson
Packwood
Pastore
Pell
Percy
Proxmire
Randolph
Ribicoff

Saxbe
Schweiker
Scott
Smith, III.
Spong
Stevens
Symington
Tydings
Williams, N.J.
Yarborough
Young, Ohio

NAYS—40

Aiken
Allen
Allott
Bellmon
Bennett
Bible
Boggs
Byrd, Va.
Cannon
Cotton
Curtis
Dole
Dominick
Ellender

Ervin
Fannin
Fong
Goldwater
Griffin
Gurney
Hansen
Holland
Hruska
Jordan, N.C.
Jordan, Idaho
McClellan
Miller
Mundt

Murphy
Pearson
Prouty
Russell
Smith, Maine
Sparkman
Stennis
Talmadge
Thurmond
Tower
Williams, Del.
Young, N. Dak.

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Long, against.

NOT VOTING—5

Eastland
Gore

Hughes
Magnuson

McGee

So Mr. McGOVERN's amendment in the nature of a substitute was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the substitute amendment was agreed to.

Mr. McGOVERN. I move to lay the motion on the table.

The motion to lay on the table was agreed to.

ANNOUNCEMENT OF ELECTION OF MINORITY LEADER AND MINORITY WHIP

Mrs. SMITH of Maine. Mr. President, as chairman of the Republican Senatorial Conference, I wish to announce to the Senate that today the Republican Senatorial Conference elected the senior Senator from Pennsylvania, Senator HUGH SCOTT, as floor leader, and the junior Senator from Michigan, Senator ROBERT GRIFFIN, as whip.

I make this announcement so that there may be official record of the action of the Republican Senatorial Conference.

Mr. HART. Mr. President, will the Senator yield?

Mrs. SMITH of Maine. I yield.

Mr. HART. Mr. President, it is not in bad grace for this expression to come from this side of the aisle. I rise to congratulate my colleague from Michigan, BOB GRIFFIN. Now that his votes are counted, it will do him no damage to say that if I were a Republican and a participant in that caucus, I most certainly would have voted for Bob. [Laughter.]

FOOD STAMP PROGRAM

The Senate resumed the consideration of the bill (S. 2547) to amend the Food Stamp Act of 1964.

Mr. JAVITS. Third reading, Mr. President.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. ELLENDER. I ask for the yeas and nays on the bill.

The yeas and nays were ordered.

Mr. HOLLAND. Mr. President, since I shall vote against the passage of this bill, I want the record to show, rather briefly, some of the reasons why I was opposed to it.

Mr. BYRD of West Virginia. Mr. President, there is not order in the Senate. I ask that all persons not immediately needed on the floor of the Senate be asked to leave the Chamber.

The PRESIDING OFFICER. The Senator is correct. The Senate is not in order. The Sergeant at Arms will clear the Chamber of all unnecessary personnel at this time.

Mr. YOUNG of Ohio. Mr. President, the Senate is not in order. I ask that all attachés be compelled to leave the Chamber immediately. They are overpaid for the work they are supposed to do in their offices, and they are here out of curiosity. I ask that the Sergeant at Arms perform his duties immediately.

The PRESIDING OFFICER. The Sergeant at Arms has been so instructed, and the unauthorized personnel are leaving the Chamber.

Mr. HOLLAND. Mr. President, if any of my distinguished colleagues do not wish to hear my brief remarks, they of course have the privilege of withdrawing from the Chamber; but I hope they will do me the courtesy to listen if they are in the Chamber.

Mr. President, I want to briefly state why I shall vote against this bill, and against what I regard as a very bad bill. The first thing I want to mention is that it raises by \$2 billion over the period of 3 years the expenditures that are allowed in the committee bill, which itself is a very, very liberal bill. In the second place I want the RECORD to show it raises by nearly \$2 billion the amount that the Secretary of Agriculture—whom I regard as not only a fine man but also a great humanitarian—says he can spend, by expanding to the greatest effective limit that he can expand during these 3 years the food stamp program.

This bill would say that the Secretary of Agriculture is wrong, that he can spend much more than he says is the maximum limit, and that he does not know what he is talking about or is not a humanitarian. I think he both knows what he is talking about and that he is a humanitarian. I agree with him implicitly.

The third thing I object to about this bill is the power it would give the Secretary of Agriculture to completely override the preference of the State and the Governor of that State, openly expressed, to continue that State under another program, the commodity food program. This bill would give the Secretary the power to overrule the Governor, to say that the Governor and the other authorities in the State, including the welfare board, do not know anything about the problems of their State, that the Secretary knows more and better, and that he can mandatorily impose food stamp programs in each unit of that State, and can even, as the substitute bill provides, use a nonprofit corporation or association to administer the program within the

State or any unit of the State, thus completely bypassing the legal structure of the State. I do not think that is good government, and I particularly do not think it is good American government.

Mr. President, the next point I wish to make is purely a practical point. More than 2 months ago we passed, as an emergency measure, a resolution raising the authorization for this program for fiscal year 1970 from \$340 million to \$750 million. We a good deal more than doubled it. We put that amount of \$750 million in our appropriation bill because we passed that resolution. That emergency resolution still languishes at the other end of the Capitol in the hands of a committee which has convictions just as we have them here, and which thinks we are going overboard in this matter.

I hope they will overcome their present feelings and will approve that bill. But now to send over to them a bill which raises the authorization for this year from \$340 to \$1,250 million and raises the authorization from the committee bill for the years that are to follow in each case by a large amount, or from \$1.5 billion in 1971 to \$2 billion, and from \$1.5 billion in 1972 to \$2.5 billion, I think brings about an almost intolerable situation for us to work out with the other body.

I am interested in this legislation. I supported it in committee. I thought we were being highly liberal. I approved that liberality when we voted in committee on this bill increasing the appropriation of \$315 million last year, and the authorization for this year of \$340 million to \$750 million, and increasing the authorizations for 1971 and 1972 to \$1.5 billion each year.

I know of no orderly program in the more than 23 years I have been in the Senate which has been able to step up effectively at any such rate as this. I do not believe this program can be stepped up effectively in this period of time at any such rate as that proposed by the substitute. I think the Secretary of Agriculture, who will have the administration of this bill if it is passed, should be listened to by the Senate when he tells us he cannot spend by all means within his control, with good effective management, more than \$610 million this year and more than the other amounts stated by him in the 2 years to follow, bringing the total to a little bit more than the committee bill.

Mr. President, believing this substitute to be a very bad bill; believing also that it brings about a very grave impasse between this body and the other body; recognizing the fact that as wise as the Senate is, it is not the only body to pass on legislation, and that the other body is going to have a say on this matter; and recognizing further that the administration certainly will have a say, when we are going far over the administration request and far over the administrator's limit as to what he says he can spend, I think we are acting unwisely.

Mr. President, therefore, I shall oppose the bill.

Mr. CURTIS. Mr. President, I wish to commend the distinguished Senator from Florida for what he has said.

No man in the country is more dedi-

cated to the task of ending malnutrition in America than the Secretary of Agriculture. No man in America is more qualified to speak on the situation.

The Committee on Agriculture and Forestry held 4 days of hearings on this matter. We were in executive session for a while. The distinguished chairman of the committee, the Senator from Louisiana (Mr. ELLENDER) gave consideration and permitted members to present all the problems that have been raised about this program. If there was a point to be decided, it was decided in favor of generosity and in favor of feeding the hungry.

Here in this one step the authorization for the current fiscal year is raised from \$315 million to \$750 million; and it will go, in the years that follow, to \$1.5 billion.

This is not a miserly approach. The Secretary of Agriculture in addition to being very knowledgeable about this matter, has approached it in a humanitarian way as well as in a sensible way. He is mobilizing the forces of the Department of Agriculture, the Extension Service, and individuals who are well qualified to deal with all aspects of malnutrition.

It is not always a shortage of food; it is a matter of training. All of these aspects are given attention. The committee reported not only a sound bill but also a generous bill.

I call attention to the 12 points enumerated in the committee report. Mr. President, I ask unanimous consent that those 12 points, which appear on pages 1 and 2 of the report, be printed in the RECORD at this point.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

SHORT EXPLANATION

This bill would amend the Food Stamp Act of 1964 to expand the program, simplify participation procedures, correct grievances, assure participants of an adequate diet, reduce coupon costs for the neediest households, and assure all eligible households of the opportunity to participate. It would—

(1) Increase the appropriation authorization from \$315 million in fiscal 1969 to \$750 million in fiscal 1970 and \$1.5 billion in each of the fiscal years 1971 and 1972;

(2) Assure program participants of a nutritionally adequate diet;

(3) Assure all eligible households of the opportunity to participate in the program by requiring the State agency to arrange for payment of the minimum charge, and limiting the maximum charge to 30 percent of household income;

(4) Permit direct administration by the Secretary in local areas where such action is necessary;

(5) Provide for State eligibility standards which take local factors into account, but meet national standards prescribed by the Secretary;

(6) Provide for program information activities to insure participation of eligible households;

(7) Provide a hearing procedure for aggrieved participants;

(8) Permit direct commodity distribution during the transition to a food stamp program;

(9) Simplify certification for certain assistance households;

(10) Provide for issuance of stamps at least twice monthly;

(11) Permit recipients to have the cost of coupons deducted from welfare checks; and
 (12) Provide for an interdepartmental committee to advise the Secretary on food assistance programs.

Mr. CURTIS. Mr. President, I call attention not only to the great increase that we are making in this program but also to other points of explanation. This is to assure a program in which participants will receive a nutritionally adequate diet. It will permit direct administration by the Secretary in local areas where such action is necessary. It meets all the problems. On the problem of having a local governing body which is out of step with what is being done, in certain situations the Secretary can move in. It provides a hearing for an aggrieved party. It simplifies it. Many of these poor people have to buy their stamps once a month. That was difficult to do. It provides that they must be issued at least twice monthly.

Testimony presented before the committee pointed out many things. For instance, welfare recipients sometimes have no means of transportation. It is difficult for them to get to the location where food stamps can be purchased. This is simplifying it so that it can be taken out of their welfare check so they can get all the food money immediately, which is probably the most important.

My point is that this is not only a good bill, it is also a generous bill. To go beyond it, in my opinion, is reckless. It cannot be well administered. It would be better if we returned to the committee bill and operated under that, at least during those months that we know it will be impossible to administer to as many people as are provided for in the bill.

I commend those who supported the committee bill. In doing so, they have done the right thing for all the parties concerned. To go beyond that is to raise false hopes, and deal with the impossible.

Mr. President, I yield the floor.

Mr. TALMADGE. Mr. President, I introduced a food stamp bill which was considered by the Committee on Agriculture and Forestry. Many of the provisions offered in that bill were approved by the committee. I thought the committee was quite generous in increasing the funds authorized from \$315 million last year, to \$750 million this year, and \$1.5 billion next year.

That sum of money, in fact, was more than the Secretary of Agriculture stated he could administer. I thought the bill that the committee brought forth was quite generous. It had the support of every member of the Agriculture and Forestry Committee, except one. That was the Senator from South Dakota (Mr. McGOVERN).

I want to compliment and commend the Senator from South Dakota for the fine work he has done in this field. His Select Committee on Nutrition, in my judgment, has awakened the conscience of the country to the fact that we do have the problem of malnutrition in this country, and that a good deal of it is attributable to poverty.

The McGovern committee, in my judgment, served its purpose in awakening the legislative committee that had juris-

diction to act. It took action, and the action that it took was adequate.

I regret very much that I am unable to support the substitute bill that the Senate has agreed to.

Mr. President, let me tell you some of the reasons why I cannot vote for the bill the Senate has just agreed to.

First. Any applicant can be certified for food stamps merely by going in and signing an affidavit. That is all that is required to enable an applicant to receive food stamps.

Second. Any family of four that earns \$4,000 a year would be eligible for food stamps under the McGovern substitute. This is not the maximum, but the minimum level of eligibility.

Mr. President, let me show what they can buy with some of the food stamps they will receive: Any item that relates to personal cleanliness, hygiene, or home sanitation.

What does that include? That would include such items as brooms, mops, hair shampoos, deodorants, laundry aids, water softeners, and things of that kind.

In my judgment, the Senate has gone much too far. It is my considered opinion that the House committee will not adopt the provisions which we have just agreed to. I think that we would have had some difficulty in getting the House committee to agree to the language of the Senate committee bill, but at least I think we would have gone forward in that direction.

I deeply regret that in pursuing what I think is a worthwhile endeavor, that is, to aid the poor, those who live in poverty, and those who suffer from malnutrition, today, the Senate has established a monster which will attempt to give food to everyone in the country on their word alone—on their affidavit—regardless of their financial circumstances.

I believe that is going too far.

Mr. CURTIS. Mr. President, will the Senator from Georgia yield?

Mr. TALMADGE. I am happy to yield to the Senator from Nebraska.

Mr. CURTIS. I should like to point out, in reference to some of the nonfood items, that there may be situations where poor families should have those purchases, but that would come under the welfare department.

This is a nutrition bill. We should not establish two national welfare departments. This matter should be confined to food because, basically, this is a nutrition bill.

Whatever the needs might be for nonfood items, they should be met in some other manner than through food stamps.

I thank the Senator from Georgia very much for yielding to me.

Mr. TALMADGE. I thank the Senator from Nebraska for his comments.

Mr. AIKEN. Mr. President, will the Senator from Georgia yield?

Mr. TALMADGE. I am very happy to yield to the Senator from Vermont, the ranking minority member on the committee.

Mr. AIKEN. Mr. President, I am really shocked at the vote of the Senate on the McGovern substitute bill. What the Senate has done is to sign a death warrant for the food stamp program, unless it is

reversed in some manner. I do not know that we can do that now, except by returning it to the committee.

I hope that most of those who voted for the substitute bill did not understand the import of what they were doing. I presume that they did not, because they were not in the Chamber when it was being discussed. Let me say this: Thank God I do not want to be President of the United States. That is one thing I want to say. I think I can be rational in talking about this program.

Mr. TALMADGE. Mr. President, I want all Members of the Senate to know that the distinguished Senator from Vermont (Mr. AIKEN) offered the first food stamp bill in the Senate prior to World War II. That is the genesis of the program we are talking about right now.

Mr. AIKEN. Mr. President, I have worked for this program for the past 30 years. It is a good program. Its purpose is good. The purpose of the Committee on Agriculture and Forestry in reporting the bill they did, which provided for a 400-percent increase in the food stamp program, was to report a good bill. That was not a small increase. It was an increase as large as the administrative officers could handle over the next 3 years.

I do not say it is the ultimate, but when they talk about turning the program over to private institutions, turning it over to the Post Office Department, as is provided for in the substitute bill, when they provide for the use of food stamps for purchase of household commodities as well as food, then it can only mean that they merely wish to kill the bill or, perhaps, they want to force the President to veto it. I do not know what was on their minds, but I think we should make a last effort to save the bill.

Therefore, Mr. President, I move to recommit it at this time to the Committee on Agriculture and Forestry, because I am so ashamed of some of it.

Mr. PERCY. Mr. President, I urge the Senate to vote on final passage of the bill; and if there is a motion to recommit, I urge Senators to defeat such a motion.

I feel this is not a generous bill, as has been stated by the Senator from Nebraska. The Bureau of the Budget has made an analysis of what it would cost America to fill the food gap, the hunger gap. As is pointed out in the interim report of the Select Committee on Nutrition and Human Needs, in a footnote on page 23, the Bureau of the Budget has estimated the cost of closing the hunger gap to be \$2.930 billion for fiscal year 1970 based on the economy food plan.

In other words, the \$1.250 billion authorized in the substitute bill is \$1.680 billion short of what the Bureau of the Budget said is needed to feed hungry Americans this year.

When we deal in percentages of increase, that numbers game is a defeating game if we recognize that we started with literally no recognition of what this problem of hunger was.

In my previous comments, I commend the Committee on Agriculture and Forestry for stepping up and facing this

problem, for recommending programs that, a few years ago, would have been utterly impossible. But, even more, I commend my distinguished colleague from South Carolina, who is known as a fiscal conservative but a humanitarian, who went out to the rural areas of his own State and saw with his own eyes the hunger that existed in his State, as exists in other States.

I attended the hearings of the Select Committee on Hunger and Human Needs in the State of Illinois. I am conscious of the fact that we have schoolchildren in Chicago who go to school in the morning so hungry that they cannot think of filling their minds—all they can think about is filling their empty stomachs. But we also have a voluntary program to feed those children. For the first time the city of Chicago and the State legislature have faced up to the fact that we have a disgrace—hunger—amidst the affluence in Illinois.

Why did the committee go to Illinois? We did it because the U.S. Senate had the wisdom to look ahead, to set up a committee, under the chairmanship of the Senator from South Dakota (Mr. McGOVERN), with the Senator from New York (Mr. JAVITS) as the ranking minority member, to determine the need for food that exists in America.

The Senate committee went into several States. We investigated right here in Washington, D.C. Two miles from the Capitol we found hunger.

Mr. President, hunger is the kind of problem that cannot be corrected easily. It is a problem that we cannot correct in the next fiscal budget. We know, from expert testimony, that a malnourished body means an undernourished mind and brain. We know that we cannot ever make up for the damage done to children who are malnourished.

If children are not equipped educationally or mentally to go into labor or work, we can make up for it later by putting them on welfare. We determined, from a careful study, however that the results of malnutrition cannot be as easily compensated for. Therefore the investment now of a few hundred dollars in food for a pregnant mother, for infant children, would mean a saving of thousands of dollars later as an investment in human beings.

In this year, when in the Senate we have already authorized \$20 billion for defense, when we have authorized \$3.750 billion for a space program aimed 10 and 20 years into the future, when the Bureau of the Budget says we need \$2.930 billion to feed hungry Americans, can we say that the program we passed is an overly generous program? I am sorry we felt we could afford only \$1.250 billion this year, but it is a start.

Mr. CURTIS. Mr. President, will the Senator yield for a question?

Mr. PERCY. I am happy to yield for a question.

Mr. CURTIS. Has the Bureau of the Budget made a study of the number of hungry people in the country, and the extent of hunger?

Mr. PERCY. We have only footnoted a section from the report it made, but it has made such an estimate, and the best

estimate it made was that \$2.930 billion is necessary to fill that food gap.

Mr. CURTIS. Has the Bureau used somebody else's figures as to the number of people involved and the amount of the need and merely made a mathematical computation, or has the Bureau of the Budget made a survey of hunger and malnutrition in the country?

Mr. PERCY. I do not think it has made—

Mr. CURTIS. I do not think it has.

Mr. PERCY. It has not made as exhaustive a study as our own Senate committee has made. BOB has been simply able to estimate what the incomes of people are. It can estimate what it costs to live. It can then see the tremendous gap that exists.

The Senate did not establish merely a hunger committee; it set up a Select Committee on Nutrition and Human Needs. Its members stood in shopping centers and watched people use food stamps. Senator McGOVERN and I went to East St. Louis and talked to store owners and asked how the stamps are being used. A store owner said he watched people who are hungry and who need food take money for those stamps and use them for soap, because the people have to have some sense of cleanliness. We know what happens if teeth are not kept clean and if people are not kept clean. We know what happens if people do not try to keep a decent house, if floors and windows are dirty, if they live in pig sties. How can they raise children that way? For that reason members of the cosponsors of the substitute committee insisted that we get into this bill a provision for the purchase of soap, and sanitary products. It was for that reason that we felt strongly about the fact that the Department of Agriculture, which is in charge of helping produce food, should not be the sole decision maker about what the needs of people are.

As a matter of fact, the Department of Agriculture has not been able to look beyond many of the problems it has. When the Nutrition Committee was in Illinois we went into storage houses at the railroad stations to which the Department of Agriculture had delivered commodity food parcels. Once the food reaches these storehouses it becomes the responsibility of the community to deliver. Yet no one seems to care. We have gone into storehouses where the boxes are labeled, "Store only in temperatures 30 to 70 degrees," and stood in temperatures of 105 degrees. I then began to worry about the kind of food the Department of Agriculture was delivering to people.

For those reasons, I commend the administration for concluding that the food stamp program should be shifted to the Department of Health, Education, and Welfare, from the Department of Agriculture.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. PERCY. I am glad to yield.

Mr. JAVITS. Is not what we are witnessing precisely the situation in the country? Yes, this program was started 30 years ago, and I bless the Senator

from Vermont (Mr. AIKEN) for starting it. But is it not a fact that we have just discovered in the last year or year and a half a massive problem, and before that time we had a question as to whether, even in a hunger emergency, the Secretary could allow free food or free food stamps? Therefore, as this question has exploded upon us in all its magnitude, we are trying to meet, to some extent, the problem on the order of magnitude required.

One further question. Is it not a fact that even the order of magnitude that we have adopted in our substitute is not very much different from that which the Committee on Agriculture and Forestry itself has done? It says \$750 million this year; we say \$1.25 billion. Then it goes on with a billion and a half next year and the year after that, and we say \$2 billion and \$2.5 billion.

We are not trying to upset the whole world with revolutionary doctrine. They themselves said that the order of magnitude has to be manifold increased—10 times—and we say the same thing. We may differ with them in degree, but the fundamental principle is that there has been in this country a sudden revulsion against a dreadful situation which assails our sense of morality, and that is what we are trying to respond to with this amendment.

Mr. PERCY. Mr. President, if I may reply to the Senator by using my personal experience as an example. When my late distinguished senior colleague, Senator Dirksen, asked me to go on the Nutrition Committee, I really questioned the need for even establishing it. In fact, many Senators raised this question, because we were given a very small budget to start with, and had to fight for a budget sufficient to at least do a study in four or five States.

If one had asked, 2 years ago, "In the United States of America, are there hungry and malnourished Americans?" 99 percent of the people throughout this country would have said no.

For a very modest sum, a quarter of a million dollars, this committee of the Senate has informed the United States of America about the perilous nature of the problem of hunger we do have. One of the great dissatisfactions that exists in this affluent country is the disparity between the haves and the have-nots; and we are trying, by helping provide the basic needs of life, to close that gap with a humanitarian—but, I think, a sensible and hardheaded—approach.

I simply say this is not overly generous. It is not anything that anyone could feel is a giveaway program. The need must be demonstrated.

Again I commend the administration for looking ahead and saying that ultimately cash is better than stamps. I tend to think so, too. I think the reformed welfare program will be a far better program in the future. But we have not even started to debate that.

The hungry Americans exist today, and we have to take care of them until we can find a better solution than stamps or welfare. I happen to think stamps are degrading. I think one of the reasons people who need and should have

them do not want to apply for them is that they have to stand in line at a grocery store and suffer the shame of paying the bill with stamps. They then also suffer shame of being distinguished, from other Americans. I know the shame people felt during the depression when they were on relief, and that food truck would pull up to their front door. Every neighbor then knew about their poverty.

Mr. President, I feel deeply about the necessity for this bill. I think the committee has done an outstanding job, and I agree with the Senator from New York. The Committee on Agriculture and Forestry has solved the principle. They have recognized the need. We are not talking about the principle now; we are meeting this need.

The cosponsors and supporters of this substitute bill are saying "Now is really the time to step up and meet the problem of hunger." Providing \$1.25 billion for this effort is one of the best investments the Senate of the United States could make in the future citizens of this country. If we can feed millions of Indians—as we have done, generously, year after year after year—how can any of us say to our own taxpayers, our own citizens, "We do not have the money to feed you. We know the need is there. The Bureau of the Budget has certified that the need is there, but we do not have the money to feed you now. Wait until fiscal 1971, fiscal 1972, or fiscal 1973. Tell your children to wait, and then finally we will find the money for food for hungry Americans."

Mr. President, I yield the floor.

Mr. WILLIAMS of Delaware. Mr. President, I ask for the yeas and nays on the pending motion.

The yeas and nays were ordered.

Mr. HOLLINGS. Mr. President, I thank my distinguished colleague for his remarks. I rise in support of the Senator from South Dakota (Mr. McGOVERN) as a cosponsor of his amendment.

I congratulate the committee on its excellent and very deliberate approach to the problem of hunger in America. But it is strikingly strange, and absolutely unacceptable, Mr. President, to have watched the Senate, over the past 2 months, argue at length and finally approve a mistake of \$2 billion on one defense item, a mistake of \$750 million on another defense item, and, by a majority vote, continued to underwrite these same mistakes—and I voted with the majority—and then, all of a sudden, when we come to a difference—and this is a question of the difference between \$750 million and \$1.25 billion, or \$500 million, for the next fiscal year; that is what we are arguing about—a difference for 1971 between \$1.5 billion and \$2 billion and for 1972, a difference between \$1.5 billion and \$2.5 billion, we find, all of a sudden, complete chaos; we have ruined the food stamp program, it ought to be recommitted, the Secretary could not possibly administer a billion dollars.

Yesterday we passed by unanimous consent a bill to provide \$8 billion for a far less serious problem—though it is an important one—housing. We passed an \$8 billion bill without a dissenting vote, in this same Chamber. But here,

when it comes to a difference of \$500 million, there is chaos. It is fearfully stated that even private concerns might get into the program.

Let me tell you about what is going on. Let me tell you about the success of the program. It so happens that the only free food stamp program in America today is in my backyard. We went there in January of this year and there was complete hostility, a complete rebuff, complete lack of local cooperation, and an actual voting down unanimously by the Bar Association of the OEO programs, and by the medical society of the health programs. The OEO program itself was defunct. The local officials were not talking to each other, and things had ground to a halt. Even Joe Fraser, the heavyweight boxing champion, had come down there trying to build day care centers. He put on exhibition boxing matches, and got up enough to start seven. The churches completed two, but five were standing as stark monuments to Federal bureaucracy. Why? Because the Government here in Washington, with everybody talking about ruining the Government, ruining the budget, and ruining the program, said, "Yes, you need \$40,000 to complete five of these day care centers. Senator, we can give you two consultants to study the program for \$20,000 a year, but we cannot give you the \$40,000 to complete the centers."

That was a typical example. Warsaw Island desperately needs fresh water. Some of us are always talking about purchasing soap and detergents with food stamps. They ought to go down and look in our backyards, and they would know what we are talking about. On Warsaw Island, for 7 years they have been trying to get water. They keep putting a request in, and the Federal Government insists on a comprehensive water plan. Well, it is easier to build an ABM or put a man on the moon than to get a comprehensive water plan for a 31-island area with nowhere to look except here in Washington.

That land was distributed to emancipated Negro families in 10-acre plots—10 acres and a mule—and they left it to their descendants, and they left it to theirs. It was their property. But when they applied—those people, living in those shacks—for housing loans, the FHA said they had to get a fee simple title.

It was their property but fee simple title was impossible.

The OEO said, "We will send two lawyers there and let them take on the project and clear up the title as far as they can go, so that it will be acceptable for HEW."

The Bar Association said no. However, the distinguished Senator from South Dakota (Mr. McGOVERN) and I went over to see the Secretary of Agriculture. I want to tell how generous he is. He is far more generous than anyone would say about here.

We have to talk about what the alternative is if we do not have an effective food stamp program.

We met that evening for a couple of hours. One of the Assistant Secretaries said:

Well, Senator HOLLINGS, you have proved your point. You have had the psychologists.

You have had the doctors, you have had the professors from Vanderbilt University and South Carolina, and they have all recommended a nutrition program. Senator McGOVERN and Bill Smith and the local authorities have testified for it. The local black leaders have testified in support of it. That proves that 31 islands need assistance. You need a superintendent, an assistant superintendent, and one truck for each of 5 islands.

That is putting bureaucracy upon bureaucracy.

I told Secretary Hardin:

If you start with that kind of bureaucracy, you will ruin it. It will go into billions of dollars. You need private and local participation, control, and supervision.

I do not care if we put \$10 billion worth of food on Ladies Island in Beaufort County. Once that food is consumed or spoiled, they will still be living in hunger and in filth. They still will not have a house. They still will not have water. And we will still have a problem.

Everyone knows of the great leadership we have given them for 30 years. We have not faced up to the problem. We do not even know what the problem is.

I said:

All I want is free food stamps. Give me the salary of one truck driver and let me do the rest.

The Secretary of Agriculture agreed. He is generous. He was willing to give more. However, this committee asked for less.

Opponents say it sounds like a racket—\$500 million. That is what they say. They say it will ruin the hunger program.

I say that if we do not get the \$500 million, that will ruin it. That is my position. It will ruin it.

The distinguished Senators from South Dakota, Illinois, New York, and other States used our program. It has not been extravagant. It has not been run by wild liberals or harebrains who would put everyone on the food stamp program.

On the contrary, they said, "Let us start it. Let us try it."

I could belabor the Senate with the matter. However, it would take too long. Some day we will detail how the medical society has completely flip-flopped and endorsed the health program.

We are clearing up the title problem. We have got things rolling so that the poor people would not be cheated. And you cannot put that into the law. How would we write it? It has to be done locally.

We had one private merchant in the Beaufort area who volunteered the rolling stock to take food to the outside areas. He actually took orders and delivered it to the people at his own expense, for the information of those who are worried about private participation. That is how the people are getting the food now.

One of the great things we have found is that we need a tremendously vast and enlarged program to get the food stamps to the people. In Beaufort County there were 700 families consisting of 2,700 persons who in January were participating in the program. By May, they had 896 families involving 3,176 people. The food itself in May cost \$43,718. And someone wonders why it has to be half a billion dollars. They think that a mistake can

be made and that we can have inflation as a result. They think that we can do all things of terrible things.

They think that all of a sudden it is a harebrained, ill-conceived, wild idea to provide for the hungry; but it can be done.

We started it with the nutritional program. The Senator from South Dakota was instrumental in the matter of feeding the children under 6 years of age and pregnant mothers.

At the present time we are feeding 2,127 in Beaufort County under that program. And the State health officer, who is the most conservative of conservatives, a graduate of the Medical College of South Carolina and past county health officer, went to all his health officers in the other 48 counties in South Carolina with regard to the matter. Next year in South Carolina if we continue extending the program, which this measure would do, we will feed many thousands.

They say it will involve so much money that the Secretary cannot handle it.

I point out that he can handle \$4 billion for subsidy programs. However, somehow, the provision of a half billion dollars just completely wrecks the program, and he could not accept it if it were extended.

What is the alternative?

As one of my distinguished colleagues was saying the other day, "It is bad to grow old." The other fellow said, "Yes, it is until you think of the alternative."

What is the alternative? Perhaps the Senator from South Carolina and some of our liberal friends will part ways on this one.

Here is the Secretary of Agriculture talking about a new program. He has recommended \$1,600 a year in cash. We would say, "Just sign your name. Don't even sign your name. Get the money."

I hear a lot of objections on the food stamp program. I get letter after letter reading:

DEAR SENATOR: I saw them standing in line getting cigarettes and beer and maraschino cherries for their martinis.

I never heard of such a thing. However, I continue to ask the people in the grocery stores. We have audited the figures. It is on my shoulders and these are the objections we hear. And the grocers say the under the law they cannot get whisky and cigarettes.

The question was and is, "Are we going to get a decent response with respect to the food program, or are we going to get a half-way response?" It was said that it would not solve the problem, and we should give them the cash.

Secretary Hardin and Secretary Finch came to the committee and testified to that effect.

It was said that would not solve the problem, that we should give them the cash.

I do not think we can solve it with cash. That is why I feel so strongly about the food stamp program. It does bring into play local participation. If it were not for the private suppliers, we could not be feeding 2,100 young kids and pregnant mothers in Beaufort County.

I have friends who volunteered to trigger the matter in the private sector and participate in it. That is what we are doing. That is why I am so strong for going at the matter in this particular fashion.

It has been tried in my back yard. It has been proved, and there is no reason whatsoever to say whether it is generous or not generous.

The August figures for participation tapered off. In the summer the number of jobs pick up. People on the food stamp program find jobs. But the Secretary would not have to spend the money.

When the rural people do not have the money to spend to buy food and everything else, the program would then cost more. That is the answer.

The opponents come back and say that the House will not like it. I do not know what they are doing over there. But they had better study the matter.

The opponents say the measure ought to be recommitted.

I feel that we have been diddling and playing with this thing over many years and had never faced up to the problem until Robert Kennedy went into the boondocks and until the Senator from South Dakota took the matter over.

The leadership has come from his committee. This is no time to holler "chaos" and "the end of the world is coming" over the expenditure of \$500 million in the next fiscal year. That is what we were talking about when yesterday we passed \$8 billion unanimously, I was part of that, because I thought the judgment was sound.

You are bound to make mistakes. If this is a half-million-dollar mistake, come back and tell me next year, "Just like you did on military, HOLLINGS, you did it on hunger. We overspent \$5 million." Come back and tell me, and that will be fine; but do not kill a good program.

When the Secretary of Agriculture testified, I am fully of the opinion that he intended his \$1,600 a year to replace the food stamp program completely; and when he and the Secretary of Health, Education, and Welfare testified before this committee, he was actually above \$1,600. He is already up to \$2,300 some odd right now in his approach to the program. And this bill we are debating is far under what the Republican Secretary of Agriculture recommends as of this minute.

Mr. ELLENDER. Mr. President, I regret the action taken by the Senate this afternoon on the pending measure.

I was very much interested in the statement made by my good friend, the Senator from South Carolina. He told us of the fine progress made in two counties. Well, it happened that that fine progress was made under the law that is now on the statute books. And it was a success because of the cooperation at the local level. The people got into the act with the Federal Government.

It has been shown that many States refused to participate in the program. Some said it was not needed, and others based it on the fact that they did not have the funds to carry on the program.

Under the substitute amendment, if a county, a parish, or a neighborhood re-

fuses to have a food stamp program, some association can carry it on in behalf of the Secretary of Agriculture. That will mean this, in my opinion: If States can obtain this program without putting any money into it, that is the way it is going to be handled; because many States today are hard pressed for funds. If they know that there is a law under which this program can be carried out entirely by the Federal Government, they are simply going to get out of the program.

Mr. President, I have been dealing with programs of this kind for quite some time. The distinguished Senator from Georgia (Mr. RUSSELL) and I, back in 1946, fathered the school lunch program, and that program was a great success. And why? Simply because we got the complete cooperation of the people at the local level to carry on such a program. That program involves the expenditure of over \$2.5 billion a year, and the Federal Government puts up approximately 26 percent of it.

Under the substitute that is now before the Senate, if adopted, I would venture to say that if the House goes along, this fine food stamp program will be a welfare program and will be handled entirely by the Federal Government, at the Federal level. That is what is going to happen.

Mr. President, my good friend the Senator from Vermont made the motion to recommit the bill. I would have done it had he not done so. So I want to give notice that, so far as I am concerned, I will vote to recommit this bill, in the hope that we can present the Senate a bill that will be acceptable to the House.

As the Senator from Florida stated earlier, we tried to get the House to go along with an additional authorization of \$750 million instead of the \$340 million. I have tried zealously in the past 4 or 5 weeks to get the House to act on that, and I could not budge them.

My fear is that if this bill goes to the House in its present form, we will have no action on the food stamp bill. I regret that that condition faces us, and it seems to me that we should try to get our heads together.

I presented my side of the argument yesterday for over an hour on the floor, and again today, and I was really surprised—in fact, I was much upset—on this, my 79th birthday, to notice the package I have been given as chairman of that committee.

Mr. HARRIS. Mr. President, I have spoken on this matter in some detail earlier on the Senate floor. I do not want to burden the Record at this time or unduly delay the Senate.

My wife, Mrs. Harris, testified before the Committee on Agriculture and Forestry as a representative of the National Urban Coalition's board and chairman of its committee on health.

That testimony is contained in the hearings now before us.

Suffice it to say at this point, Mr. President, that I feel that the Senate in adoption of the substitute bill earlier this afternoon, took a monumental step forward for the people of this country and particularly for the poor people of this

country. I think that the distinguished Senator from South Dakota (Mr. McGOVERN) and others have performed a service in bringing out the facts about hunger and malnutrition in this country in such a way as to make it impossible for us not to act—a service which will be of tremendous credit to their names and their lives for many, many years to come. I am hopeful that before long the country will adopt a much more realistic and humane income maintenance system and a much more realistic and humane system to guarantee jobs to those who are willing and able to work. In the meantime, the very least we can do is to recognize that the right to be free of hunger and malnutrition, the right to enough to eat, is exactly that—a right of every American citizen; that providing every American with enough to eat is not a matter of charity, the Senate has done a great thing today in the adoption of this substitute. I just hope that the Senate will now reject the motion to recommit the bill. The bill has had sufficient study and sufficient debate. It has had sufficient explanation. Now is the time to reject the motion to recommit, to pass the bill, and to send it on its way to the other body.

Mr. STEVENS. Mr. President, yesterday I submitted an amendment designed to alleviate malnutrition in the rural areas of my State. I find today that the parliamentary situation now is that a motion has been made to recommit the bill and that I am unable to have my amendment considered.

I thought that the manner in which the amendment in the nature of a substitute was offered would have allowed the consideration of other amendments that might have been offered. I discussed my amendment with the chairman on the floor of the Senate yesterday. I testified in support of the bill before the committee.

I cannot understand why the amendment in the nature of a substitute should have been acted on before the other amendments were considered. Therefore, I shall vote to recommit the bill.

Mr. McGOVERN. Mr. President, will the Senator yield?

Mr. STEVENS. I yield.

Mr. McGOVERN. The parliamentary situation did not foreclose the offering of amendments to the amendment in the nature of a substitute.

Mr. STEVENS. It was my understanding that it did.

Mr. McGOVERN. I think the Senator from Alaska has been misinformed, although I bow to the judgment of persons more familiar with the rules than I am. My understanding is that an amendment in the nature of a substitute can itself be amended.

Mr. STEVENS. It is my understanding that amendments could not be offered after the amendment in the nature of a substitute had been agreed to.

As a matter of fact, I voted in favor of the substitute amendment because of the situation that existed. I did agree with a portion of the substitute amendment. But I was late in arriving in the Chamber, and at the time the vote was finished, the Senate went immediately to the third reading, and there was no op-

portunity to offer my amendment. The Senator from Kansas (Mr. DOLE) was in the same situation I was in.

I think the bill should be recommitted. I think we should deal with the chairman of the committee. I think the bill and the substitute should go back to the committee for further review.

Mr. DOLE. Mr. President, I should like to ask the Senator from South Dakota (Mr. McGOVERN) a question with reference to the situation. I point out, as the Senator from Alaska has, that we realized the parliamentary situation. I could have offered my amendment to the amendment in the nature of a substitute, but I was delayed at an election. I lost there, and I suppose I will lose here.

With reference to the use of food stamps for items other than food, does the Senator from South Dakota interpret that to mean the buying of mops, brooms, and the like?

Mr. McGOVERN. That would be in the discretion of the Secretary. But I presume that he would authorize the recipients of food stamps to purchase soap with which to wash their hands, so that they would not become infested with parasites, worms, and bacteria; soap with which to wash the dishes, so that the food that is served on them would be clean.

One of the shocking things that came out before the select committee was the testimony of witnesses in South Carolina, who suggested to the distinguished Senator from South Carolina (Mr. HOLLINGS) the problem of worm infestation. We found in a good many cases that persons who were suffering from inadequate diet were sharing that inadequate diet with worms. The reason for this amendment is to introduce, at what I would assume would be a very modest cost, the right of food stamp recipients to use a small portion of that to purchase soap and other things that would give them the sanitation they require.

Mr. DOLE. Would it include such items of hardware as mops and brooms?

Mr. McGOVERN. I would not anticipate that it would, but it would be entirely up to the Secretary of Agriculture. However, I cannot see him authorizing items which he did not feel were necessary.

Mr. DOLE. With respect to the inclusion of Puerto Rico, the Virgin Islands, Guam, and the Trust Territory of the Pacific Islands, I am wondering about the cost of this addition. What would the additional cost be because of those additions?

Mr. McGOVERN. I would say it could actually result in a reduction in the cost because those areas now have the commodity distribution program. It seems to me more economical and practical to give them food stamps to permit them to make purchases through normal retail channels rather than shipping in commodities, which we are now doing.

Mr. DOLE. Third, do I understand that one of the provisions does provide for current operation of the food stamp program and the commodity program? I have specific reference to this situation. As I understand it, it is practical on Indian reservations because food stamps

take longer than 90 days at times. Does the Senator have a provision to take care of this situation?

Mr. McGOVERN. That is one of the advantages of the substitute bill. It has a provision to permit the Secretary to operate both until such time as the participation in the food stamp program equals what it had heretofore had under the commodity distribution program.

Mr. DOLE. If the State or local community requested a continuation of, let us say, the commodity distribution program while undertaking to implement the food stamp program, would the State or local community pay the cost or the Federal Government?

Mr. McGOVERN. The State and the community would pay the cost if they requested a program under clause 3 of section 4(b) of the Food Stamp Act as it would be amended by my substitute.

Mr. DOLE. I agree with that amendment. As the Senator knows, this was a provision I hoped to offer for the administration. That is contained in the substitute.

Mr. McGOVERN. While I am engaged in colloquy with the Senator I would like to point out to him one of the things that he wanted to accomplish was partially accomplished in that we reduced the level at which families would qualify for free food stamps from approximately \$80 to \$60. We went about halfway in the direction the Senator wanted to go. I believe the substitute bill is now in a form which should be more acceptable to him than when we introduced it.

Mr. DOLE. As the Senator knows, in the Committee on Agriculture and Forestry, there was an effort by some of us to establish the principle of free food stamps.

Mr. McGOVERN. That is correct. I think the Senator from Kansas initiated that effort.

Mr. DOLE. I have never been able to follow the hangup that some have on offering free food stamps. I think the only difference was the change in the Senator's substitute as to where we should draw the line, whether it should be at \$80, \$60, \$50, or the \$40 suggested by the Secretary. I understand the substitute has a cutoff at \$60.

Mr. McGOVERN. The Senator is approximately correct.

Mr. DOLE. Finally, and I think this is contained in the substitute, Is there a provision which provides that the recipient has the right to purchase less than the full amount of the stamps?

Mr. McGOVERN. That is correct.

Mr. DOLE. There is a range in the substitute?

Mr. McGOVERN. Yes.

Mr. DOLE. The need for such a provision has been outlined in the field hearings. Sometimes they do not want to spend all their money at one time for food and it offers them more opportunity.

Mr. McGOVERN. The Senator will recall that a week ago Monday Mr. Hardin, the Secretary of Agriculture, and Mr. Lyng, the Assistant Secretary, testified and recommended the so-called variable purchase principle, and this concept is incorporated in the substitute bill.

Mr. DOLE. By reducing the limitation from \$80 to \$60 what does that do to the overall cost? Would this reduce the initial cost?

Mr. McGOVERN. Yes, it would. It would reduce that cost by approximately one-fourth; the cost of operating that portion of the bill that provides for free food stamps would be reduced by approximately one-fourth.

Mr. DOLE. In other words, for fiscal years 1970, 1971, and 1972 we are talking about, instead of an additional \$2 billion, an additional \$1.5 billion.

Mr. McGOVERN. It would not be that much because it is difficult to forecast how many people would be participating under any provision of the bill.

What I am suggesting is that that cost factor in the bill covers grants in free food stamps to those families on an income of \$80 a month, and when we reduce that figure to \$60 a month obviously cuts are being made in the cost of the program.

Mr. DOLE. With respect to nutritional education in retail stores, I am not sure I understand the full meaning of that provision.

Mr. McGOVERN. That is permissive language, I wish to say to the Senator. It does not require retail stores to carry out nutritional education. If, for example, pamphlet material were available on how to shop wisely, or plan, and diet, and stores that are handling food stamps were willing to do it, this would all be managed under the provisions of the bill when they distribute such information to food stamp recipients.

Mr. DOLE. I thank the Senator from South Dakota. Generally, let me say, most of the amendments in the substitute bill are acceptable. I do not know of any great discussion about them. I think, perhaps, when we come to the limitation, we should know more about the free food stamps, and perhaps about one or two other areas. Perhaps the Senator from Alaska was precluded from offering his amendment, but generally I support the objectives of the substitute bill, particularly the principle with reference to free food stamps, if I could have some assurance that the cost has been reduced by as much as 25 percent.

Mr. McGOVERN. It is in the nature of an estimate. I cannot foretell exactly how many people will sign up for the program, but certainly it will be in that direction.

Mr. DOLE. The Senator from South Carolina (Mr. HOLLINGS) pointed out that certainly the Secretary could spend another half a billion dollars or \$1 billion, whatever the case may be. I was under the impression, from the testimony given in the hearings held before the committee, that perhaps all we can spend in this fiscal year is around \$640 million—between \$500 and \$600 million—because it takes some time to implement the program. I am wondering whether, by authorizing a certain amount, this does not mean we can possibly spend that much money. We are already into the fiscal year. Is there a necessity for going as far as we go in the substitute?

Mr. McGOVERN. I would say to the Senator that I think there is, for the

reasons that were outlined by the Senator from Illinois (Mr. PERCY). He cited the Budget Bureau estimate of around \$2.9 billion that would be needed in fiscal 1970 to take care of all the problems of malnutrition and hunger.

I think the figure of \$1¼ billion is prudent and conservative. As soon as we adopt the formula which provides \$125 a month in food stamps to a family of four, and permits those families with incomes of \$60 a month or less to draw free food stamps, and then incorporate the outreach section that requires the Secretary to get this information out to the country, I think we will find that that \$1¼ billion will be taken up and expended in the food stamp program without any great difficulty. As a matter of fact, I think it is on the conservative side.

Mr. DOLE. I believe that the administration, in all fairness to the Senator's position, did indicate a request for 1971 and 1972 for open ended authorizations. It did not ask for any limit to be placed on either fiscal year.

Mr. McGOVERN. That is, frankly, my preference. I wish we had an open ended authorization. I do not think that anyone can really forecast exactly the level of participation we will get. Of course, if the administration finds, for some reason or other, that it cannot use the funds, there is nothing in the bill which requires it to spend it.

Mr. DOLE. I have been concerned about the possibility or the feasibility of operating a food stamp program in small and sparsely settled counties in Kansas. A great number of the 105 counties in Kansas do not participate in a food stamp program. I have determined and have learned from the Department of Agriculture that they do authorize the counties to be combined for this purpose. Some of the smaller Kansas counties are made up of 2,000 or fewer people—maybe as many as half a dozen families qualify for welfare assistance. So that the only practical way to meet the problem is to consolidate the counties for food stamps or direct commodity programs. It is not practical to begin a food stamp program for five, six, or eight persons. Thus, I have learned that they do have, in some parts of the country, multiple-county food assistance programs. I certainly hope that the Department will continue to urge this in States such as Kansas, the Dakotas, and perhaps other States, where we have as few as 2,000 or 3,000 persons living in one county.

On the basis of the comments of the Senator from South Dakota, it would appear that the objections that some of us had have been met by the substitute bill and, therefore, I shall vote against the motion to recommit.

Mr. AIKEN. Mr. President, let me say that my only reason for moving to recommit the substitute bill was to find out if Members of the Senate really meant what they appeared to mean when they voted for the substitute offered by the Senator from South Dakota.

In my opinion, it will be an emasculation of the food stamp program. As the substitute bill now reads, it is just a plain welfare program, with very little

resemblance to the food stamp program we intended it to be.

That is the reason, Mr. President, I moved to recommit the bill, to find out if Senators really mean to emasculate the food stamp program.

Mr. McGOVERN. Mr. President, one brief comment before this comes to a vote. I do not wish to delay the Senate. I believe that all the arguments which can be made have already been made.

The Senator from Vermont (Mr. AIKEN) raised the question about whether the Senate knew what it was doing when it voted 54 to 40 to approve the substitute provision.

Let me say that what we voted for substantially was a bill which was introduced in the Senate several months ago, was printed at that time in the RECORD with full and complete explanations; there was then introduced a series of amendments on Monday which were printed in the RECORD with a full explanation of every amendment.

The substitute bill had the cosponsorship of nine of the 13 members of the Select Committee on Nutrition and Human Needs. They have been sitting on the subject and holding hearings in all parts of the country for the past 10 months. It had the cosponsorship of two Senators who, I think, have made the most extended tours of their districts; namely, the Senator from South Carolina (Mr. HOLLINGS) and the Senator from Virginia (Mr. SPONG), both of whom took the time to make personal tours of their own districts and go out and look at the problems firsthand.

Let me say to the Senators who are raising questions about whether we knew what we were doing, that most Senators believe that what we are doing is a conservative step. It is not a wild, irresponsible effort.

As has been pointed out by the Senator from Illinois (Mr. PERCY), the Bureau of the Budget has concluded that the cost to this country is 3½ times as much to permit malnutrition to continue as it would cost to end it.

Therefore, I think the time has come to stop the delay and put an end to hunger. We have a bill before us now which has been approved, in the nature of a substitute, and I earnestly hope that the Senate will not knock out that bill and further delay our answer to this all-important problem of hunger.

I urge that the motion to recommit be rejected.

Mr. JAVITS. Mr. President, is it not a fact that after the Senator did his bill, and after I did mine, the Senator made no compromise in order to win myself, the Senator from Kentucky (Mr. COOK), and the Senator from Illinois (Mr. PERCY) to be sponsors—as we are on the committee—but there were further compromises to win the Senator from Virginia (Mr. SPONG) and others over to reducing the \$80 to \$60, and to reduce the appropriations, and otherwise refine the individual elements of the bill.

Mr. McGOVERN. The Senator is absolutely correct. Without that kind of strong bipartisan cooperation, we would not have had the vote we had awhile ago. I hope that by at least as decisive a mar-

gin, the Senate will reject the motion to recommit.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Vermont (Mr. AIKEN) to recommit the bill to committee.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. MANSFIELD (after having voted in the negative). On this vote I have a pair with the Senator from Texas (Mr. TOWER). If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." Therefore, I withdraw my vote.

Mr. KENNEDY. I announce that the Senator from Washington (Mr. MAGNUSON) is absent on official business.

I further announce that the Senator from Tennessee (Mr. GORE) and the Senator from Iowa (Mr. HUGHES) are necessarily absent.

I further announce that, if present and voting, the Senator from Washington (Mr. MAGNUSON), the Senator from Tennessee (Mr. GORE), and the Senator from Iowa (Mr. HUGHES) would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from Texas (Mr. TOWER) is necessarily absent and his pair has been previously announced.

The result was announced—yeas 39, nays 56, as follows:

[No. 99 Leg.]

YEAS—39

Aiken	Ellender	McClellan
Allen	Ervin	Miller
Allott	Fannin	Mundt
Bellmon	Fong	Murphy
Bennett	Goldwater	Prouty
Bible	Griffin	Russell
Boggs	Gurney	Sparkman
Byrd, Va.	Hansen	Stennis
Cannon	Holland	Stevens
Cotton	Hruska	Talmadge
Curtis	Jordan, N.C.	Thurmond
Dominick	Jordan, Idaho	Williams, Del.
Eastland	Long	Young, N. Dak.

NAYS—56

Anderson	Hartke	Pastore
Baker	Hatfield	Pearson
Bayh	Hollings	Pell
Brooke	Inouye	Percy
Burdick	Jackson	Proxmire
Byrd, W. Va.	Javits	Randolph
Case	Kennedy	Ribicoff
Church	Mathias	Saxbe
Cook	McCarthy	Schweiker
Cooper	McGee	Scott
Cranston	McGovern	Smith, Maine
Dodd	McIntyre	Smith, Ill.
Dole	Metcalf	Spong
Eagleton	Mondale	Symington
Fulbright	Montoya	Tydings
Goodell	Moss	Williams, N.J.
Gravel	Muskie	Yarborough
Harris	Nelson	Young, Ohio
Hart	Packwood	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Mr. Mansfield, against.

NOT VOTING—4

Gore	Magnuson
Hughes	Tower

So Mr. AIKEN's motion to recommit was rejected.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. GRIFFIN. Mr. President, on that question I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have already been ordered.

The question is, Shall the bill pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. COOPER (when his name was called). Mr. President, on this vote I have a pair with the distinguished Senator from Texas (Mr. TOWER). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore, I withhold my vote.

The rollcall was concluded.

Mr. SPARKMAN (after having voted in the negative). Mr. President, on this vote I have a pair with the Senator from Iowa (Mr. HUGHES). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withdraw my vote.

Mr. KENNEDY. I announce that the Senator from Washington (Mr. MAGNUSON) is absent on official business.

I further announce that the Senator from Tennessee (Mr. GORE), the Senator from Iowa (Mr. HUGHES), and the Senator from Arkansas (Mr. McCLELLAN) are necessarily absent.

I further announce that, if present and voting, the Senator from Tennessee (Mr. GORE) and the Senator from Washington (Mr. MAGNUSON) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Texas (Mr. TOWER) is necessarily absent and his pair has been previously announced.

The Senator from Arizona (Mr. GOLDWATER) is detained on official business.

The result was announced—yeas 78, nays 14, as follows:

[No. 100 Leg.]

YEAS—78

Aiken	Gravel	Mundt
Allott	Griffin	Murphy
Anderson	Hansen	Muskie
Baker	Harris	Nelson
Bayh	Hart	Packwood
Bible	Hartke	Pastore
Boggs	Hatfield	Pearson
Brooke	Hollings	Pell
Burdick	Hruska	Percy
Byrd, Va.	Inouye	Prouty
Byrd, W. Va.	Jackson	Proxmire
Cannon	Javits	Randolph
Case	Jordan, Idaho	Ribicoff
Church	Kennedy	Saxbe
Cook	Long	Schweiker
Cotton	Mansfield	Scott
Cranston	Mathias	Smith, Maine
Curtis	McCarthy	Smith, Ill.
Dodd	McGee	Spong
Dole	McGovern	Stevens
Eagleton	McIntyre	Symington
Dominick	Metcalf	Tydings
Fannin	Miller	Williams, N.J.
Fong	Mondale	Yarborough
Fulbright	Montoya	Young, N. Dak.
Goodell	Moss	Young, Ohio

NAYS—14

Allen	Ervin	Stennis
Bellmon	Gurney	Talmadge
Bennett	Holland	Thurmond
Eastland	Jordan, N.C.	Williams, Del.
Ellender	Russell	

PRESENT AND ANNOUNCING LIVE PAIRS, AS PREVIOUSLY RECORDED—2

Cooper, for.

Sparkman, against.

NOT VOTING—6

Goldwater	Hughes	McClellan
Gore	Magnuson	Tower

So the bill (S. 2547) was passed, as follows:

S. 2547

An Act to amend the Food Stamp Act of 1964

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. The Food Stamp Act of 1964 is amended as follows:

(1) Section 2 is amended to read as follows:

"Sec. 2. It is hereby declared to be the policy of Congress in order to promote the general welfare, that the Nation's abundance of food should be utilized cooperatively by the States, the Federal Government, local governmental units, and other agencies to the maximum extent to safeguard the health and well-being of the Nation's population and provide adequate levels of food consumption and nutrition among low-income households. The Congress hereby finds that increased utilization of foods in establishing and maintaining adequate levels of food consumption and nutrition will tend to cause the distribution in a beneficial manner of our agricultural abundances and will strengthen our agricultural economy, as well as result in more orderly marketing and distribution of food. To effectuate the policy of Congress and the purposes of this Act, a food stamp program, which will permit those households with low incomes to receive a share of the Nation's food abundance sufficient to provide them with adequate levels of food consumption and nutrition, is herein authorized."

(2) Subsection (b) of section 3 is amended by adding at the end thereof a new sentence to read as follows: "The term 'food' also means such products as the Secretary may determine to be necessary for personal cleanliness, hygiene, and home sanitation."

(3) The second sentence of subsection (e) of section 3 is amended to read as follows: "The term 'household' shall also mean (1) a single individual living alone who has cooking facilities and who purchases and prepares food for home consumption, or (2) an elderly person who meets the requirements of section 10(h) of this Act."

(4) Subsection (f) of section 3 is amended by adding at the end thereof a new sentence to read as follows: "Such term also means a private nonprofit institution, boarding house (other than a fraternity, sorority, or other social club) or school which provides meals to persons of sixty-five years or over who are not residing in an institution or boarding house; a private nonprofit organization that prepares and delivers meals to persons of sixty-five years or over in their homes; and commissaries operated by the Department of Defense which shall accept coupons in exchange for food for any participating household which otherwise is eligible under regulations of the Department of Defense to utilize the services of such commissaries."

(5) Subsection (j) of section 3 is amended to read as follows:

"(j) The term 'State' means the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and the Trust Territory of the Pacific Islands."

(6) Subsection (a) of section 4 is amended by striking out the first sentence and inserting in lieu thereof the following: "The Secretary is authorized to formulate and administer a food stamp program under which eligible households within a State will be provided with coupon allotments of sufficient monetary value to enable them to purchase a nutritionally adequate diet. Such program shall be carried out in any State at the request of the appropriate State agency of such State or pursuant to section 10(f) of this Act."

(7) Subsection (b) of section 4 is amended to read as follows:

"(b) In areas where the food stamp program is in operation, there shall be no distribution of federally donated foods to households under the authority of any other law except that distribution thereunder shall be made: (1) during temporary emergency situations when the Secretary determines that commercial channels of food distribution have been disrupted because of a disaster; (2) in any county where a food stamp program is being initiated and where federally owned foods have been distributed to households during any one of the three months immediately prior to initiation of a food stamp program, until such time as the number of persons participating in a food stamp program exceeds the monthly average number of persons who received federally owned foods during the three month period immediately prior to the initiation of a food stamp program; or (3) on request of the State agency if the State agrees to finance, from funds available to the State or political subdivisions thereof, all of the costs, subsequent to the delivery of such foods within the State, of handling, storing and issuing federally donated food to eligible households in the area."

(8) Section 5 is amended to read as follows:

"Sec. 5. (a) Households whose income is determined, as provided in this section, to be insufficient to permit them to purchase a nutritionally adequate diet shall be eligible to participate in the food stamp program. The Secretary shall prescribe, not less often than once a year, the minimum level of income a household must have in order to purchase a nutritionally adequate diet for the members of such household and be financially able to meet the other normal living expenses of a household. He shall prescribe such level of income for households composed of varying numbers of individuals, but in no case shall the minimum income level prescribed by the Secretary be less for any household than the equivalent of \$4,000 per year for a household composed of four persons. In prescribing minimum income levels for households under this section the Secretary may take into consideration such relevant factors as the regional variations in the cost of food described in the low-cost food plan published by the Agricultural Research Service of the United States Department of Agriculture or such other relevant factors as he deems appropriate but may not consider the availability or expected availability of appropriations to carry out this Act. The Secretary shall also prescribe the maximum level of income for households composed of varying numbers of individuals above which households shall be ineligible to participate in the food stamp program. Income limitations prescribed under this subsection shall be revised annually to reflect any increase in the cost of living, as determined on the basis of the Consumer Price Index (all items, United States city average) published monthly by the Bureau of Labor Statistics, Department of Labor.

"(b) In complying with the limitations on participation set forth in subsection (a) above, each State agency shall establish standards to determine the eligibility of applicant households. Such eligibility standards shall comply with the maximum and minimum income levels prescribed by the Secretary under subsection (a) of this section and shall also place a limitation on the resources to be allowed eligible households, but such limitation shall apply to the income, if any, realized from such resources and not to any income which might be realized through liquidation of such resources. The standards of eligibility to be used by each State for the food stamp program shall be subject to the approval of the Secretary."

"(9) Subsections (a) and (b) of section 7 are amended to read as follows:

"(a) Except as hereinafter provided in this subsection, the face value of the coupon al-

lotment which is issued to any household certified as eligible to participate in the food stamp program shall be not less than the amount necessary to purchase a nutritionally adequate diet for the members of such household. The amount necessary to purchase a nutritionally adequate diet for households composed of varying numbers of individuals shall be determined by the Secretary and shall be revised annually by the Secretary. In determining the amount necessary to purchase a nutritionally adequate diet for any household the Secretary shall take into consideration such relevant factors as he deems appropriate but may not consider the availability or expected availability of appropriations to carry out this Act. In no event shall the amount determined by the Secretary to be necessary to purchase a nutritionally adequate diet for any household be less than the amount which the Agricultural Research Service of the United States Department of Agriculture determines to be necessary to permit a household of comparable size to purchase the kinds and amounts of food contained in the low-cost food plan established by the Agricultural Research Service of the United States Department of Agriculture and published in the 'Family Economics Review'. The Agricultural Research Service shall revise and publish the amount which it determines to be necessary to purchase such food at least annually to reflect changes in the prices of food published by the Bureau of Labor Statistics in the Department of Labor.

"(b) Households shall be charged such portion of the face value of the coupon allotment issued to them as is determined not to exceed a reasonable investment on the part of the household: *Provided*, That (1) any eligible household whose income is less than one-half the current amount necessary to purchase a nutritionally adequate diet prescribed by the Secretary under section 7(a) of this Act shall not be charged any amount for such coupon allotment; and (2) in no case shall any eligible household be charged an amount greater than an amount equal to 25 per centum of the income of such household for such coupon allotment."

(10) Subsection (a) of section 10 is amended to read as follows:

"Sec. 10. (a) The food stamp program shall be administered to insure that participants are afforded the opportunity to receive at schools, at approved retail food stores, in their homes, or at other appropriate places convenient to participants such instruction and counseling as will best assure that they are able to use their increased purchasing power to obtain those nutritious foods most likely to insure that they receive a nutritionally adequate diet. The food stamp program shall also be administered to insure that all households eligible to participate in the program are informed of its existence and given such assistance as may be required to enable them to make application for the benefits of this Act. In addition to such steps as may be taken administratively, the voluntary cooperation of existing Federal, State, local, or private agencies which carry out informational and educational programs for consumers shall be enlisted for the purpose of providing nutrition counseling and home economics services for eligible households using such authorities as may be available to the Secretary, or in cooperation with other agencies of the Federal Government or private agencies. The Secretary is authorized to use the educational potential of the national school lunch program and its extension to introduce better eating patterns and better nutrition to eligible households under this Act."

(11) Subsection (b) of section 10 is amended by striking everything following the colon and inserting in lieu thereof the following: "*Provided*, That the State agency shall comply with the requirements of clauses (2) and (3) of section 10(e) of this Act. The

operating agency may delegate its responsibility for the issuance of coupon and the collection of the amounts charged from eligible households to the United States Post Offices, banks, credit unions, or any other public agency or private nonprofit agency. There shall be kept such records as may be necessary to ascertain whether the program is being conducted in compliance with the provisions of this Act and the regulations issued pursuant to this Act. Such records shall be available for inspection and audit at any reasonable time and shall be preserved for such period of time, not in excess of three years, as may be specified in the regulations."

(12) Subsection (c) of section 10 is amended by inserting immediately preceding the first sentence the following: "Any household making application for the benefits of this Act shall be certified for eligibility solely by execution of an affidavit, in such form as the Secretary may prescribe, by the member of such household making application. Certification of a household as eligible in any political subdivision shall, in the event of removal of such household to another political subdivision in which the food stamp program is operating, remain valid for participation in the food stamp program for a period of sixty days from the date of such removal."

(13) Subsection (d) of section 10 is amended by inserting immediately preceding the first sentence the following: "Notwithstanding any other provision of this Act, a household may, if it so elects, purchase any amount of coupons less than the full coupon allotment it is entitled to purchase. The amount charged any household for any portion of a coupon allotment less than the full coupon allotment shall be an amount which bears the same ratio to the amount which would have been charged such household for the full coupon allotment as such portion of the full coupon allotment bears to the full coupon allotment such household was entitled to purchase. The Secretary shall prescribe general guidelines and minimum requirements with respect to the quality of certification and issuance services to be provided by State agencies to eligible households, including, but not limited to, matters relating to the places, times, and frequency of coupon issuance services in political subdivisions approved for participation in the food stamp program. Such general guidelines and minimum requirements shall include at least the following provisions: (1) that the issuance of coupons shall take place no less often than once per week and (2) that at each issuance of coupons any household may purchase the entire monthly coupon allotment to which it is entitled or any portion of that coupon which it has not previously purchased. The State agency shall, notwithstanding any other provisions of law, institute procedures under which any household participating in the food stamp program shall be entitled, if it so elects, to have the charges, if any, for its coupon allotment deducted from any grant or payment such household may be entitled to receive under any federally aided public assistance program and have its coupon allotment distributed to it with such grant or payment."

(14) Subsection (e) of section 10 is amended by striking "(3)" and "(4)" and inserting in lieu thereof "(4)" and "(5)", respectively, and by striking clause (2) and inserting in lieu thereof the following:

"(2) that the State agency shall make every possible effort to insure that all households who meet the eligibility requirements set forth in this Act are certified to participate in the food stamp program;

"(3) that the State agency shall arrange for the issuance of coupons to eligible households and for the collection of sums required from eligible households as payment therefor through the facilities of United States Post Offices directly or by mail, through the fa-

cilities of participating retail food stores or in such other manner convenient to participating households as shall best insure their participation."

(15) Subsection (f) of section 10 is amended to read as follows:

"(f) Notwithstanding any other provision of this Act, the Secretary shall administer a food stamp program through any private nonprofit organization or through any Federal, State or county agency he deems appropriate in any political subdivision of a State if—

"(1) he determines that in the administration of the program in such political subdivision there is a failure by the State agency to comply with the provisions of this Act, or with the regulations issued thereunder, or with the State plan of operation approved by the Secretary and he has informed such State agency of such failure and such failure has not been corrected after a reasonable period of time; or

"(2) he determines that a food stamp program is needed in such political subdivision and the appropriate officials of such political subdivision or the State have not requested a food stamp program for such political subdivision after the Secretary has made an offer of Federal payments as authorized by this section; or

"(3) a food stamp program is not being operated, or is not being operated in accordance with the provisions of this Act, in such political subdivision on January 1, 1971, or thereafter; or

"(4) he determines that the ratio of the number of persons participating in the food stamp program in such political subdivision to the number of persons classified by the Office of Economic Opportunity as low income in such political subdivision is not adequate to effectuate the policy of Congress and the purposes of this Act.

When the Secretary administers a food-stamp program under the provisions of this subsection, he shall observe, or require the administering organization or agency to observe, all of the appropriate provisions of this Act and regulations issued pursuant thereto."

(16) Section 10 is amended by adding at the end thereof a new subsection as follows:

"(h) Subject to such terms and conditions as may be prescribed by the Secretary, food stamps issued under this Act to any elderly person may be exchanged by such person for meals prepared and served by any group authorized to prepare and serve meals under subsection (f) of section 3 of this Act if:

"(i) such person does not have facilities for the preparation of food in his living quarters, or does not have reasonable access to such facilities, and the meals served by such organization are served in a common dining room and are prepared and served primarily for the benefit of elderly persons; or

"(ii) such person is housebound, feeble, physically handicapped, or otherwise disabled to the extent that he is unable to prepare nutritious meals for himself, and such organization prepares and delivers meals to such person."

(17) Section 14 is amended by adding at the end thereof a new subsection as follows:

"(e) No person shall be charged with a violation of this or any other Act, or of any regulation issued under this or any other Act, or of any State plan of operation on the basis of any statements or information contained in an affidavit filed pursuant to section 6(d) of this Act, except for fraud."

(18) Section 15 is amended by adding at the end thereof the following new subsection:

"(c) Notwithstanding the provisions of subsection (a) of this section, the Secretary shall pay to the State agency of a State the costs of issuing coupons to eligible house-

holds and of collecting the sums required from eligible households as payment therefor."

(19) Section 16 is amended to read as follows:

"(a) To carry out the provisions of this Act there is hereby authorized to be appropriated not in excess of \$1,250,000,000 for the fiscal year ending June 30, 1970; not in excess of \$2,000,000,000 for the fiscal year ending June 30, 1971; and not in excess of \$2,500,000,000 for the fiscal year ending June 30, 1972. Such portion of any such appropriation as may be required to pay for the value of the coupon allotments issued to eligible households which is in excess of the charges paid by such households for such allotments shall be transferred to and made a part of the separate account created under section 7(d) of this Act. Sums appropriated under this section shall, notwithstanding the provisions of any other law, continue to remain available for purposes of this Act until expended.

"(b) Upon written notification to the Congress of his intent to do so, the Secretary is authorized in any fiscal year to obligate sums in excess of the sums appropriated for such fiscal year pursuant to subsection (a) of this section, if such excess obligations are necessary to meet unanticipated increases in participation. In no event shall the amount of excess obligations in any fiscal year exceed an amount equal to 15 per centum of the sums appropriated for such fiscal year pursuant to subsection (a) of this section. The amount of any excess obligation incurred in any fiscal year shall be paid for out of funds appropriated to carry out this Act in the succeeding fiscal year.

"(c) If the Secretary determines that any portion of the funds in the separate account created under section 7(d) of this Act are no longer required to carry out the provisions of this Act, such portion of such funds shall be paid into the miscellaneous receipts of the Treasury."

Mr. KENNEDY. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. SCOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, the Senate is deeply grateful to the Senior Senator from Louisiana (Mr. ELLENDER) for his outstanding effort in presenting the food stamp measure to the Senate. Characteristically, Senator Ellender applied the greatest devotion and most careful diligence to this proposal. As the chairman of the Agriculture Committee, may I say, there is no Senator who understands better the matter of food and hunger. He has long been a supporter of the Food Stamp program and the fact that he could not in good conscience support the substitute measure which was finally adopted by the Senate does not change that fact. He is to be commended and deserves our warmest thanks.

The same may be said for the Senator from Vermont (Mr. AIKEN) who has himself been a prime sponsor of the food stamp approach to resolving the problem of malnutrition since the inception of the program following the war. Senator Aiken, of course, serves as the ranking minority member of the Committee on Agriculture. He has consistently been identified with all efforts to resolve hunger and malnutrition. His assistance on this measure was outstanding and he too deserves the deepest gratitude of the Senate.

I must say that the Senator from South Dakota (Mr. McGOVERN) is to be singled out for the fine advocacy he displayed in presenting his substitute measure to the Senate. Its acceptance speaks abundantly for the legislative talents and ability of Senator McGOVERN. His work as chairman of the Select Committee on Nutrition and Human Needs has placed him in the forefront of this critically important area.

Other Senators contributed most effectively to the debate. Noteworthy were the contributions of the Senator from New York (Mr. JAVITS) the Senator from Massachusetts (Mr. KENNEDY), the Senator from Oklahoma (Mr. HARRIS), the Senator from South Carolina (Mr. HOLINGS), and the Senator from Florida (Mr. HOLLAND). Their own strong views were urged sincerely and with the greatest skill and ability. The Senate may be proud of another splendid achievement obtained with magnificent cooperation and the full appreciation of the views of every Member.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Bartlett, one of its reading clerks, announced that the House had passed without amendment, the joint resolution (S.J. Res. 152) to provide for the temporary extension of rural housing programs and Federal Housing Administration insurance authority, and to extend the period during which the Secretary of Housing and Urban Development may establish maximum interest rates on insured loans.

The PRESIDING OFFICER. In behalf of the Vice President and pursuant to title 16, United States Code, section 715A, the Chair appoints the Senator from Maryland (Mr. TYDINGS) to the Migratory Bird Conservation Commission, in lieu of the Senator from Montana (Mr. METCALF), who resigned.

U.S. RECOGNITION OF FOREIGN GOVERNMENTS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 331, Senate Resolution 205, and that it be laid before the Senate and made the pending business.

The PRESIDING OFFICER (Mr. EAGLETON in the chair). The resolution will be stated.

The LEGISLATIVE CLERK. A resolution (S. Res. 205) to set forth as an expression of the sense of the Senate a basic principle regarding the recognition by the United States of foreign governments.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Foreign Relations with amendments on page 2, at the beginning of line 4, insert "of itself"; and in the same line, after the word "States", strike out "necessarily"; so as to make the resolution read:

91ST CONGRESS
1ST SESSION

S. 2547

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 25, 1969

Referred to the Committee on Agriculture

AN ACT

To amend the Food Stamp Act of 1964.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. The Food Stamp Act of 1964 is amended
4 as follows:

5 (1) Section 2 is amended to read as follows:

6 “SEC. 2. It is hereby declared to be the policy of Con-
7 gress in order to promote the general welfare, that the Na-
8 tion's abundance of food should be utilized cooperatively by
9 the States, the Federal Government, local governmental
10 units, and other agencies to the maximum extent to safe-
11 guard the health and well-being of the Nation's population

1 and provide adequate levels of food consumption and nutri-
2 tion among low-income households. The Congress hereby
3 finds that increased utilization of foods in establishing and
4 maintaining adequate levels of food consumption and nutri-
5 tion will tend to cause the distribution in a beneficial manner
6 of our agricultural abundances and will strengthen our agri-
7 cultural economy, as well as result in more orderly market-
8 ing and distribution of food. To effectuate the policy of Con-
9 gress and the purposes of this Act, a food stamp program,
10 which will permit those households with low incomes to re-
11 ceive a share of the Nation's food abundance sufficient to
12 provide them with adequate levels of food consumption and
13 nutrition, is herein authorized."

14 (2) Subsection (b) of section 3 is amended by add-
15 ing at the end thereof a new sentence to read as follows:
16 "The term 'food' also means such products as the Secre-
17 tary may determine to be necessary for personal cleanli-
18 ness, hygiene, and home sanitation."

19 (3) The second sentence of subsection (c) of sec-
20 tion 3 is amended to read as follows: "The term 'house-
21 hold' shall also mean (1) a single individual living
22 alone who has cooking facilities and who purchases and
23 prepares food for home consumption, or (2) an elderly
24 person who meets the requirements of section 10 (h)
25 of this Act."

1 (4) Subsection (f) of section 3 is amended by add-
2 ing at the end thereof a new sentence to read as follows:

3 “Such term also means a private nonprofit institution,
4 boarding house (other than a fraternity, sorority, or
5 other social club) or school which provides meals to
6 persons of sixty-five years or over who are not residing
7 in an institution or boarding house; a private nonprofit
8 organization that prepares and delivers meals to persons
9 of sixty-five years or over in their homes; and commis-
10 saries operated by the Department of Defense which
11 shall accept coupons in exchange for food for any par-
12 ticipating household which otherwise is eligible under
13 regulations of the Department of Defense to utilize the
14 services of such commissaries.”

15 (5) Subsection (j) of section 3 is amended to
16 read as follows:

17 “(j) The term ‘State’ means the fifty States, the Dis-
18 trict of Columbia, the Commonwealth of Puerto Rico, the
19 Virgin Islands, Guam, and the Trust Territory of the Pacific
20 Islands.”

21 (6) Subsection (a) of section 4 is amended by
22 striking out the first sentence and inserting in lieu thereof
23 the following: “The Secretary is authorized to formulate
24 and administer a food stamp program under which
25 eligible households within a State will be provided with

1 coupon allotments of sufficient monetary value to enable
2 them to purchase a nutritionally adequate diet. Such
3 program shall be carried out in any State at the request
4 of the appropriate State agency of such State or pur-
5 suant to section 10 (f) of this Act.”

6 (7) Subsection (b) of section 4 is amended to read
7 as follows:

8 “(b) In areas where the food stamp program is in
9 operation, there shall be no distribution of federally donated
10 foods to households under the authority of any other law
11 except that distribution thereunder shall be made: (1) dur-
12 ing temporary emergency situations when the Secretary de-
13 termines that commercial channels of food distribution have
14 been disrupted because of a disaster; (2) in any county
15 where a food stamp program is being initiated and where
16 federally owned foods have been distributed to households
17 during any one of the three months immediately prior to
18 initiation of a food stamp program, until such time as the
19 number of persons participating in a food stamp program
20 exceeds the monthly average number of persons who re-
21 ceived federally owned foods during the three month period
22 immediately prior to the initiation of a food stamp program;
23 or (3) on request of the State agency if the State agrees to
24 finance, from funds available to the State or political sub-
25 divisions thereof, all of the costs, subsequent to the delivery

1 of such foods within the State, of handling, storing, and
2 issuing federally donated food to eligible households in the
3 area.”

4 (8) Section 5 is amended to read as follows:

5 “SEC. 5. (a) Households whose income is determined,
6 as provided in this section, to be insufficient to permit them
7 to purchase a nutritionally adequate diet shall be eligible
8 to participate in the food stamp program. The Secretary shall
9 prescribe, not less often than once a year, the minimum level
10 of income a household must have in order to purchase a nu-
11 tritionally adequate diet for the members of such household
12 and be financially able to meet the other normal living ex-
13 penses of a household. He shall prescribe such level of in-
14 come for households composed of varying numbers of indi-
15 viduals, but in no case shall the minimum income level pre-
16 scribed by the Secretary be less for any household than the
17 equivalent of \$4,000 per year for a household composed of
18 four persons. In prescribing minimum income levels for
19 households under this section the Secretary may take into
20 consideration such relevant factors as the regional variations
21 in the cost of food described in the low-cost food plan pub-
22 lished by the Agricultural Research Service of the United
23 States Department of Agriculture or such other relevant
24 factors as he deems appropriate but may not consider the
25 availability or expected availability of appropriations to carry

1 out this Act. The Secretary shall also prescribe the maximum
2 level of income for households composed of varying numbers
3 of individuals above which households shall be ineligible to
4 participate in the food stamp program. Income limitations
5 prescribed under this subsection shall be revised annually to
6 reflect any increase in the cost of living, as determined on
7 the basis of the Consumer Price Index (all items, United
8 States city average) published monthly by the Bureau of
9 Labor Statistics, Department of Labor.

10 “(b) In complying with the limitations on participa-
11 tion set forth in subsection (a) above, each State agency
12 shall establish standards to determine the eligibility of ap-
13 plicant households. Such eligibility standards shall comply
14 with the maximum and minimum income levels prescribed
15 by the Secretary under subsection (a) of this section and
16 shall also place a limitation on the resources to be allowed
17 eligible households, but such limitation shall apply to the
18 income, if any, realized from such resources and not to any
19 income which might be realized through liquidation of such
20 resources. The standards of eligibility to be used by each
21 State for the food stamp program shall be subject to the ap-
22 proval of the Secretary.”

23 (9) Subsections (a) and (b) of section 7 are
24 amended to read as follows:

25 “(a) Except as hereinafter provided in this subsection,

1 the face value of the coupon allotment which is issued to
2 any household certified as eligible to participate in the food
3 stamp program shall be not less than the amount necessary
4 to purchase a nutritionally adequate diet for the members of
5 such household. The amount necessary to purchase a nutri-
6 tionally adequate diet for households composed of varying
7 numbers of individuals shall be determined by the Secretary
8 and shall be revised annually by the Secretary. In determin-
9 ing the amount necessary to purchase a nutritionally adequate
10 diet for any household the Secretary shall take into consid-
11 eration such relevant factors as he deems appropriate but
12 may not consider the availability or expected availability of
13 appropriations to carry out this Act. In no event shall the
14 amount determined by the Secretary to be necessary to pur-
15 chase a nutritionally adequate diet for any household be less
16 than the amount which the Agricultural Research Service
17 of the United States Department of Agriculture determines
18 to be necessary to permit a household of comparable size to
19 purchase the kinds and amounts of food contained in the
20 low-cost food plan established by the Agricultural Research
21 Service of the United States Department of Agriculture and
22 published in the 'Family Economics Review'. The Agricul-
23 tural Research Service shall revise and publish the amount
24 which it determines to be necessary to purchase such food
25 at least annually to reflect changes in the prices of food

1 published by the Bureau of Labor Statistics in the Depart-
2 ment of Labor.

3 “(b) Households shall be charged such portion of the
4 face value of the coupon allotment issued to them as is
5 determined not to exceed a reasonable investment on the
6 part of the household: *Provided*, That (1) any eligible
7 household whose income is less than one-half the current
8 amount necessary to purchase a nutritionally adequate diet
9 prescribed by the Secretary under section 7 (a) of this Act
10 shall not be charged any amount for such coupon allotment;
11 and (2) in no case shall any eligible household be charged
12 an amount greater than an amount equal to 25 per centum
13 of the income of such household for such coupon allotment.”

14 (10) Subsection (a) of section 10 is amended to
15 read as follows:

16 “SEC. 10. (a) The food stamp program shall be ad-
17 ministered to insure that participants are afforded the oppor-
18 tunity to receive at schools, at approved retail food stores, in
19 their homes, or at other appropriate places convenient to
20 participants such instruction and counseling as will best as-
21 sure that they are able to use their increased purchasing
22 power to obtain those nutritious foods most likely to insure
23 that they receive a nutritionally adequate diet. The food
24 stamp program shall also be administered to insure that all
25 households eligible to participate in the program are informed

1 of its existence and given such assistance as may be required
2 to enable them to make application for the benefits of this
3 Act. In addition to such steps as may be taken administra-
4 tively, the voluntary cooperation of existing Federal, State,
5 local, or private agencies which carry out informational and
6 educational programs for consumers shall be enlisted for the
7 purpose of providing nutrition counseling and home eco-
8 nomics services for eligible households using such authorities
9 as may be available to the Secretary, or in cooperation with
10 other agencies of the Federal Government or private agen-
11 cies. The Secretary is authorized to use the educational po-
12 tential of the national school lunch program and its exten-
13 sion to introduce better eating patterns and better nutrition
14 to eligible households under this Act.”

15 (11) Subsection (b) of section 10 is amended by
16 striking everything following the colon and inserting in
17 lieu thereof the following: “*Provided*, That the State
18 agency shall comply with the requirements of clauses
19 (2) and (3) of section 10 (e) of this Act. The oper-
20 ating agency may delegate its responsibility for the issu-
21 ance of coupons and the collection of the amounts
22 charged from eligible households to the United States
23 post offices, banks, credit unions, or any other public
24 agency or private nonprofit agency. There shall be kept

1 such records as may be necessary to ascertain whether
2 the program is being conducted in compliance with the
3 provisions of this Act and the regulations issued pursu-
4 ant to this Act. Such records shall be available for
5 inspection and audit at any reasonable time and shall
6 be preserved for such period of time, not in excess of
7 three years, as may be specified in the regulations.”

8 (12) Subsection (c) of section 10 is amended by
9 inserting immediately preceding the first sentence the
10 following: “Any household making application for the
11 benefits of this Act shall be certified for eligibility solely
12 by execution of an affidavit, in such form as the Secre-
13 tary may prescribe, by the member of such household
14 making application. Certification of a household as eli-
15 gible in any political subdivision shall, in the event of
16 removal of such household to another political subdivi-
17 sion in which the food stamp program is operating,
18 remain valid for participation in the food stamp program
19 for a period of sixty days from the date of such removal.”

20 (13) Subsection (d) of section 10 is amended
21 by inserting immediately preceding the first sentence the
22 following: “Notwithstanding any other provision of this
23 Act, a household may, if it so elects, purchase any
24 amount of coupons less than the full coupon allotment it
25 is entitled to purchase. The amount charged any house-

1 hold for any portion of a coupon allotment less than the
2 full coupon allotment shall be an amount which bears
3 the same ratio to the amount which would have been
4 charged such household for the full coupon allotment
5 as such portion of the full coupon allotment bears to
6 the full coupon allotment such household was entitled
7 to purchase. The Secretary shall prescribe general guide-
8 lines and minimum requirements with respect to the
9 quality of certification and issuance services to be pro-
10 vided by State agencies to eligible households, including,
11 but not limited to, matters relating to the places, times,
12 and frequency of coupon issuance services in political sub-
13 divisions approved for participation in the food stamp
14 program. Such general guidelines and minimum require-
15 ments shall include at least the following provisions: (1)
16 that the issuance of coupons shall take place no less
17 often than once per week and (2) that at each issuance
18 of coupons any household may purchase the entire
19 monthly coupon allotment to which it is entitled or any
20 portion of that coupon allotment which it has not pre-
21 viously purchased. The State agency shall, notwithstand-
22 ing any other provision of law, institute procedures
23 under which any household participating in the food
24 stamp program shall be entitled, if it so elects, to have
25 the charges, if any, for its coupon allotment deducted

1 from any grant or payment such household may be en-
2 titled to receive under any federally aided public assist-
3 ance program and have its coupon allotment distributed
4 to it with such grant or payment.”

5 (14) Subsection (e) of section 10 is amended by
6 striking “(3)” and “(4)” and inserting in lieu thereof
7 “(4)” and “(5)”, respectively, and by striking clause
8 (2) and inserting in lieu thereof the following:

9 “(2) that the State agency shall make every possi-
10 ble effort to insure that all households who meet the
11 eligibility requirements set forth in this Act are certi-
12 fied to participate in the food stamp program;

13 “(3) that the State agency shall arrange for the
14 issuance of coupons to eligible households and for the
15 collection of sums required from eligible households as
16 payment therefor through the facilities of United States
17 post offices directly or by mail, through the facilities
18 of participating retail food stores or in such other man-
19 ner convenient to participating households as shall best
20 insure their participation.”

21 (15) Subsection (f) of section 10 is amended to
22 read as follows:

23 “(f) Notwithstanding any other provision of this Act,
24 the Secretary shall administer a food stamp program through
25 any private nonprofit organization or through any Federal,

1 State, or county agency he deems appropriate in any political
2 subdivision of a State if—

3 “(1) he determines that in the administration of
4 the program in such political subdivision there is a
5 failure by the State agency to comply with the pro-
6 visions of this Act, or with the regulations issued there-
7 under, or with the State plan of operation approved by
8 the Secretary and he has informed such State agency of
9 such failure and such failure has not been corrected
10 after a reasonable period of time; or

11 “(2) he determines that a food stamp program is
12 needed in such political subdivision and the appropriate
13 officials of such political subdivision or the State have
14 not requested a food stamp program for such political
15 subdivision after the Secretary has made an offer of
16 Federal payments as authorized by this section; or

17 “(3) a food stamp program is not being operated,
18 or is not being operated in accordance with the provi-
19 sions of this Act, in such political subdivision on Janu-
20 ary 1, 1971, or thereafter; or

21 “(4) he determines that the ratio of the number
22 of persons participating in the food stamp program in
23 such political subdivision to the number of persons classi-
24 fied by the Office of Economic Opportunity as low in-

1 come in such political subdivision is not adequate to
2 effectuate the policy of Congress and the purposes of
3 this Act.

4 When the Secretary administers a food stamp program under
5 the provisions of this subsection, he shall observe, or require
6 the administering organization or agency to observe, all of
7 the appropriate provisions of this Act and regulations issued
8 pursuant thereto.”

9 (16) Section 10 is amended by adding at the end
10 thereof a new subsection as follows:

11 “(h) Subject to such terms and conditions as may be
12 prescribed by the Secretary, food stamps issued under this
13 Act to any elderly person may be exchanged by such person
14 for meals prepared and served by any group authorized to
15 prepare and serve meals under subsection (f) of section 3
16 of this Act if:

17 “(i) such person does not have facilities for the
18 preparation of food in his living quarters, or does not
19 have reasonable access to such facilities, and the meals
20 served by such organization are served in a common
21 dining room and are prepared and served primarily for
22 the benefit of elderly persons; or

23 “(ii) such person is housebound, feeble, physically

1 handicapped, or otherwise disabled to the extent that
2 he is unable to prepare nutritious meals for himself,
3 and such organization prepares and delivers meals to
4 such person.”

5 (17) Section 14 is amended by adding at the end
6 thereof a new subsection as follows:

7 “(e) No person shall be charged with a violation of
8 this or any other Act, or of any regulation issued under
9 this or any other Act, or of any State plan of operation on
10 the basis of any statements or information contained in an
11 affidavit filed pursuant to section 6 (d) of this Act, except
12 for fraud.”

13 (18) Section 15 is amended by adding at the
14 end thereof the following new subsection:

15 “(c) Notwithstanding the provisions of subsection (a)
16 of this section, the Secretary shall pay to the State agency
17 of a State the costs of issuing coupons to eligible households
18 and of collecting the sums required from eligible households as
19 payment therefor.”

20 (19) Section 16 is amended to read as follows:

21 “(a) To carry out the provisions of this Act there is
22 hereby authorized to be appropriated not in excess of \$1,-
23 250,000,000 for the fiscal year ending June 30, 1970; not

1 in excess of \$2,000,000,000 for the fiscal year ending June
2 30, 1971; and not in excess of \$2,500,000,000 for the fiscal
3 year ending June 30, 1972. Such portion of any such appro-
4 priation as may be required to pay for the value of the
5 coupon allotments issued to eligible households which is in
6 excess of the charges paid by such households for such allot-
7 ments shall be transferred to and made a part of the separate
8 account created under section 7 (d) of this Act. Sums appro-
9 priated under this section shall, notwithstanding the provi-
10 sions of any other law, continue to remain available for pur-
11 poses of this Act until expended.

12 “(b) Upon written notification to the Congress of his
13 intent to do so, the Secretary is authorized in any fiscal year
14 to obligate sums in excess of the sums appropriated for such
15 fiscal year pursuant to subsection (a) of this section, if such
16 excess obligations are necessary to meet unanticipated in-
17 creases in participation. In no event shall the amount of excess
18 obligations in any fiscal year exceed an amount equal to 15
19 per centum of the sums appropriated for such fiscal year pur-
20 suant to subsection (a) of this section. The amount of any
21 excess obligation incurred in any fiscal year shall be paid for
22 out of funds appropriated to carry out this Act in the suc-
23 ceeding fiscal year.

24 “(c) If the Secretary determines that any portion of the

1 funds in the separate account created under section 7 (d)
2 of this Act is no longer required to carry out the provisions
3 of this Act, such portion of such funds shall be paid into
4 the miscellaneous receipts of the Treasury.”

Passed the Senate September 24, 1969.

Attest:

FRANCIS R. VALEO,

Secretary.

91ST CONGRESS
1ST SESSION

S. 2547

AN ACT

To amend the Food Stamp Act of 1964.

SEPTEMBER 25, 1969

Referred to the Committee on Agriculture

FEDS IN THE SCHOOLHOUSE DOOR

(Mr. NICHOLS asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. NICHOLS. Mr. Speaker, on Friday of last week Senator STROM THURMOND of South Carolina, in a speech before the U.S. Senate, soundly denounced the Nixon administration's announced policy, proposed by the Justice Department, to send, in the Senator's language "100 carpetbagging lawyers into the South for the purpose of assuring forced integration of public schools."

Mr. Speaker, I join the Senator from South Carolina in his opposition to this proposal which certainly indicates a lack of confidence in school officials in my State and throughout the South in their efforts to abide by the edicts of the Federal courts.

The one thing that we need least in my State is Federal agents snooping around and poking their noses further into the operation of our school system. Alabama officials, from the Governor of my State on down through the county superintendents of education and the members of the county and city school boards are doing their very best to comply with the court orders. I strongly urge the President to rescind this announced intention of the Justice Department.

In connection with this, the Montgomery Advertiser's lead editorial "Feds in the Schoolhouse Door" points up in a most enlightening manner that we have no need for these proposed Federal school watchers.

FEDS IN THE SCHOOLHOUSE DOOR

Back in the early days of school desegregation, southern politicians were properly denounced, in their states and nationally, when they recklessly predicted trouble before schools opened under new integration orders.

We were among those who said this was an open invitation, inciting the lawless. It was designed to be a self-fulfilling prophecy. If individuals didn't take the cues, governors were then obligated to intercede to prevent the "trouble" they had predicted. This happened in Alabama, Mississippi, Arkansas, etc.

That era has largely ended. The South is perplexed and angered to the extreme by sectional enforcement of the law of the land—Dixiland, that is. But as a general statement, most recent school desegregation orders, however resented, have been obeyed.

Now the federal government has announced, well in advance of school opening, that it will stand in the schoolhouse door, by sending platoons of Justice Department attorneys and other gauleiters to the South, including Montgomery.

The announcement was perhaps intended as a deterrent to trouble, but it is of a piece with the aforementioned predictions by southern politicians in years past.

Thus it is an incitement which is unwelcome and unwise, and can only exacerbate the resentment of a people who see themselves beset from all sides by the zealous imposition of Reconstruction II. (Some "southern strategy.")

It would have been normal prudence for the Justice Department to have contingency plans and personnel on standby alert in the event of any efforts by a small band of thugs to frustrate court orders. That is standard procedure.

But to announce the dispatch of a kind of new Freedman's Bureau to the Deep South

is so provocative we can only conclude that the Justice Department is either very stupid or so intent on having some rebellion to put down it may want one—just as our southern demagogues wanted trouble in those early days of integration.

Montgomery, specifically mentioned as one of the beachheads for the feds, without the prior knowledge of United States Attorney Ira DeMent, is particularly offensive. Time and time again Montgomery has been praised for complying with court orders and for working out acceptable plans. The school board—and, by clear implication, all citizens—has been lavishly complimented by Judge Johnson and the judges of the Fifth Circuit Court of Appeals.

But the integration hawks in the Justice Department have been itching for a piece of the action. Peace and order by compliance are not to the liking of the gung-ho recruits who see in the southern campaign a chance to win their battle stars and ribbons for heroism in a conquered but still hostile province.

We hope and trust they will be disappointed. But we say to them as we said to other demagogues years ago: if there is trouble, you are responsible by reason of deliberate and provocative announcements.

INTRODUCTION OF FOOD STAMP BILL

(Mr. POAGE asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. POAGE. Mr. Speaker, this morning the House Committee on Agriculture by a vote of 27 yeas, 6 noes, and one present, favorably reported the general farm bill to which I made reference yesterday. The committee then voted unanimously to instruct the chairman to introduce a food stamp bill which had been approved as to wording and substance some time ago.

I am today introducing this bill and I ask unanimous consent to include at this point a brief summary of the provisions of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The material referred to follows:

FOOD STAMPS

The committee has amended in significant fashion H.R. 12222, the Administration sponsored bill to amend the Food Stamp Act of 1964, as amended. Foremost among the changes are (1) inclusion of an amendment which would require able-bodied adults to register for and, if available, accept employment as a condition precedent to obtaining stamps; (2) to require payment of at least 50 cents per person per month for program participation, and; (3) to require States to pay a small portion of the cost of the program. A brief summary of the measure follows:

Section 1 broadens the policy of the basic Act by recognizing that limited purchasing power is related to hunger and malnutrition.

Section 2 of the bill consists of definition changes occasioned by substantive amendments, the most significant of which are to expand the program to Puerto Rico, and define "elderly" persons.

Section 3 contains authority to simultaneously operate Food Stamp and Commodity Programs, however individual participants are precluded from simultaneously receiving dual benefits.

Under Section 4 the Secretary of Agriculture in conjunction with the Secretary of HEW is directed to establish uniform na-

tional standards for participating households. Separate standards for the American Territories newly covered by the Act, are proscribed.

This section also provides that an able-bodied person between the ages of 18 and 65, except those persons responsible for the care of others, register for and accept employment if it is offered as a condition of eligibility for the household of which he is a member to be eligible for program benefits. No person would, by virtue of the requirement, be forced to accept employment at a struck plant.

Section 5 contains authority for establishing the value of coupons with a minimum monthly payment of at least 50 cents per person per month required of each participant. Outside sources would not be precluded from making the required payment. Authority for the purchase of stamps, on other than a monthly basis, is also contained in this Section, however, it would not allow participants to use that vehicle as a means of obtaining more stamps than they would otherwise be entitled to receive.

The educational outreach provision of the bill is contained in Section 6. Under this section State agencies are directed to initiate educational programs designed to inform potential participants of the program. Deductions for public assistance checks for coupon allotments are also authorized under this Section.

Finally, the Section authorizes persons 60 years of age or older who are participating in the program to use stamps to purchase meals delivered to them if prepared by an instrumentality of a political subdivision or a nonprofit organization.

Section 7 amends and strengthens present enforcement provisions.

Section 8 of the bill revises the formula by which the Federal government reimburses State agencies for administrative expenses incurred in implementation of the program. The new formula recognizes the need for insuring prompt hearings for aggrieved households who have heretofore been denied an adequate opportunity to appeal denial of entitlement to benefits of the program.

Section 9 of the bill requires participating States to finance a portion of the amount by which the value of coupons issued to households exceeds the amount paid by such households. The rate of State sharing would be 2½ percent for the first year; 5 percent for the second; 7½ percent for the third; and, 10 percent of the fourth and ensuing years.

Section 10 authorizes open-ended appropriations for the program through fiscal year 1973.

Section 11 contains authority to allow ongoing programs to continue to exist until brought into conformity with this bill and gives the Secretary additional authority to extend food assistance to communities without programs.

Mr. POAGE. Mr. Speaker, the committee will meet tomorrow and it is my hope that we may favorably report this bill.

EXCESSIVE SPENDING LOOMS AS CALCULATED IN CONGRESS

(Mr. DEVINE asked and was given permission to address the House for 1 minute, to revise and extend his remarks and to include extraneous matter.)

Mr. DEVINE. Mr. Speaker, the big spender label seems to be pinching a little bit, because a lot of the big spenders are squealing and squeaking around here today.

My attention has been invited to an editorial that appeared in the Sunday, July 19, Columbus, Ohio, Dispatch en-

titled "Executive Spending Looms as Calculated in Congress." The editorial states:

EXCESSIVE SPENDING LOOMS AS CALCULATED IN CONGRESS

Strange mischief is afoot in the Congress of the United States with regard to needed appropriations to run the federal government. Only one of the 14 bills required to finance national affairs has reached the White House.

There is a growing school of thought that the Democrat-controlled Congress, acutely aware this is an election year, is not as concerned with fiscal responsibility as it is with embarrassing the titular head of the opposite political party, Republican President Nixon.

Leaders of Congress are heard more and more to moan that the President is "ignoring new priorities" which expounding that federal legislators are "responding to the needs of the people."

This is not a new political tactic. In the early 1930s, as the nation was trying to find a way out of the devastating Great Depression, we had a Republican president, Herbert Hoover. And the House was controlled by Democrats.

Then, as now, there were compelling political considerations. And there was mischief. While Mr. Hoover tried to meet necessary obligations, he also attempted to avoid economic disaster by keeping the federal government solvent.

He sought a reasonably balanced budget. Yet, Treasury Department records show that by the time congressional leaders completed their manipulations, federal expenditures were double actual receipts.

Further, they ignored recovery recommendations by the Hoover administration, but revived many of them after the inauguration of a Democratic president, Franklin D. Roosevelt, in 1933. History shows the FDR regime accumulated much credit for its so-called "New Deal."

But history also shows the FDR regime planted the seed for excessive government-spending, a mischief being practiced by too many leaders in Congress today.

A tell-tale example of the current thinking is embodied in the recent hassle over aid to hospitals, a highly-emotional issue. The President favored the measure, but not the excessively high figure. And especially, he opposed a stipulation that he be "required" to spend the \$2.8 billion total amount within a set period of time. He vetoed the bill, but was overridden by the "new priorities" line of thought.

We are not, as was the case in the early 1930s, fighting our way out of a Great Depression. But there is a very good chance that following a deliberate and calculated path of excessive spending will plunge us into an economic situation far more damaging than a depression.

IN SUPPORT OF H.R. 18573

(Mr. McCULLOCH asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. McCULLOCH. Mr. Speaker, on March 26, 1970, I introduced legislation designed to help law enforcement agencies to cope with the menace of bombings and bomb threats which have afflicted our country in recent months. Twenty-eight of my colleagues joined me in introducing the measure. A subcommittee of the Committee on the Judiciary is now conducting hearings on this legislation.

The hearings have demonstrated more than ever the necessity for new measures to control the activities of the anarchists who are using explosives as instruments of terrorism across the land. According to a survey conducted by the Department of the Treasury, between January, 1969 and April, 1970 more than 40,000 bombings, bombing attempts, and bomb threats were reported to law enforcement agencies. The actual bombings, which number more than 4,000 in that period, were responsible for the deaths of 43 people and for \$22.6 million of property damage.

The bill which I introduced in March, H.R. 16699, approaches the problem by providing increased penalties and a broadened scope of the existing Criminal Code provision, 18 U.S.C. 837. This is a necessary approach, but not the only one, if we are to solve the bombing problem. In addition to the deterrence of the criminal statute, we must make it more difficult for the criminal to obtain the materials he needs to make his bombs. There is no doubt that the ease of access to explosive materials has been a contributing factor in the rash of bombings which we have experienced.

The legislation which I introduced yesterday, H.R. 18573, at the request of the Secretary of the Interior is the proposed Explosives Control Act of 1970. It would complement H.R. 16699 by regulating the importation, manufacture and sale of explosives. Major features of the new legislation, which will be administered by the Secretary of the Interior because most explosives are used in mining operations, are:

Issuance of licenses to importers, manufacturers and dealers in the explosives industry.

Issuance of permits to commercial users of explosives.

Licensees must obtain and record positive identification of purchasers of explosives.

Prohibitions on the sale of explosives to minors, felons, fugitives from justice, drug addicts, and mental defectives.

Prohibitions on the sale of explosives to persons, other than licensees or permittees, who are nonresidents of the State in which the sale is made unless they are residents of a contiguous State that permits such a sale.

Penalties of up to 10 years imprisonment for violations of the provisions of the bill.

Mr. Speaker, there can no longer be any dispute about the need for control of the distribution of explosives. I urge my colleagues to give the legislation which I have introduced prompt and careful consideration.

ELIMINATING AN UNEMPLOYMENT COMPENSATION INEQUITY FOR EX-SERVICEMEN

(Mr. CHARLES H. WILSON asked and was given permission to address the House for 1 minute to revise and extend his remarks and include extraneous matter.)

Mr. CHARLES H. WILSON. Mr. Speaker, today I am introducing in the House a bill that will amend title 5 of

the United States Code to eliminate an inequity that some ex-servicemen have run into after their discharge from the military. My bill will change section 8502(b) of title 5 to provide that for the purposes of unemployment compensation all the States shall treat accrued leave of ex-servicemen as wages for past services rather than as current wages constituting a bar to benefit payments. In effect, passage of this proposed legislation would alter the treatment for unemployment compensation purposes of ex-servicemen in 28 States. Today these States deny or hold up unemployment insurance benefits to those men again in the civilian labor market, who receive pay for unused accrued leave. Such pay is considered wages and under that rationale these States deny unemployment benefits for a period determined by the number of days of accrued leave paid by the Federal Government.

This situation was brought to our attention by Henry L. Lacayo, president of Local 887 of the UAW in California. It, in turn, had been brought to his attention when one of his local's members was denied unemployment compensation for a 47-day period since he had been paid for 47 days of unused accrued leave—leave to which he was entitled for his 3 years in the armed services, including duty in Vietnam. This young man had resumed his civilian life by returning to work at North American Rockwell where he was previously employed prior to induction into the U.S. Army. Unfortunately, due to economic problems in the aerospace industry and this gentleman's lack of seniority, North American Rockwell was forced to lay him off.

Consequently, he applied for unemployment compensation but was turned down due to the State of California's reading of section 8524 of title 5.

In providing for unemployment insurance coverage for ex-Federal employees and ex-servicemen, it has been the policy of Congress, with respect to the conditions of eligibility for benefits, to require that the provisions of the State unemployment insurance law apply. Section 8502(b) of title 5 of the United States Code requires that:

Compensation shall be paid by the State to a Federal employee in the same amount, on the same terms, and subject to the same conditions as the compensation which would be payable to him under the unemployment compensation law of the State if his Federal service and Federal wages . . . had been included as employment and wages under that State law.

Section 8521(b) extends the same principle to ex-servicemen.

Congress made an exception to this general rule, however, by specifically requiring that payments for unused accrued leave be deemed to continue the employment of the individual "during the period after the termination with respect to which the individual received the payment." The exception was subsequently deleted with respect to ex-civilian employees of the Federal Government but not with respect to ex-servicemen. An identical provision in

91ST CONGRESS
2^D SESSION

H. R. 18582

IN THE HOUSE OF REPRESENTATIVES

JULY 22, 1970

Mr. POAGE introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Food Stamp Act of 1964, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. Section 2 of the Food Stamp Act of 1964,
4 as amended, is amended to read as follows:

5 “It is hereby declared to be the policy of Congress, in
6 order to promote the general welfare, that the Nation’s abun-
7 dance of food should be utilized cooperatively by the States,
8 the Federal Government, local governmental units, and other
9 agencies to safeguard the health and well-being of the
10 Nation’s population and raise levels of nutrition among low-
11 income households. The Congress hereby finds that the

1 limited food purchasing power of low-income households
2 contributes to hunger and malnutrition among members
3 of such households. The Congress further finds that increased
4 utilization of food in establishing and maintaining adequate
5 national levels of nutrition will promote the distribution in
6 a beneficial manner of our agricultural abundances and will
7 strengthen our agricultural economy, as well as result in
8 more orderly marketing and distribution of food. To alleviate
9 such hunger and malnutrition, a food stamp program is
10 herein authorized which will permit low-income households
11 to purchase a nutritionally adequate diet through normal
12 channels of trade.”

13 SEC. 2. (a) Add the following sentence at the end of
14 subsection 3 (f) of the Food Stamp Act of 1964, as amended:
15 “It shall also mean a political subdivision or a private non-
16 profit organization that meets the requirements of section
17 10 (h) of this Act.”

18 (b) Subsection (j) of section 3 of the Food Stamp Act
19 of 1964, as amended, is amended to read as follows: “The
20 term ‘State’ means the fifty States and the District of Colum-
21 bia, Guam, Puerto Rico, and the Virgin Islands of the
22 United States.”.

23 (c) Add the following new subsection at the end of
24 section 3 of the Food Stamp Act of 1964, as amended:

25 “(1) The term ‘elderly person’ shall mean a person

1 sixty years of age or over who is not a resident of an insti-
2 tution or boarding house, and who is living alone, or with
3 spouse, whether or not he has cooking facilities in his home.”

4 (d) Section 3 of the Food Stamp Act of 1964, as
5 amended, is amended by adding the following new subsec-
6 tion:

7 “(m) The term ‘authorization to purchase card’ means
8 any document issued by the State agency to an eligible house-
9 hold which shows the face value of the coupon allotment the
10 household is entitled to be issued on presentment of such
11 document and the amount to be paid by such household for
12 such allotment.”

13 SEC. 3. Subsections (a) and (b) of section 4 of the
14 Food Stamp Act of 1964, as amended, are amended to read
15 as follows:

16 “(a) The Secretary is authorized to formulate and ad-
17 minister a food stamp program under which, at the request
18 of the State agency, eligible households within the State
19 shall be provided with an opportunity to obtain a nutritionally
20 adequate diet through the issuance to them of a coupon allot-
21 ment which shall have a greater monetary value than the
22 charge to be paid for such allotment by eligible households.
23 The coupons so received by such households shall be used
24 only to purchase food from retail food stores which have been
25 approved for participation in the food stamp program. Cou-

1 pons issued and used as provided in this Act shall be re-
2 deemable at face value by the Secretary through the facilities
3 of the Treasury of the United States.

4 “(b) In areas where the food stamp program is in
5 operation, there shall be no distribution of federally donated
6 foods to households under the authority of any other law
7 except that distribution thereunder may be made: (1) dur-
8 ing temporary emergency situations when the Secretary
9 determines that commercial channels of food distribution
10 have been disrupted; (2) for such period of time as the Sec-
11 retary determines necessary, to effect an orderly transition in
12 an area in which the distribtuion of federally donated foods to
13 households is being replaced by a food stamp program; or
14 (3) on request of the State agency: *Provided*, That the
15 Secretary shall not approve any plan established under this
16 Act which permits any household to simultaneously partici-
17 pate in both the food stamp program and the distribution of
18 federally donated foods under this clause (3).”

19 SEC. 4. Section 5 of the Food Stamp Act of 1964, as
20 amended, is amended to read as follows:

21 “(a) Except for the temporary participation of house-
22 holds that are victims of a disaster as provided in subsection
23 (b) of this section, participation in the food stamp program
24 shall be limited to those households whose income and other
25 financial resources are determined to be substantial limiting

1 factors in permitting them to purchase a nutritionally ade-
2 quate diet.

3 “(b) The Secretary, in consultation with the Secre-
4 tary of Health, Education, and Welfare, shall establish uni-
5 form national standards of eligibility for participation by
6 households in the food stamp program and no plan of opera-
7 tion submitted by a State agency shall be approved unless
8 the standards of eligibility meet those established by the Sec-
9 retary. The standards established by the Secretary, at a mini-
10 mum, shall prescribe the amounts of household income and
11 other financial resources, including both liquid and nonliquid
12 assets, to be used as criteria of eligibility. Any household
13 which includes a member who has reached his eighteenth
14 birthday and who is claimed as a dependent child for Fed-
15 eral income tax purposes by a taxpayer who is not a member
16 of an eligible household, shall be ineligible to participate in
17 any food stamp program established pursuant to this Act dur-
18 ing the tax period such dependency is claimed and for a period
19 of one year after expiration of such tax period. The Secre-
20 tary may also establish temporary emergency standards of
21 eligibility, without regard to income and other financial re-
22 sources, for households that are victims of a disaster which
23 disrupted commercial channels of food distribution when he
24 determines that such households are in need of temporary

1 food assistance, and that commercial channels of food dis-
2 tribution have again become available to meet the temporary
3 food needs of such households: *Provided*, That the Secretary
4 shall in the case of Puerto Rico, Guam, and the Virgin
5 Islands, establish special standards of eligibility and coupon
6 allotment schedules which reflect the average per capita in-
7 come and cost of obtaining a nutritionally adequate diet in
8 Puerto Rico and the respective territories; except that in no
9 event shall the standards of eligibility or coupon allotment
10 schedules so used exceed those in the fifty States.

11 “(c) Notwithstanding any other provisions of law, the
12 Secretary shall include in the uniform national standards of
13 eligibility to be prescribed under subsection (b) of this
14 section a provision that each State agency shall provide
15 that a household shall not be eligible for assistance under
16 this Act if it includes an able-bodied adult person between
17 the ages of eighteen and sixty-five (except mothers or other
18 members of the household who have the responsibility of
19 care of dependent children or of incapacitated adults or who
20 are bona fide students in any accredited school or training
21 program) who either (a) fails to register for employment
22 at a State or Federal employment office or, when imprac-
23 tical, at such other appropriate State or Federal office desig-
24 nated by the Secretary, or (b) has refused to accept em-
25 ployment or public work at not less than the higher of State

1 or Federal minimum wage or the wage established by a
2 valid regulation of any agency of the Federal Government
3 authorized by existing law to establish such regulation. Re-
4 fusals to work at a struck plant or site for the duration of a
5 strike shall not be deemed to be a refusal to accept employ-
6 ment.”

7 SEC. 5. Subsections (a) and (b) of section 7 of the
8 Food Stamp Act of 1964, as amended, are amended to read
9 as follows:

10 “(a) The face value of the coupon allotment which
11 State agencies shall be authorized to issue to any households
12 certified as eligible to participate in the food stamp program
13 shall be in such amount as the Secretary determines to be
14 the cost of a nutritionally adequate diet.

15 “(b) Notwithstanding any other provision of law, house-
16 holds shall be charged for the coupon allotment issued to
17 them, and the amount of such charge shall represent a rea-
18 sonable investment on the part of the household, but in no
19 event—

20 (1) less than 50 cents per person per month for a
21 household of five or less persons, or \$3 per household per
22 month for a household of six or more persons; or

23 (2) more than 30 per centum of the household’s
24 income.

25 The State agency may arrange for payment from State or

1 local sources, including sums made available by charitable
2 and similar organizations, of such portion of the minimum
3 charge as may be necessary to insure the participation of
4 all households certified for participation at the minimum
5 charge: *Provided*, That the Secretary shall provide a reason-
6 able opportunity for any eligible household to elect to be is-
7 sued a coupon allotment having a face value which is less
8 than the face value of the coupon allotment authorized to be
9 issued to them under subsection (a) of this section. The
10 charge to be paid by eligible households electing to exercise
11 the option set forth in this subsection shall be an amount
12 which bears the same ratio to the amount which would have
13 been charged under subsection (b) of this section as the
14 face value of the coupon allotment actually issued to them
15 bears to the face value of the coupon allotment that would
16 have been issued to them under subsection (a) of this sec-
17 tion.”

18 SEC. 6. (a) Subsection (e) of section 10 of the Food
19 Stamp Act of 1964, as amended, is amended to read as
20 follows:

21 “The State agency of each State desiring to participate
22 in the food stamp program shall submit for approval a plan
23 of operation specifying the manner in which such program
24 will be conducted within the State, the political subdivisions
25 within the State in which the State desires to conduct the

1 program, and the effective dates of participation by each
2 such political subdivision. In addition, such plan of operation
3 shall provide, among such other provisions as may by regu-
4 lations be required, the following: (1) the specific standards
5 to be used in determining the eligibility of applicant house-
6 holds; (2) that the State agency shall undertake the certifi-
7 cation of applicant households in accordance with the general
8 procedures and personnel standards used by them in the
9 certification of applicants for benefits under the federally
10 aided public assistance programs; (3) safeguards which
11 restrict the use or disclosure of information obtained from
12 applicant households to persons directly connected with the
13 administration or enforcement of the provisions of this Act
14 or the regulations issued pursuant to this Act; (4) for the
15 submission of such reports and other information as from
16 time to time may be required; (5) that the State agency
17 shall undertake effective action, including the use of services
18 provided by other federally funded agencies and organiza-
19 tions, to inform low-income households concerning the avail-
20 ability and benefits of the food stamp program and insure the
21 participation of eligible households; and (6) for the granting
22 of a fair hearing and a prompt determination thereafter to
23 any household aggrieved by the action of a State agency
24 under any provision of its plan of operation as it affects the
25 participation of such household in the food stamp program.

1 Upon the joint approval of the Secretary and the Secretary
2 of Health, Education, and Welfare the State plan may pro-
3 vide for withholding the amount to be paid by a household
4 for its coupon allotment from any payment made by the
5 State agency to such household under a federally aided public
6 assistance program, if such withholding is authorized by such
7 household. In approving the participation of the subdivisions
8 requested by each State in its plan of operation, the Secretary
9 shall provide for an equitable and orderly expansion among
10 the several States in accordance with their relative need and
11 readiness to meet their requested effective dates of
12 participation.”

13 (b) Add the following new subsection to section 10 of
14 the Food Stamp Act of 1964, as amended:

15 “(h) Subject to such terms and conditions as may be
16 prescribed by the Secretary in the regulations issued pursu-
17 ant to this Act, members of an eligible household who are
18 sixty years of age or over or an elderly person and his
19 spouse may use coupons issued to them to purchase meals
20 prepared for and delivered to them by a political subdivision
21 or by a private nonprofit organization which: (1) is not
22 receiving federally donated foods from the United States
23 Department of Agriculture for use in the preparation of such
24 meals; (2) is operated in a manner consistent with the pur-
25 poses of this Act; and (3) is recognized as a tax exempt

1 organization by the Internal Revenue Service: *Provided*,
2 That household members or elderly persons to whom meals
3 are delivered are housebound, feeble, physically handicapped,
4 or otherwise disabled, to the extent that they are unable to
5 adequately prepare all of their meals. Meals served pursuant
6 to this subsection shall be deemed ‘food’ for the purposes
7 of this Act.”

8 SEC. 7. Subsections (a) and (b) of section 14 of
9 the Food Stamp Act of 1964, as amended, are amended as
10 follows:

11 “(a) Notwithstanding any other provisions of this
12 Act, the Secretary may provide for the purchase, issuance or
13 presentment for redemption of coupons to such person or
14 persons, and at such times and in such manner, as he deems
15 necessary or appropriate to protect the interests of the United
16 States or to insure enforcement of the provisions of this Act
17 or the regulations issued pursuant to this Act.

18 “(b) Whoever knowingly uses, transfers, acquires, al-
19 ters, or possesses coupons or authorization to purchase cards
20 in any manner not authorized by this Act or the regulations
21 issued pursuant to this Act shall, if such coupons or authori-
22 zation to purchase cards are of the value of \$100 or more, be
23 guilty of a felony and shall, upon conviction thereof, be fined
24 not more than \$10,000 or imprisoned for not more than five
25 years or both, or, if such coupons or authorization to purchase

1 cards are of a value of less than \$100, shall be guilty of a mis-
2 demeanor and shall, upon conviction thereof, be fined not
3 more than \$5,000 or imprisoned for not more than one year,
4 or both.”

5 SEC. 8. Subsection (b) of section 15 of the Food Stamp
6 Act of 1964 as amended, is amended to read as follows:

7 “(b) The Secretary is authorized to pay to each State
8 agency an amount equal to $62\frac{1}{2}$ per centum of the sum of (1)
9 the direct salary, travel, and travel-related cost (including
10 such fringe benefits as are normally paid) of personnel, in-
11 cluding the immediate supervisors of such personnel, for such
12 time as they are employed in taking the action required under
13 the provisions of subsection 10 (e) (5) of this Act and in
14 making certification determinations for households other than
15 those which consist solely of recipients of welfare assistance;
16 (2) the direct salary, travel, and travel-related costs (in-
17 cluding such fringe benefits as are normally paid) of per-
18 sonnel for such time as they are employed as hearing officials
19 under section 10 (e) of the Act.”

20 SEC. 9. Section 15 of the Food Stamp Act of 1964 is
21 further amended by adding the following subsection:

22 “(c) Notwithstanding any other provision of law, each
23 State shall be responsible for financing, from funds available
24 to the State or political subdivision thereof, 10 per centum
25 of the value of the coupon allotments issued to eligible house-

1 holds which is in excess of the charges paid by such house-
2 holds for such allotments: *Provided*, That such State financ-
3 ing shall be $2\frac{1}{2}$ per centum for the fiscal year ending June 30,
4 1971; 5 per centum for the fiscal year ending June 30,
5 1972; $7\frac{1}{2}$ per centum for the fiscal year ending June 30,
6 1973; 10 per centum for the fiscal year ending June 30,
7 1974; and 10 per centum for each fiscal year thereafter.
8 Each State shall transfer such sums to, and they shall be
9 made a part of, the separate account created under section
10 7 (d) of this Act. Each State shall transfer such sums to
11 such account within one calendar month following the cal-
12 endar month in which the coupon allotments are issued to
13 eligible households: *Provided further*, That the provisions
14 of this subsection shall not be effective for any coupon allot-
15 ments issued prior to July 1, 1970 (or July 1, 1971 in the
16 case of a State wherein the State legislature has not held a
17 session prior to July 1, 1970) to enable each State to take
18 such action as is necessary under the statutes of the States
19 to comply with the provisions of this subsection.”

20 SEC. 10. Section 16 (a) of the Food Stamp Act of
21 1964, as amended, is amended to read as follows:

22 “To carry out the provisions of this Act, there is hereby
23 authorized to be appropriated not in excess of \$610,000,000
24 for the fiscal year ending June 30, 1970, and such sums as
25 the Congress may appropriate for the fiscal years ending

1 June 30, 1971, June 30, 1972, and June 30, 1973, and not
2 in excess of such sum as may hereafter be authorized by Con-
3 gress for any subsequent fiscal year. Sums appropriated
4 under this section shall, notwithstanding the provisions of
5 any other law, continue to remain available for the purposes
6 of this Act until expended. Such portion of any such appro-
7 priation as may be required to pay for the value of the cou-
8 pon allotments issued to eligible households which is in excess
9 of the charges paid by such households for such allotment
10 shall be transferred to and made a part of the separate ac-
11 count created under section 7 (d) of this Act. This Act shall
12 be carried out only with funds appropriated from the general
13 fund of the Treasury for that specific purpose and in no event
14 shall it be carried out with funds derived from permanent
15 appropriations.”

16 SEC. 11. State plans of operation approved by the Sec-
17 retary of Agriculture under the Food Stamp Act of 1964, as
18 amended, prior to the date of the enactment of amendments
19 thereto by this Act shall continue in effect until such plans
20 are changed to accord with such amendments: *Provided,*
21 That no such previously approved plan shall remain un-
22 changed for more than one hundred and eighty days after
23 the enactment of such amendments.

91ST CONGRESS
2^D SESSION

H. R. 18582

A BILL

To amend the Food Stamp Act of 1964, as amended.

By Mr. POAGE

JULY 22, 1970

Referred to the Committee on Agriculture

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

For actions of July 23, 1970
91st-2nd; No. 125

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HIGHLIGHTS: House committee reported farm bill.
House committee voted to report (but did not actually report)
food stamp bill.

HOUSE

- AGRICULTURE COMMITTEE ACTION.
Reported HR 18546, the general farm bill (H. Rept. No. 91-1329). p. H7142
(It was announced that this bill would be considered on the floor the latter
part of next week, subject to a rule being granted. pp. H7114-5)
Voted to report (but did not actually report) HR 18582 amended, to amend
the Food Stamp Act of 1964, as amended. p. D809
- APPROPRIATIONS. It was made in order to consider one day next week a joint
resolution making further continuing appropriations for FY 71. p. H7077
Passed H.R. 18515, Labor-HEW appropriations bill, FY 71. pp. H7092-114

3. MEAT. Rep. Berry discussed the matter of imported meats and stated "Congress must take action now to protect our cattle farmers." pp. H7127-9
4. POLLUTION. Rep. Monagan urged Justice to take action against those who dump mercury wastes into the Nation's waterways. p. H7131
5. UNEMPLOYMENT COMPENSATION. Agreed to the conference report on HR 14705, extending and improving the Federal-State unemployment compensation program after rejecting a recommittal motion with instructions that the House managers agree to the Senate amendment which would include farmworkers. pp. H7077-7085
6. ADJOURNED until Monday, July 27. p. H7132

SENATE

7. FLOOD CONTROL; RIVERS. Passed with committee amendments S. 3547, to authorize the Narrows Unit, Missouri River Basin Project, Colorado. pp. S11951-52
8. WASTE DISPOSAL. Committee on Public Works reported with amendments, S. 2005, to provide financial assistance for the construction of solid waste disposal facilities (Rept. No. 91-1034). p. S11957
9. WATERSHED. Sen. Randolph announced that the Committee on Public Works approved, on July 16, the following watershed projects: Spadra Creek, Ark.; Upper Petit Jean, Ark.; Headwaters of the Chattooga, Ga.; North Oconee River, Ga.; Lost River, Ind.; St. Mary's River, Md.; Upper Turtle River, N. Dak.; Pine Valley, Oregon; Rocky Creek, S.C.; Hog Creek, Tex.; and Upper Cibolo, Tex. The committee also approved the Mobile Harbor, Ala., Theodore Ship Channel under the Flood Control Act of 1965. p. S11969
10. FARMWORKER. Sen. Mondale protested the elimination of farmworker coverage from HR 14705, the Unemployment Security Amendments of 1970, submitting for the Record a newspaper editorial as further evidence of the attitude that the farmworker is expendable, his problems not being a priority item. p. S11980

EXTENSION OF REMARKS

11. APPALACHIA. Rep. Evins, Tenn., placed in the Record a newsletter, summarizing the accomplishments of the Appalachian Regional Development Program in Tennessee. p. E9654
12. POLLUTION. Rep. McDonald, Mich., asserted that "until each of us accepts the responsibility for his own actions, pollution will not end". p. E6982

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

For actions of August 10, 1970
91st-2nd; No. 137

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HIGHLIGHTS: House committee reported Food Stamp bill.
House passed bill amending Land and Water Conservation Fund Act of 1965.
Sen. Hatfield discussed Oregon farm support payments based on Agriculture
Department table.

HOUSE

- FOOD STAMP. The Agriculture Committee reported with amendment, HR 18582, to amend the Food Stamp Act of 1964 (H. Rept. No. 91-1402). p. H8048
- RECREATION. Passed H.R. 15913, with amendment, to amend the Land and Water Consersvation Fund Act of 1965. Subsequently, this passage was vacated and S. 1708, a similar Senate-passed bill, was passed in lieu after being amended to contain the language of the House bill as passed. A similar House bill, H. R. 18275, was laid on the table. pp. H8010-8

3. RIVER BASIN PROJECT. Appointed conferees on S. 3547, authorizing the construction, operation, and maintenance of the Narrows unit, Missouri River Basin project, Colorado. p. H7985
4. ADJOURNMENT. Agreed to the Senate amendment to H. Con. Res. 689, providing for the summer recess of the Congress. p. H7985
5. CONSUMERS. Rep. Farbstein inserted additional material relating to grocery stores food-dating practices. pp. H8024-6
6. INFLATION. Rep. Patman quoted from the Administration's "Inflation Alert" to prove that high interest rates are "major contributing factors to all of the price rises in the economy" and urged the President to use the powers given to him by P.L. 91-151. pp. H8027-8
7. PERSONNEL; WAGES. Committee on Rules reported H. Res. 1182, providing for the consideration of H.R. 17809, providing an equitable system for fixing and adjusting the rates of pay for prevailing rate employees of the Government (H. Rept. No. 91-1393). p. H8048

SENATE

8. ENVIRONMENT. Both Houses received a message from the President conveying the report of the Council on Environmental Quality. pp. S12994-6, pp. H7985-8
9. APPROPRIATIONS; NATIONAL FOREST. Both Houses received the following letters: from the Director, OMB, an interim report on fiscal year 1970 outlay limitations as of June 30, 1970 (H. Doc. 91-373), to the Committees on Appropriations; and from the Under Secretary of Agriculture, a draft of proposed legislation to extend the boundaries of the Arapaho National Forest (to Committees on Interior & Insular Affairs). p. S12997; p. H8047
10. FARM SUPPORTS. Sen. Hatfield reviewed a report of farm support payments paid to Oregon farmers and placed a Department of Agriculture table in the Record. pp. S13033-4
11. MIGRANT WORKERS. Sen. Holland asserted that recent reports on the condition of migrants in Florida were slanted in an unfavorable way, with no attempt made to show positive action to improve the lot of the migrant. pp. S13012-3
12. RURAL DEVELOPMENT. Sen. McClellan praised the President for his statement in Fargo on the need to continue the reversal of urban migration, and placed in the Record excerpts from the President's speech & a newspaper article. pp. S13023-24



AMENDMENTS TO THE FOOD STAMP ACT OF 1964

AUGUST 10, 1970.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. POAGE, from the Committee on Agriculture,
submitted the following

REPORT

together with

DISSENTING VIEWS, ADDITIONAL VIEWS, AND MINORITY VIEWS

[To accompany H.R. 18582]

The committee on Agriculture, to whom was referred the bill (H.R. 18582) to amend the Food Stamp Act of 1964, as amended, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Page 13, line 23, delete the words "not in excess of \$610,000,000 for the fiscal year ending June 30, 1970, and".

BRIEF RÉSUMÉ OF H.R. 18582

Foremost among changes which this bill would make in the law are: (1) Inclusion of an amendment which would require able-bodied adults to register for and, if available, accept employment as a condition precedent to obtaining stamps; (2) Requiring payment of at least 50¢ per person per month for program participation, and; (3) Requiring States to pay a small portion of the cost of the program. A brief summary of the measure follows:

Section 1 broadens the policy of the basic Act by recognizing that limited purchasing power is related to hunger and malnutrition.

Section 2 of the bill consists of definition changes occasioned by substantive amendments, the most significant of which are to expand the program to Puerto Rico, and define "elderly" persons.

Section 3 contains authority to simultaneously operate Food Stamp and Commodity Programs, however individual participants are precluded from simultaneously receiving dual benefits.

(1)

Under Section 4 the Secretary of Agriculture in conjunction with the Secretary of HEW is directed to establish uniform national standards for participating households. Separate standards for the American Territories newly covered by the Act, are proscribed.

This section also provides that an able-bodied person between the ages of 18 and 65, except those persons responsible for the care of others, register for and accept employment if it is offered as a condition of eligibility for the household of which he is a member to be eligible for program benefits. No person would, by virtue of the requirement, be forced to accept employment at a struck plant.

Section 5 contains authority for establishing the value of coupons with a minimum monthly payment of at least 50¢ per person per month required of each participant. Outside sources would not be precluded from making the required payment. Authority for the purchase of stamps, on other than a monthly basis, is also contained in this Section, however, it would not allow participants to use that vehicle as a means of obtaining more stamps than they would otherwise be entitled to receive.

The educational outreach provision of the bill is contained in Section 6. Under this section State agencies are directed to initiate educational programs designed to inform potential participants of the program. Deductions for public assistance checks for coupon allotments are also authorized under this Section.

Finally, the Section authorizes persons 60 years of age or older who are participating in the program to use stamps to purchase meals delivered to them if prepared by an instrumentality of a political subdivision or a nonprofit organization.

Section 7 amends and strengthens present enforcement provisions.

Section 8 of the bill revises the formula by which the Federal government reimburses State agencies for administrative expenses incurred in implementation of the program. The new formula recognizes the need for insuring prompt hearings for aggrieved households who have heretofore been denied an adequate opportunity to appeal denial of entitlement to benefits of the program.

Section 9 of the bill requires participating States to finance a portion of the amount by which the value of coupons issued to households exceeds the amount paid by such households. The rate of State sharing would be 2½ percent for the first year; 5 percent for the second; 7½ percent for the third; and, 10 percent of the fourth and ensuing years.

Section 10 authorizes open-ended appropriations for the program through fiscal year 1973.

Section 11 contains authority to allow on-going programs to continue to exist until brought into conformity with this bill and gives the Secretary additional authority to extend food assistance to communities without programs.

THE FOOD STAMP PROGRAM

Background

The Food Stamp Act of 1964 was approved by the Congress following a three-year test of the program by the U.S. Department of Agriculture. This test, or pilot phase, began in 1961 in eight project areas

throughout the country; it was subsequently expanded to include 43 areas in 22 States. The test was conducted under the authority of Section 32 of the Act of August 24, 1935, as amended (P.L. 320, 74th Congress). During the third year of the test, the fiscal year 1964, the pilot program reached nearly 400,000 persons and \$28.6 million of additional food purchasing power was made available in the form of bonus coupons.

Evaluation studies of the pilot program, carried out by the research agencies of the U.S. Department of Agriculture, indicated that:

Participants substantially increased their food consumption, with more than 80 percent of the increase represented by livestock products, fruits and vegetables. Nearly twice as many families obtained nutritionally adequate diets after the pilot program started.

Communities benefited economically. In the pilot areas, retail food store sales increased an average of 8 percent. The additional dollars flowing into the pilot area in the form of bonus coupons acted as a stimulant to the overall economy.

Agriculture benefited from expanded markets. The program increased the sale of food from which farmers get the best returns.

The Food Stamp Act of 1964

The Food Stamp Act of 1964 (P.L. 88-525) basically extended the type of program operated during the pilot phase and provided for its progressive expansion into additional States and project areas.

The Act authorized appropriations for three fiscal years—not in excess of \$75 million for fiscal 1965; not in excess of \$100 million for fiscal 1966; and not in excess of \$200 million for the fiscal year 1967. Other principal provisions of the Act were:

The Program

The purpose of the Food Stamp Program is to assist low-income households to increase their expenditures for food and to upgrade the quality of their diets. Under it, eligible households exchange the amount of money they have been spending for food for an allotment of food coupons of higher monetary value. The difference between the amount the household pays for the coupons and the value of the coupon allotment—the free coupons—represents the Federal contribution to the household's increased food purchasing power.) The household uses the coupons to purchase any food—except for certain imported items—in regular retail stores at the retail price prevailing in such stores. Retailers redeem the coupons through the commercial banking system.

Program Eligibility

Participation in the Food Stamp Program is limited to those households whose income is determined to be a substantial limiting factor in the attainment of a nutritionally adequate diet.

A household is defined as a group of related or nonrelated individuals, who are not residents of an institution or boarding house, but are living as one economic unit sharing common cooking facilities and for whom food is customarily purchased in common.

In addition to households which are classified as (welfare) "assistance" households, other low-income households—"nonassistance" households—are eligible. Under the law, each State establishes standards of eligibility for nonassistance households including maximum income limitations consistent with the income standards used by the State in administering its federally-aided public assistance programs. The State agency responsible for the administration of the federally-aided public assistance programs is responsible for administering the Food Stamp Program. These responsibilities include: (1) Certification of applicant households, including nonassistance households; (2) Acceptance, storage, and protection of coupons after their delivery to receiving points within the States; and (2) Issuance of such coupons to eligible households and the control and accounting therefor.

Certification Procedures

The State agency certifies applicant households under the same general procedures and merit-system personnel standards used by it in the certification of applicants for benefits under the federally-aided public assistance programs. Federal funds are available to finance part of the administrative costs incurred by the State agency in certifying nonassistance households.

Amendments to the Food Stamp Act

The Food Stamp Act was first amended by P.L. 90-91, approved September 27, 1967. This amendment provided appropriation authorities for the fiscal years 1968 and 1969—not in excess of \$200 million for fiscal 1968 and not in excess of \$225 million for 1969. This amendment also provided that the Food Stamp Program would be financed with funds appropriated from the general fund of the Treasury and "in no event shall it [the Act] be carried out with funds derived from permanent appropriations".

The Act was further amended by P.L. 90-552, approved October 8, 1968. This amendment increased the maximum authorization for the 1969 fiscal year to \$315 million; provided for an appropriation authorization of up to \$340 million for fiscal 1970; and an authorization of not in excess of \$170 million for the six months of July-December 1970.

Increased program funding for the fiscal year 1970 was provided in P.L. 91-116, approved November 13, 1969. The 1970 authorization was increased from \$340 million to \$610 million to permit program improvements and expansion while the Congress was considering Administration and other bills to significantly modify provisions of the 1964 Act.

Operations under the Act, 1965-1969

Following the passage of the Food Stamp Act, a significant year-by-year expansion has occurred in the program:

[Dollars in millions]

	Year-end—			Annual value of bonus coupons
	Number of—			
	States	Areas	Participants	
Fiscal year:				
1964 (pilot phase).....	22	43	360, 255	28. 6
1965.....	29	110 +	632, 687	32. 5
1966.....	41	324	1, 218, 399	64. 8
1967.....	42	838	1, 831, 888	105. 6
1968.....	44	1, 027	2, 419, 620	173. 1
1969.....	44	1, 489	3, 222, 212	228. 8

While some revisions were made in the coupon issuance schedules—the amounts charged families as the “purchase requirement” and the amounts of bonus coupons provided, no major provisions were made in the program during these years. The minimum purchase requirement—generally applicable to households with a monthly income of less than \$30—was reduced from \$2 per person per month to 50 cents per person per month in the summer of 1967. Other minor schedule revisions for families with incomes of less than \$70 a month were made in February 1969.

December 1970 Program Modifications

The advantages of the food stamp approach to feeding needy families vis-a-vis the commodity distribution system has been widely accepted. Nonetheless, continuing concern has been expressed that, in areas where the program is in operation, it was not reaching a sufficiently high percentage of eligible families. This was the result of two interrelated factors: (1) households could not “afford” the program, i.e., purchase requirements were in excess of the amounts poor families normally spend for food; and (2) the total coupon allotment provided (the purchased plus the bonus coupons) did not permit many food stamp households to buy even the most economical nutritionally adequate diet.

In response to this deficiency, Congress passed P.L. 91-116, approved November 13, 1969. This measure increased the 1970 authorization to \$610 million, a like amount was included by the Congress in the Department's 1970 Appropriations Act. Secretary of Agriculture Hardin announced sweeping modifications in the program immediately after the Department's 1970 Appropriation Act was enacted. The modifications included: (1) reduction of purchase requirements, particularly for the lower-income families; and (2) setting total coupon allotment for all participating households at a level which would enable them to purchase a diet that was more adequate nutritionally.

The following table illustrates the scope of these modifications in the coupon schedules by comparing the various and modified issuance schedules for selected households of four:

HOUSEHOLD OF 4 MEMBERS

Monthly income	Previous schedule		Modified schedule	
	Pay	Monthly coupon allotment	Pay	Monthly coupon allotment
Under \$30.....	\$2	\$60	\$2	\$106
Under \$50.....	20	64	10	106
Under \$100.....	44	78	25	106
Under \$200.....	68	92	54	106
Under \$250.....	76	100	72	106

The following table shows the impact on participation and benefits in the months following announcement of the modifications.

[In millions]

	Participation	Value of bonus coupons
December 1969.....	3.6	\$24.6
January 1970.....	3.8	26.9
February 1970.....	4.4	54.9
March 1970.....	5.1	70.8
April 1970.....	5.6	80.1
May 1970 (estimated).....	5.9	84.2
June 1970 (estimated).....	6.3	90.0

FOOD STAMP PROGRAM.—SELECTED PROGRAM DATA, FEDERAL OPERATING EXPENSES, AND FEDERAL EMPLOYMENT, FISCAL YEAR 1965-70

Fiscal year	Year-end—			Total obligations	Obligations for Federal operating expenses	Federal man-years of employment
	Number of States	Number of areas	Number of participants (thousands)			
1965.....	29	110	633	\$35,134,797	\$1,401,394	138
1966.....	41	324	1,217	70,439,588	2,774,815	289
1967.....	42	838	1,832	115,514,574	5,154,869	547
1968.....	44	1,027	2,488	187,283,815	8,296,702	886
1969.....	44	1,489	3,224	250,981,893	10,394,485	1,001
1970 (estimate).....	47	1,863	5,424	609,978,000	13,828,000	1,200

¹ Includes sums transferred by OEO.

Source: USDA/C. & M.S. January 1970.

While 6.3 million persons participated in the Food Stamp Program in June, 1970, this did not represent the total Federal effort to improve the diets of low-income families in this country.

FAMILY FEEDING

Under the Commodity Distribution Program, assistance to the family is provided in the form of direct donations of food. USDA currently offers a "package" of some 20 foods to needy families, including canned meat and poultry; cheese and butter; canned juices and a fruit or vegetable; flour; rice, dry beans and other cereal products; and dry and evaporated milk. According to nutrition experts this "package" would supply essentially all of the recommended dietary allowances of the Food and Nutrition Board of the National Research Council.

Counties are free to choose between these two programs—food stamps or commodity donations—in assisting needy families. During the past year the USDA has undertaken a cooperative Federal-State-local effort to insure that all of the country's 3,129 counties and independent cities offer one of these two feeding programs to eligible families. By July 31, 1970, 2,980 counties and cities were operating a program, 127 were in the final stages of preparation, and negotiations were continuing with officials of the remaining 22 counties.

The combined effort to expand and improve the two family feeding programs has increased substantially the number of needy persons receiving assistance:

[In millions]

	Participants		Total
	Food stamp	Commodity distribution	
December 1969.....	3.6	3.7	7.3
January 1970.....	3.8	3.9	7.7
February 1970.....	4.4	4.0	8.4
March 1970.....	5.1	4.1	9.2
April 1970.....	5.6	4.1	9.7
May 1970 (estimated).....	5.9	4.1	10.0
June 1970 (estimated).....	6.3	4.2	10.5

Nutrition Aide Program

The purpose of the Federal Extension Service's expansion of food and nutrition educational programs is to help improve the diets of low-income families through better use of family resources, including additional food assistance available by participation in the Food Stamp or Commodity Distribution Programs.

More than 7,000 program aides, who live in the community, have been hired to work with low-income homemakers in their homes and in group situations. Aides help the homemaker understand why a balanced diet is needed, demonstrate how food dollars can be used to purchase maximum nutrition, how to plan better family meals, and help the family, if necessary, in participating in USDA feeding programs. To date, more than 500,000 families have been contacted since the start of the program in 1969.

COMPARISON OF MAJOR PROVISIONS IN H.R. 18582 WITH EXISTING LEGISLATION, PUBLIC LAW 88-525

Item	Present law Public Law 88-525	H.R. 18582
1. Policy of program.....	Raise levels of nutrition among low-income households. Sec. 2.	Permit low-income households to purchase a nutritionally adequate diet. Sec. 1.
2. Method and level of funding.....	Authorization of appropriations: Fiscal 1970, \$340,000,000; fiscal 1971 (1st 6 months only, through Dec. 31, 1970), \$170,000,000. Sec. 16(a).	Authorization of appropriations: Such sums as Congress may appropriate. Sec. 10.
3. Carryover of unexpended funds...	None. Unspent funds automatically revert to the Treasury. Sec. 16(c).	Unspent funds continue to remain available until expended. Sec. 10.
4. Term of program.....	Ends Dec. 31, 1970. Sec. 16(a).	Ends June 30, 1973. Sec. 10.
5. Territorial coverage.....	50 States only and District of Columbia. Sec. 3(j).	Includes Puerto Rico, Guam, and the Virgin Islands. Sec. 2(b).

COMPARISON OF MAJOR PROVISIONS IN H.R. 18582 WITH EXISTING LEGISLATION, PUBLIC LAW 88-525—Continued

Item	Present law Public Law 88-525	H.R. 18582
6. Individual coverage.....	Group of related or nonrelated individuals living as one economic unit sharing cooking facilities and for whom food is customarily purchased in common. Not residents of institutions or boarding houses. Sec. 3(e).	Extends program to persons over 60 years of age who do not live in institutions or a boarding house. Sec. 2(c).
7. Product coverage.....	Any food or food product except alcoholic beverages, tobacco, imported packaged foods, and imported meats or meat products. Sec. 3(b).	Expands program to include meals prepared by nonprofit institutions and purchased by persons over 60 years of age if meals are delivered to their homes. Sec. 6(b).
8. Store coverage.....	Establishment of house-to-house trade route that sells food to households for home consumption. Sec. 3(f).	Expands program to include political subdivisions and private nonprofit institutions which prepare and deliver meals to persons 60 years of age or older. Sec. 2(a).
9. Income eligibility.....	States set standard on maximum income, must be consistent with income standard used by State in own welfare program. Sec. 5(b).	Secretary to establish uniform standards in consultation with HEW. Households containing an 18-year-old who is taken as a tax dependent by another household are ineligible. Secretary directed to establish separate standards for Puerto Rico, Guam, and Virgin Islands. Sec. 4(b).
10. Resource limitation on eligibility..	State agency to determine..... Sec. 5(b).	Secretary to consider both liquid and nonliquid assets in establishing eligibility criteria. Sec. 4(b).
11. Method of certification.....	General procedure used in public assistance programs; use of State merit-system personnel used in certification. Sec. 5(b).	Households containing able-bodied persons between 18 and 65 (except mothers or students) who refuse to register for or accept employment (struck plants excepted) shall be ineligible for stamps. Sec. 4(c).
12. Challenge to certification.....	No specific provision.....	State agency to grant fair hearing and prompt determination to any aggrieved household affected in participation. Sec. 6(a).
13. Penalties.....	Criminal offense to knowingly acquire coupons in unauthorized manner. Secs. 14(a) and (b).	Extends criminal provision to include illegal possession or use of "authorization to purchase" cards; authorizes purchase of stamps for enforcement purposes. Secs. 2(d) and 7(b).
14. Place of coupon issuance.....	State agency responsible for making issuance arrangements may delegate to other agencies of local governmental units. Sec. 10(b).	Same as present law.
15. Frequency of coupon issuance.....	No specific provision. Department regulation requires at least semi-monthly issuance for households that receive income on weekly or semi-monthly basis.	Requires Secretary to provide opportunity to purchase less than full allotment but only in proportion to normal authorization. Sec. 5(b).
16. Method of coupon purchase.....	Transfer for cash.....	Cash or deduction of charge by State from federally-aided public assistance payments when authorized by households. Sec. 6(s).
17. Price of coupons.....	Amount equivalent to household's normal expenditure for food. Sec. 7(a).	Cost of stamps to be a reasonable investment, but in no event less than 50 cents per person per month or more than 30 percent of household's income. Payment may be made by outside sources including State agencies and charitable institutions. Sec. 5(b).
18. Free coupons.....	None. Households are charged such portion of face value of coupon as is equivalent to its normal expenditure for food. Sec. 7(b).	See item 17 above, this column.

COMPARISON OF MAJOR PROVISIONS IN H.R. 18582 WITH EXISTING LEGISLATION, PUBLIC LAW 88-525—Continued

Item	Present law Public Law 88-525	H.R. 18582
19. Total value of coupons.....	Such amount as will provide household with an opportunity more nearly to obtain a low-cost nutritionally adequate diet. Sec. 7(a).	Amount which Secretary determines is necessary to obtain a nutritionally adequate diet. Sec. 5(a).
20. Federal administrative responsibility.	Secretary of Agriculture..... Sec. 10.	No change.
21. State and local administrative responsibility.	State welfare agency is responsible for intrastate administration. Sec. 10(b).	No change from present law.
22. Payment of administrative costs....	Federal Government finances cost of bonus coupons and their printing and 62.5 percent of travel and salaries of State personnel engaged in certifying nonassistance households. Sec. 15(b).	Same as in present law plus 62.5 percent of cost of hearing officials and outreach personnel. Sec. 8.
23. Simultaneous commodity distribution and food stamp issuance.	Not unless emergency situation caused by a natural or other disaster as determined by Secretary, interpreted to exclude long-term non-natural disasters. Sec. 4(b).	Simultaneous operation of food stamp and commodity program is authorized in case of (1) emergency situations; (2) during transition to food stamps; or (3) on request of the State agency subject only to prohibition that individual participants shall not benefit from both programs simultaneously. Sec. 3(b).
24. Program outreach.....	No specific requirement..... Sec. 10(a).	State agency must undertake effective action to inform poor of program's availability and benefits and insure their participation, including use of services of other federally funded organizations. Sec. 6(a).
25. Education.....	Administrators should take steps, including the coordination of other bodies' informational efforts, to insure that participants obtain staple foods, particularly those in abundant or surplus supply. Sec. 10(a).	Same as present law.

Development of the Legislation

The measure before the House, H.R. 18582, is a clean bill containing amendments adopted by the Agriculture Committee during sixteen executive sessions. The action bill, H.R. 12222, introduced by Agriculture Committee members Mrs. May of Washington and Congressman Zwach of Minnesota along with 32 additional cosponsors on June 17, 1969, contained modifications to the present law sought by the Administration.

Public hearings spanning 18 days were conducted before the full committee. During this period 62 witnesses appeared and 36 additional statements were filed for the record. Secretary of Agriculture Clifford M. Hardin testified before the committee on July 15, 1969. At that time he outlined the Administration's goals and discussed its legislative proposal. The Secretary and his key advisors conferred with the committee on proposals relating to the Food Stamp Program in the ensuing months on an informal basis on several occasions.

Thereafter, the committee began executive session during which the public testimony, additional statements, and 33 other measures relating to the Food Stamp Program were evaluated. After sixteen such meetings during which seventeen substantive amendments were

adopted, the committee by a vote of 25-2 requested Chairman Poage to introduce a clean bill, H.R. 18582, on July 23, 1970.

COMMITTEE INTENT

The authority for the first Food Stamp Program originated with the Agriculture Committee of the House in the late 1930's, and it was also this Committee that wrote the present program which is based on the 1964 Act. The program is an effective way of providing food assistance for needy people.

The Committee does not believe that the Food Stamp Program is a proper vehicle for the solution of all of our social assistance problems. While the Committee recognizes that there are those who think that food stamps without cost to the recipient should be used to provide not only food but clothing, shelter, furniture and medical services, and others who would provide stamps without any show of need or any requirement of self help whatever, it does not ascribe to this premise. A substantial majority of the Committee believes that food stamps should be used to supplement, not substitute for, the normal buying power of low income families. Further, the majority of the Committee feels that it is still desirable for those who can do so to work in order to support themselves and their families.

This bill rather than trying to limit any needed aid authorizes unlimited appropriations for the Food Stamp Program. There has been no disposition on the part of the Committee on Agriculture to deny whatever funds are necessary to supplement the income of needy people. It should be remembered that last fall the Agriculture Committee of the House reported H.J. Res. 934, which passed the House and became law. This more than doubled the 1970 authorization for food stamps. The Committee authorized every dollar the Secretary of Agriculture said he could spend, and did it without delay.

The constructive efforts of the Committee in this field are a matter of record. The Agriculture Committee provided the first school lunches. The Agriculture Committee originated the School Breakfast Program. The Agriculture Committee originated the Special Milk Program. The Agriculture Committee launched the Food Stamp Program.

The work amendment

It is the intent of the committee that Section 4(c) of the bill which requires able-bodied adult persons to register for and, if it is offered, accept it as a condition of eligibility for food stamps, be strictly enforced.

While the committee, of course, recognizes that most recipients of food stamps are poor as a result of circumstances beyond their control—old age, disability, physical handicap, etc.—there is a small minority of recipients who are poor because they choose to be poor. It is this latter group of poor that the committee intends to deny participation in this program. The committee intends that the program will help those with limited resources who truly need and deserve assistance.

This amendment is the result of long and arduous debate and deliberation in the committee. It is an attempt to devise legal language

to deny assistance to "freeloaders," while insuring all aid possible to those who, through no fault of their own, need food stamp assistance.

The committee shares the boundless generosity of the American people toward those truly in need, however, it also seeks to preserve the idea that honest labor to earn one's livelihood is a fundamental part of our national heritage. It is in this spirit and philosophy that the committee has developed this amendment.

The amendment specifically exempts certain categories of persons from registering for employment or training programs. The committee is confident that the Secretary will be able to promulgate regulations for the registration of other than those exempted.

The committee is most anxious to insure that the job training provisions of the amendment are not abused. It does not wish to see a repeat of instances like those which occurred after World War II when some individuals abused their job training benefits by becoming near permanent students by attending training classes in a multiplicity of subjects. The committee, therefore, intends that the regulations of the Secretary place a reasonable time limit on participation in job training programs by able-bodied adult persons who would otherwise be ineligible for food stamp assistance.

Further, the committee has left to the Secretary the determination of suitable employment for individuals concerned and the level of wages applied to that employment. It is the clear intent of the committee that no work should be required at wages less than the higher of the applicable State or Federal minimum wage or of the wage set by a valid regulation of any agency of the Federal Government authorized by existing law to establish such wage. Conversely, it is not the committee's intent that the Secretary be empowered to establish any minimum wages by this legislation.

The committee debated at length the question of striker participation in the Food Stamp Program; it rejected a provision which would have automatically made strikers ineligible for food stamps. In lieu of such a provision the committee adopted language which clearly states that no person (neither a striker nor a nonstriker) need accept employment or training at a struck plant or site. The committee does not wish to take sides in labor disputes and does not believe this bill is the proper place to solve labor-management problems. The Secretary, through regulation is free to establish whatever requirements he deems appropriate as to the method and time for strikers to register for employment or training at facilities not subject to a strike.

State sharing of bonus stamp costs

The committee feels that the principle of State sharing in Federal welfare programs generally is sound and should be incorporated in the Food Stamp Program as soon as possible, but it recommends that ample time be given to State legislatures, particularly those which meet biannually, to appropriate sufficient funds to keep the program in operation.

The committee intends to establish clearly that beginning July 1, 1970, the participating States shall share a portion of costs which are now borne exclusively by the Federal Government. During the committee's consideration of the State cost-sharing amendment several arguments were presented against it.

First, it was argued that the States will not contribute toward the cost of food stamps issued to nonpublic assistance recipients in that particular State. The committee, however, feels that the proper standard for welfare aid should be set by the States and not by the Federal Government. Federal cost sharing of local welfare expenses should be based on the standards the States are willing to establish for themselves. The committee also points out that no State is compelled to participate in the Food Stamp Program and if it chooses not to do so, its citizens remain eligible for the Department of Agriculture's Direct Distribution Program which operates throughout the United States.

A *second* argument was that their financial resources are so limited that the States cannot afford to provide the 10-percent matching that is required by this amended bill. The committee points out that just as States now tax their citizens to raise funds to match the Federal highway program, and aid to dependent children program, and a host of other Federal-State programs, they can likewise be expected to move to meet a modest share of the cost of this program. More important, the committee feels, State and local cost sharing will bring greater local responsibility and control into the operation of this program.

A *third* argument was that some States might require those communities least able to afford it to bear part of the program's cost. The committee feels that this is an issue to be resolved by the States themselves. If there are certain areas which need special assistance in a State, the State government can and should allocate priorities as to which communities are in the most need.

A *fourth* argument was that the States now pay a significant cost in administering the program at the State level. The U.S. Department of Agriculture informed the committee that this "significant cost" is \$5 million during the present fiscal year. On the other hand, the Department is currently spending \$27 million annually on administrative expenses and employs 1210 employees (223 in Washington, D.C., and 987 in the field) to administer the 747 local food stamp programs which were operational as of June 30, 1970. The USDA has indicated that administrative expenses under the bill will nearly double—it projects a \$49 million cost of administering the program in FY 1971. In addition, the committee points out that section 15(b) authorizes the Secretary to pay part of the State administrative costs concerned with the certification of nonpublic assistance food stamp recipients. The committee feels that the States' contribution toward administrative expenses for its own welfare programs does not remove their responsibility to share in the cost of the Food Stamp Program.

A *fifth* argument was that 58 percent of the people participating in the Food Stamp Program receive State welfare grants and therefore the States are already contributing enough. The committee points out, however, that these welfare State grants would be made regardless of the existence of the Food Stamp Program. Under the present program eligible recipients take their own money, be it from State welfare or from some other source, and exchange it for food stamps having a greater value (on the average about \$10 cash for \$15 worth of stamps). The U.S. taxpayer currently pays the difference—\$5. It is this Federal

welfare outlay that the committee feels should be matched in part by the States.

A *sixth* argument was that taxpayers in counties not covered by the Food Stamp Program would resent paying State taxes to be used to contribute to the cost of the program in other counties in the same State. This argument, the committee feels, is basically the same as argument No. 3 above. This issue is simply one for each State to resolve. If a State decides to place a road through its western part, the people in the eastern part help pay the taxes to build that road. Conversely, if the people in an eastern county of that same State need the Food Stamp Program, those who live in the western part will help pay the necessary taxes to finance that assistance if the State government, through its Governor and its legislature, so decides.

A *final* argument was that States would begin to look upon the Food Stamp Program as a welfare program, rather than a Federal food program. To this argument the committee submits the proposition that the Food Stamp Program is primarily a welfare program. The fact is that States have already recognized it as such and are looking upon it as an additional source of "free" aid from the Federal Government. The committee further submits that there is nothing wrong with a good Federal welfare program if it incorporates appropriate sharing of responsibility by State governments.

In brief the committee amendment to require modest State cost sharing is not designed to wreck the Food Stamp Program. Rather, it is intended to structure State and local participation and responsibility into a basic welfare program designed primarily to benefit our needy citizens.

SECTION-BY-SECTION ANALYSIS

SECTION 1

This section of the bill amends section 2 of the Food Stamp Act of 1964, as amended.

While retaining the original policy of the Act that the Nation's abundance of food should be utilized to raise levels of nutrition among low-income households, the amendment changes the Declaration of Policy to reflect the finding of Congress that the limited food purchasing power of low-income households contributes to hunger and malnutrition. It also changes the current general purpose of the Act from that of "raising levels of nutrition" to that of enabling eligible households "to purchase a nutritionally adequate diet."

SECTION 2

This section of the bill amends Section 3 of the Food Stamp Act of 1964, as amended.

Section 3 of the present Act defines the terms used in the Act, three changes in this section are necessary to bring the amendments into conformity with the Act.

Subsection (f) which presently defines the term "retail food store" is expanded to include a "political subdivision or a private nonprofit organization" so as to enable persons to pay for meals delivered to them by these units to pay for same with food stamps.

Subsection (j) which presently defines the term "State" is expanded to include Puerto Rico, Guam and the Virgin Islands so as to allow the territories to participate in the program.

A new subsection, (1), is added defining the term "elderly person" as a person 60 years of age or over who is not a resident of an institution or boarding house. This definition is necessary to limit the "meals on wheels" program, added in Section 6 of this bill, to persons who are of advanced age. Without this amendment all stamp recipients could use stamps to purchase prepared meals without limitation as to the place of consumption. In short, the amendment is designed to preclude the use of stamps for the purchase of meals at soup kitchens regardless of their sponsorship.

Finally, a new subsection, (m), defining the term "authorization to purchase card" has been adopted to set forth the limits of the expanded criminal enforcement sanction provided in Sec. 7 of the bill.

SECTION 3

This section of the bill revises subsections (a) and (b) of Section 4 of the Food Stamp Act of 1964, as amended.

Subsection 4(a) of the Act sets forth a general description of the food stamp program authorized by the Act. The proposed amendment, by deleting the words "more nearly" from the first sentence of the subsection, will authorize the Secretary to formulate and administer a food stamp program which will provide eligible households with an opportunity to obtain a nutritionally adequate diet, rather than one which merely approaches this goal. Other provisions of the subsection remain unchanged.

Subsection 4(b) has been revised to expand the authority under which a commodity distribution program may be operated simultaneously in a food stamp area. Under the present Act, authority to operate both programs in the same area is limited to emergency situations caused by a national or other disaster as determined by the Secretary. By virtue of the revision simultaneous operation of both the food stamp and commodity distribution programs would be authorized in three ways: (1) during emergencies when the Secretary determines that commercial channels of food distribution have been disrupted; (2) during the period deemed necessary (the initial months) to effect an orderly transition from the Commodity Distribution Program to the Food Stamp Program, and; (3) on request of the State Agency. If the State agency requests simultaneous operation for a period of time beyond that deemed necessary for an orderly transition to a stamp program, or if the State agency wishes to institute the Commodity Distribution Program in an existing food stamp area, the full cost of handling and issuing the commodities in the food stamp area would be at the expense of the State agency or the local government unit.

The Secretary is prohibited from approving any plan of operation which would permit a household to simultaneously participate in both the food stamp program and the commodity distribution program when both are operating in the same area.

SECTION 4

This section of the bill revises section 5 of the Act.

The proposed amendment retains the concept that the food stamp program shall be limited to households whose income and resources are substantial limiting factors in the attainment of a nutritionally adequate diet. However, unlike the current Act which provides that maximum income limitations shall be consistent with those used by the State agency in the administration of its federally aided public assistance programs, the amendment directs the Secretary of Agriculture, in consultation with the Secretary of Health, Education and Welfare, to establish, from time to time, a new uniform national standards of eligibility. At a minimum, these new uniform standards will include the amounts of income and other financial resources, including liquid and non-liquid assets, to be used as eligibility criteria for households of various sizes. Separate standards for Puerto Rico, Guam, and the Virgin Islands—not heretofore covered by the Act—are to be promulgated by the Secretary. The standards will reflect the cost of obtaining a nutritionally adequate diet and the per capita

income of the Territories and in no event exceed the authorization for the fifty states.

The proposed revision prohibits issuance of stamps to a household containing a member who is claimed as a tax dependent for Federal income tax purposes by a taxpayer who is not a member of the same household for however long the dependency is claimed plus one additional year.

The Secretary would also be authorized to establish eligibility standards to meet the temporary food needs of households through the food stamp program when such households have been victims of disasters which have disrupted commercial food distribution facilities if such facilities have again become available to meet these temporary needs.

The proposed revision would deny stamps to an otherwise eligible household if it includes an able-bodied person between the ages of 18 and 65 (mothers with dependent children and students excepted) who fail to register for or accept employment if offered. Refusal to accept work which does not provide a salary at the applicable minimum wage or at a struck plant would not be viewed as a refusal to accept employment.

SECTION 5

This section of the bill amends subsections 7(a) and 7(b) of the Food Stamp Act of 1964, as amended.

Subsection 7(a) of the Act would be amended to provide that the value of the total coupon allotment to be issued to eligible households will be equal to the cost of a nutritionally adequate diet, as determined by the Secretary.

Subsection 7(b) of the Act would also be changed to provide a new basis for determining the charges to be made (the purchase requirements) for coupon allotments. The present Act provides that households shall be charged an amount determined to be equivalent to their normal expenditures for food; the revision directs the Secretary to establish requirements that represent a reasonable investment on the part of the household but in no event less than 50 cents per person per month or more than 30 percent of the household's income. The minimum payment could be made by outside sources, either governmental or charitable.

The revised language of subsection 7(b) of the Act also authorizes the issuance of coupon allotments of less than the face value authorized to be purchased by individual households. This change is recommended so as to facilitate participation of households paid on other than a monthly basis and find it difficult to amass sufficient cash to purchase their entire monthly authorization. The change would not, in any way, abrogate the purchase requirement schedule.

SECTION 6

This section of the bill revises subsection 10(e) and adds a new subsection, 10(h) to the Act.

While retaining all of the existing minimum provisions to be included in the plan of operation to be submitted by a State agency which desires to participate in the program, the proposed amendment

adds two new requirements, as well as language which will permit households to authorize the withholding of coupon purchase requirements from their public assistance payments.

New language added by the amendment would place a positive responsibility upon the State agency to take effective action to inform low-income people about the program and to encourage the participation of eligible households. In undertaking such outreach actions, the State agency would be required to utilize the resources of other federally funded agencies such as those financed under the Economic Opportunity Act, as amended.

State plans of operation also would be required to include provisions under which the State agencies will grant fair hearings to households aggrieved by action of the State agencies.

The revised language also provides that, with the approval of the Secretary of Agriculture and the Secretary of Health, Education and Welfare, a State agency may establish a system under which a food stamp household may elect to have its charge for the coupon allotment withheld from its public assistance check. The State agency could then automatically mail the monthly coupon allotment to certified public assistance households. State agencies may now issue coupons by mail but households must remit coupon charges to the State agency each month before the coupons can be mailed.

The new subsection represents a significant expansion of the program. By authorizing persons 60 years of age or older, who are participating in the program, to use stamps to purchase meals prepared by and delivered to them by either a political subdivision or non-profit organization the program seeks to reach the ill and incapacitated in a manner which was heretofore not authorized. The preparing organizations must be tax exempt, operate within the spirit of the Act and cannot utilize federally donated foods.

SECTION 7

This section of the bill revises subsections (a) and (b) of Section 14 of the Food Stamp Act of 1964, as amended. Section 14(a) of the Act authorizes the Secretary to issue coupons for enforcement purposes. The amendment expands this authority to provide for the purchase of coupons as well.

Section 14(b) provides criminal sanction with respect to the illegal use, transfer, acquisition or possession of coupons. The amendment expands these prohibitions by including thereunder the "authorization to purchase card", the card issued participants for identifying them and indicating the amount of cash required to purchase the stamps to which they are entitled.

In addition to imposing criminal sanctions with respect to the "authorization to purchase card", the amendment also provides that "alteration" of coupons or ATP cards will subject an individual to prosecution.

SECTION 8

This section revises subsection 15(b) of the Act.

The revised language will continue to provide for Federal pay-

ments to assist States in the costs they incur in the certification of nonwelfare households. Federal payments now are available to pay a portion of the salary and travel costs of merit system case-workers (and their immediate supervisors) used to make certification determinations in the local counterpart offices of the State welfare agency. The new language will provide Federal payments to assist States in the salary and travel costs incurred by personnel who undertake the outreach actions required under the new subsection 10(e)(5) and those who act as hearing officials under the new requirement for a State fair hearing procedure. It is deemed to be in the interest of the program to recognize the additional costs to States in insuring that there is a prompt and equitable system under which households can appeal State and local decisions concerning their program eligibility or basis of participation.

SECTION 9

This section of the bill does not revise the Food Stamp Act of 1964, as amended. It provides that each State shall be responsible for financing a portion of the amount by which the value of coupons issued to eligible households exceeds the amount paid by such households. State payment percentages under this revision would be two and one-half percent in fiscal 1971; five percent in 1972; seven and one-half percent in 1973 and ten percent for 1974 and thereafter. With respect to those State legislatures which do not meet prior to July 1, 1970, this requirement would not become operative until July 1, 1971.

SECTION 10

This section of the bill revises subsection 16(a) of the Act.

The proposed amendment provides for appropriation authorities for the program through fiscal year 1973. It also authorizes any portion of the sums appropriated for any fiscal year which are not expended in that fiscal year to remain available until expended.

SECTION 11

This section of the bill does not amend the Food Stamp Act of 1964, as amended. It provides for a period, not to exceed six months, in which existing State plans of operation may remain in effect while changes required in the plans by the proposed amendments are being made by the State agencies and the Federal Government. It is expected that State agencies will be able to carry out some changes in their plans of operation before others. In such cases these changes can be put into effect as soon as they have been approved in accordance with the provisions of section 10 of the Act.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black

brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman) :

FOOD STAMP ACT OF 1964, AS AMENDED

* * * * *

SEC. 2. It is hereby declared to be the policy of Congress, in order to promote the general welfare, that the Nation's abundance of food should be utilized cooperatively by the States, the Federal Government, [and] local governmental units, [to the maximum extent practicable to safeguard the health and well-being of the Nation's population and raise levels of nutrition among low-income households.] *and other agencies to safeguard the health and well-being of the Nation's population and raise levels of nutrition among low-income households.* The Congress hereby finds that [increased utilization of foods in establishing and maintaining adequate national levels of nutrition will tend to cause the distribution in a beneficial manner of our agricultural abundances and will strengthen our agricultural economy, as well as result in more orderly marketing and distribution of food. To effectuate the policy of Congress and the purposes of this Act, a food stamp program, which will permit those households with low incomes to receive a greater share of the Nation's food abundance, is herein authorized.] *the limited food purchasing power of low-income households contributes to hunger and malnutrition among members of such households. The Congress further finds that increased utilization of foods in establishing and maintaining adequate national levels of nutrition will promote the distribution in a beneficial manner of our agricultural abundances and will strengthen our agricultural economy, as well as result in more orderly marketing and distribution of food. To alleviate such hunger and malnutrition, a food stamp program is herein authorized which will permit low-income households to purchase a nutritionally adequate diet through normal channels of trade.*

SEC. 3. As used in this Act—

- (a) The term "Secretary" means the Secretary of Agriculture.
- (b) The term "food" means any food or food product for human consumption except alcoholic beverages, tobacco, those foods which are identified on the package as being imported, and meat and meat products which are imported.
- (c) The term "coupon" means any coupon, stamp, or type of certificate issued pursuant to the provisions of this Act.
- (d) The term "coupon allotment" means the total value of coupons to be issued to a household during each month or other time period.
- (e) The term "household" shall mean a group of related or non-related individuals, who are not residents of an institution or boarding house, but are living as one economic unit sharing common cooking facilities and for whom food is customarily purchased in common. The term "household" shall also mean a single individual living alone who has cooking facilities and who purchases and prepares food for home consumption.

(f) The term "retail food store" means an establishment, including a recognized department thereof, or a house-to-house trade route which sells food to households for home consumption. *It shall also mean a political subdivision or a nonprofit organization that meets the requirements of section 10(h) of this Act.*

(g) The term "wholesale food concern" means an establishment which sells food to retail food stores for resale to households.

(h) The term "State agency" means the agency of the State government which has responsibility for the administration of the federally aided public assistance programs.

(i) The term "bank" means member or nonmember banks of the Federal Reserve System.

(j) The term "State" means the fifty States and the District of Columbia, *Guam, Puerto Rico and the Virgin Islands of the United States.*

(k) The term "food stamp program" means any program promulgated pursuant to the provisions of this Act.

(l) *The term "elderly person" shall mean a person 60 years of age or over who is not a resident of an institution or boarding house, and who is living alone, or with spouse, whether or not he has cooking facilities in his home.*

(m) *The term "authorization to purchase card" means any document issued by the State agency to an eligible household which shows the face value of the coupon allotment the household is entitled to be issued on presentment of such document and the amount to be paid by such household for such allotment.*

* * * * *

SEC. 4. (a) The Secretary is authorized to formulate and administer a food stamp program under which, at the request of [an appropriate] the State agency, eligible households within the State shall be provided with an opportunity [more nearly] to obtain a nutritionally adequate diet through the issuance to them of a coupon allotment which shall have a greater monetary value than [their normal expenditures for food] *the charge to be paid for such allotment by eligible households.* The coupons so received by such households shall be used only to purchase food from retail food stores which have been approved for participation in the food stamp program. Coupons issued and used as provided in this Act shall be redeemable at face value by the Secretary through the facilities of the Treasury of the United States.

(b) In areas where *the* [a] food stamp program is in operation, [effect,] there shall be no distribution of federally [owned] *donated* foods to households under the authority of any other law except [during emergency situations caused by a national or other disaster as determined by the Secretary] *that distribution thereunder may be made: (1) during temporary emergency situations when the Secretary determines that commercial channels of food distribution have been disrupted; (2) for such period of time as the Secretary determines necessary, to effect an orderly transition in an area in which the distribution of federally donated foods to households is being replaced by a food stamp program; or (3) on request of the State agency: Provided, That the Secretary shall not approve any plan established under*

this Act which permits any household to simultaneously participate in both the food stamp program and the distribution of federally donated foods under this clause (3).

(c) The Secretary shall issue such regulations, not inconsistent with this Act, as he deems necessary or appropriate for the effective and efficient administration of the food stamp program.

SEC. 5. (a) **Participation in the food stamp program shall be limited to those households whose income is determined to be a substantial limiting factor in the attainment of a nutritionally adequate diet.** *Except for the temporary participation of households that are victims of a disaster as provided in subsection (b) of this section, participation in the food stamp program shall be limited to those households whose income and other financial resources are determined to be substantial limiting factors in permitting them to purchase a nutritionally adequate diet.*

(b) **In complying with the limitation on participation set forth in subsection (a) above, each State agency shall establish standards to determine the eligibility of applicant households. Such standards shall include maximum income limitations consistent with the income standards used by the State agency in administration of its federally aided public assistance programs. Such standards also shall place a limitation on the resources to be allowed eligible households. The standards of eligibility to be used by each State for the food stamp program shall be subject to the approval of the Secretary.**

The Secretary, in consultation with the Secretary of Health, Education, and Welfare, shall establish uniform national standards of eligibility for participation by households in the food stamp program and no plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary. The standards established by the Secretary, at a minimum, shall prescribe the amounts of household income and other financial resources, including both liquid and non-liquid assets, to be used as criteria for eligibility. Any household which includes a member who has reached his eighteenth birthday and who is claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household, shall be ineligible to participate in any food stamp program established pursuant to this Act during the tax period such dependency is claimed and for a period of one year after expiration of such tax period. The Secretary may also establish temporary emergency standards of eligibility, without regard to income and other financial resources, for households that are victims of a disaster which disrupted commercial channels of food distribution when he determines that such households are in need of temporary food assistance, and that commercial channels of food distribution have again become available to meet the temporary food needs of such households: Provided, That the Secretary shall in the case of Puerto Rico, Guam and the Virgin Islands, establish special standards of eligibility and coupon allotment schedules which reflect the average per capita income and cost of obtaining a nutritionally adequate diet in Puerto Rico and the respective Territories; except that in no event shall the standards of eligibility or coupon allotment schedules so used exceed those in the fifty States.

(c) *Notwithstanding any other provisions of law, the Secretary shall include in the uniform national standards of eligibility to be prescribed under subsection (b) of this section a provision that each State agency shall provide that a household shall not be eligible for assistance under this Act if it includes an able-bodied adult person between the ages of 18 and 65 (except mothers or other members of the household who have the responsibility of care of dependent children or of incapacitated adults or who are bona fide students in any accredited school or training program) who either (a) fails to register for employment at a State or Federal employment office or, when impractical, at such other appropriate State or Federal office designated by the Secretary, or (b) has refused to accept employment or public work at not less than the higher of State or Federal minimum wage or the wage established by a valid regulation of any agency of the Federal Government authorized by existing law to establish such regulation. Refusal to work at a struck plant or site for the duration of a strike shall not be deemed to be a refusal to accept employment.*

* * * * *

SEC. 7. (a) The face value of the coupon allotment which State agencies shall be authorized to issue *any* households certified as eligible to participate in the food stamp program shall be in such amount as [will provide such households with an opportunity more nearly to obtain a low-cost nutritionally adequate diet.] the Secretary determines to be the cost of a nutritionally adequate diet.

(b) [Households shall be charged such portion of the face value of the coupon allotment issued to them as is determined to be equivalent to their normal expenditures for food.] *Notwithstanding any other provision of law, households shall be charged for the coupon allotment issued to them, and the amount of such charge shall represent a reasonable investment on the part of the household; but in no event—*

(1) *less than 50 cents per person per month for a household of five or less persons, or \$3 per household per month for a household of six or more persons; or*

(2) *more than 30 per centum of the household's income.* The State agency may arrange for payment from State or local sources, including sums made available by charitable and similar organizations, of such portion of the minimum charge as may be necessary to insure the participation of all households certified for participation at the minimum charge: *Provided, That the Secretary shall provide a reasonable opportunity for any eligible household to elect to be issued a coupon allotment having a face value which is less than the face value of the coupon allotment authorized to be issued to them under subsection (a) of this section. The charge to be paid by eligible households electing to exercise the option set forth in this subsection shall be an amount which bears the same ratio to the amount which would have been charged under subsection (b) of this section as the face value of the coupon allotment actually issued to them bears to the face value of the coupon allotment that would have been issued to them under subsection (a) of this section."*

(c) The value of the coupon allotment provided to any eligible household which is in excess of the amount charged such households for such allotment shall not be considered to be income or resources for any purpose under any Federal or State laws including, but not limited to, laws relating to taxation, welfare, and public assistance programs.

(d) Funds derived from the charges made for the coupon allotment shall be promptly deposited in a manner prescribed in the regulations issued pursuant to this Act, in a separate account maintained in the Treasury of the United States for such purposes. Such deposits shall be available, without limitation to fiscal years, for the redemption of coupons.

* * * * *

SEC. 10. (a) All practicable efforts shall be made in the administration of the food stamp program to insure that participants use their increased food purchasing power to obtain those staple foods most needed in their diets, and particularly to encourage the continued use of those in abundant or surplus supply so as not to reduce the total consumption of surplus commodities which have been made available through direct distribution. In addition to such steps as may be taken administratively, the voluntary cooperation of existing Federal, State, local, or private agencies which carry out informational and educational programs for consumers shall be enlisted.

(b) The State agency of each participating State shall assume responsibility for the certification of applicant households and for the issuance of coupons: *Provided*, That the State agency may, subject to State law, delegate its responsibility in connection with the issuance of coupons to another agency of the State government. There shall be kept such records as may be necessary to ascertain whether the program is being conducted in compliance with the provisions of this Act and the regulations issued pursuant to this Act. Such records shall be available for inspection and audit at any reasonable time and shall be preserved for such period of time, not in excess of three years, as may be specified in the regulations.

(c) In the certification of applicant households for the food stamp program there shall be no discrimination against any household by reason of race, religious creed, national origin, or political beliefs.

(d) Participating States or participating political subdivisions thereof shall not decrease welfare grants or other similar aid extended to any person or persons as a consequence of such person's or person's participation in benefits made available under the provisions of this Act or the regulations issued pursuant to this Act.

(e) The State agency of each State desiring to participate in the food stamp program shall submit for approval a plan of operation specifying the manner in which such program will be conducted within the State, the political subdivisions within the State in which the State desires to conduct the program, and the effective dates of participation by each such political subdivision. In addition, such plan of operation shall provide among such other provisions as may be [regulation]

regulations be required, the following [:] (1) the specific standards to be used in determining the eligibility of applicant households; (2) that the State agency shall undertake the certification of applicant households in accordance with the general procedures and personnel standards used by them in the certification of applicants for benefits under the federally aided public assistance programs; (3) safeguards which restrict the use or disclosure of information obtained from applicant households to persons directly connected with the administration or enforcement of the provisions of this Act or the regulations issued pursuant to this Act; [and] (4) for the submission of such reports and other information as [may] from time to time *may* be required; (5) *that the State agency shall undertake effective action, including the use of services provided by other federally funded agencies and organizations, to inform low-income households concerning the availability and benefits of the food stamp program and insure the participation of eligible households; and* (6) *for the granting of a fair hearing and a prompt determination thereafter to any household aggrieved by the action of a State agency under any provision of its plan of operation as it affects the participation of such household in the food stamp program. Upon the joint approval of the Secretary and the Secretary of Health, Education, and Welfare the State plan may provide for withholding the amount to be paid by a household for its coupon allotment from any payment made by the State agency to such household under a federally aided public assistance program, if such withholding is authorized by such household. In approving the participation of the subdivisions requested by each State in its plan of operation, the Secretary shall provide for an equitable and orderly expansion among the several States in accordance with their relative need and readiness to meet their requested effective dates of participation.*

(f) If the Secretary determines that in the administration of the program there is a failure by a State agency to comply substantially with the provisions of this Act, or with the regulations issued pursuant to this Act, or with the State plan of operation, he shall inform such State agency of such failure and shall allow the State agency a reasonable period of time for the correction of such failure. Upon the expiration of such period, the Secretary shall direct that there be no further issuance of coupons in the political subdivisions where such failure has occurred until such time as satisfactory corrective action has been taken.

(g) If the Secretary determines that there has been gross negligence or fraud on the part of the State agency in the certification of applicant households, the State shall upon request of the Secretary deposit into the separate account authorized by section 7 of this Act, a sum equal to the amount by which the value of any coupons issued as a result of such negligence or fraud exceeds the amount that was charged for such coupons under section 7(b) of this Act.

(h) *Subject to such terms and conditions as may be prescribed by the Secretary in the regulations issued pursuant to this Act, members of an eligible household who are 60 years of age or over or an elderly person and his spouse may use coupons issued to them to purchase meals prepared for and delivered to them by a political subdivision or*

by a private nonprofit organization which: (1) is not receiving federally donated foods from the United States Department of Agriculture for use in the preparation of such meals; (2) is operated in a manner consistent with the purposes of this Act; and (3) is recognized as a tax exempt organization by the Internal Revenue Service: Provided, That household members or elderly persons to whom meals are delivered, are housebound, feeble, physically handicapped, or otherwise disabled, to the extent that they are unable to adequately prepare all of their meals. Meals served pursuant to this subsection shall be deemed "food" for the purposes of this Act.

* * * * *

SEC. 14. (a) Notwithstanding any other provisions of this Act, the Secretary may provide for the purchase, issuance or presentment for redemption of coupons to such person or persons, and at such times and in such manner, as he deems necessary or appropriate to protect the interests of the United States or to insure enforcement of the provisions of this Act or the regulations issued pursuant to this Act.

(b) Whoever knowingly uses, transfers, acquires, *alters*, or possesses coupons or authorization to purchase cards in any manner not authorized by this Act or the regulations issued pursuant to this Act shall, if such coupons or authorization to purchase cards are of the value of \$100 or more, be guilty of a felony and shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than five years or both, or, if such coupons or authorization to purchase cards are of a value of less than \$100, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned for not more than one year, or both.

(c) Whoever presents, or causes to be presented, coupons for payment or redemption of the value of \$100 or more, knowing the same to have been received, transferred, or used in any manner in violation of the provisions of this Act or the regulations issued pursuant to this Act shall be guilty of a felony and shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than five years, or both, or, if such coupons are of a value of less than \$100, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned for not more than one year, or both.

(d) Coupons issued pursuant to this Act shall be deemed to be obligations of the United States within the meaning of title 18, United States Code, section 8.

SEC. 15. (a) Each State shall be responsible for financing, from funds available to the State or political subdivision thereof, the costs of carrying out the administrative responsibilities assigned to it under provisions of this Act. Except as provided for in subsection (b) of this section, such costs shall include, but shall not limited to, the certification of households; the acceptance, storage, and protection of coupons after their delivery to receiving points within the States; and the issuance of such coupons to eligible households and the control and accounting therefor.

(b) The Secretary is authorized to [cooperate with State agencies in the certification of households which are not receiving any type of public assistance so as to insure the effective certification of such households in accordance with the eligibility standards approved under the provisions of section 10 of this Act. Such cooperation shall include payments to State agencies for part of the cost they incur in the certification of such households. The amount of such payment to any one State agency shall be 50 per centum of the sum of: (1) the direct salary costs (including the cost of such fringe benefits as are normally paid to its personnel by the State agency) of the personnel used to make such interviews and such postinterview field investigations as are necessary to certify the eligibility of such households, and of the immediate supervisor of such personnel, for such periods of time as they are employed in certifying the eligibility of such households; (2) travel and related costs incurred by such personnel in post-interview field investigations of such households; and (3) an amount not to exceed 25 per centum of the costs computed under (1) and (2) above.] *pay to each State agency an amount equal to 62½ per centum of the sum of: (1) the direct salary, travel, and travel-related cost (including such fringe benefits as are normally paid) of personnel, including the immediate supervisors of such personnel, for such time as they are employed in taking the action required under the provisions of subsection 10(e) (5) of this Act and in making certification determinations for households other than those which consist solely of recipients of welfare assistance; (2) the direct salary, travel, and travel-related costs (including such fringe benefits as are normally paid) of personnel for such time as they are employed as hearing officials under section 10(e) of the Act.*

(c) *Notwithstanding any other provision of law, each State shall be responsible for financing, from funds available to the State or political subdivision thereof, 10 per centum of the value of the coupon allotments issued to eligible households which is in excess of the charges paid by such households for such allotments: Provided, That such State financing shall be 2½ per centum for the fiscal year ending June 30, 1971; 5 per centum for the fiscal year ending June 30, 1972; 7½ per centum for the fiscal year ending June 30, 1973; 10 per centum for the fiscal year ending June 30, 1974; and 10 per centum for each fiscal year thereafter. Each State shall transfer such sums to, and they shall be made a part of, the separate account created under section 7 (d) of this Act. Each State shall transfer such sums to such account within one calendar month following the calendar month in which the coupon allotments are issued to eligible households: Provided further, That the provisions of this subsection shall not be effective for any coupon allotments issued prior to July 1, 1970 (or July 1, 1971 in the case of a State wherein the State legislature has not held a session prior to July 1, 1970) to enable each State to take such action as is necessary under the statutes of the States to comply with the provisions of this subsection.*

SEC. 16. (a) To carry out the provisions of this Act, there is hereby authorized to be appropriated [not in excess of \$75,000,000 for the fiscal year ending June 30, 1965; not in excess of \$100,000,000 for the fiscal year ending June 30, 1966; and not in excess of \$200,000,000 for

the fiscal year ending June 30, 1967; not in excess of \$200,000,000 for the fiscal year ending June 30, 1968; not in excess of \$315,000,000 for the fiscal year ending June 30, 1969; not in excess of \$610,000,000 for the fiscal year ending June 30, 1970; not in excess of \$170,000,000 for the six months ending December 31, 1970;] *such sums as the Congress may appropriate for the fiscal years ending June 30, 1971, June 30, 1972, June 30, 1973, and not in excess of such sum as may hereafter be authorized by Congress for any subsequent fiscal [period] year. Sums appropriated under this section shall, notwithstanding the provisions of any other law, continue to remain available for the purposes of this Act until expended.* Such portion of any such appropriation as may be required to pay for the value of the coupon allotments issued to eligible households which is in excess of the charges paid by such households for such allotment[s] shall be transferred to and made a part of the separate account created under section 7(d) of this Act. This Act shall be carried out only with funds appropriated from the general fund of the Treasury for that specific purpose and in no event shall it be carried out with funds derived from permanent appropriations. [On or before January 20 of each year, the Secretary shall submit to Congress a report setting forth operations under this Act during the preceding calendar year and projecting needs for the ensuing calendar year.]

(b) In any fiscal year, the Secretary shall limit the value of those coupons issued which is in excess of the value of coupons for which households are charged, to an amount which is not in excess of the portion of the appropriation for such fiscal year which is transferred to the separate account under the provisions of subsection (a) of this section. If in any fiscal year the Secretary finds that the requirements of participating States will exceed the limitation set forth herein, the Secretary shall direct State agencies to reduce the amount of such coupons to be issued to participating households to the extent necessary to comply with the provisions of this subsection.

(c) If the Secretary determines that any of the funds in the separate account created under section 7(d) of this Act are no longer required to carry out the provisions of this Act, such portion of such funds shall be paid into the miscellaneous receipts of the Treasury.

(d) Amounts expended under the authority of this Act shall not be considered amounts expended for the purpose of carrying out the agricultural price-support program and appropriations for the purposes of this Act shall be considered, for the purposes of budget presentations, to relate to the functions of the Government concerned with welfare.

DISSENTING VIEWS OF HON. THOMAS S. FOLEY AND HON. ALLARD K. LOWENSTEIN

Hunger and malnutrition have dire economic, social, psychological and physiological consequences both for their victims and America.

A child who fails to receive proper nutrition during the first three years of life (during which time the brain reaches 80% of its adult weight) may well suffer permanent mental retardation.

A student sent to school hungry cannot learn if he cannot concentrate because his stomach is empty.

A man improperly nourished cannot work at his full mental and physical capabilities.

A malnourished pregnant woman will not bear healthy offspring, and will not be able to provide enough milk for her baby. The chances of herself and her child not surviving are increased if they cannot receive a proper diet.

A malnourished person is more susceptible to disease and accompanying complications; the life expectancy is lower and the mortality rate is higher in that group. The number of deaths in which malnutrition is a contributing factor, while no exact statistics are available, is quite significant.

That millions of Americans suffer from hunger and malnutrition should not be tolerated in this country which possesses the resources to eliminate both.

A significantly improved Food Stamp Program is a vital remedy here. The present program, however, reaches only about 25% of those in need; it is inadequate to meet the current demands, but we believe that the amendments (H.R. 18582) recommended by the Committee not only fail to correct this inadequacy, but also that these amendments may, in reality, prove to be regressive.

DEFICIENCIES OF THE COMMITTEE BILL

We predict, that by July 1, 1971, should the Committee's amendments become law, less than one-half of the people now buying stamps would still be enrolled in the Program. We make this prediction based on the following features of the Committee's proposals:

A tax on the States which requires them to finance a portion of the bonus value of the coupons issued to participants;

A work requirement which is probably unworkable, and, where it can be enforced, might well in many cases be socially destructive;

National eligibility standards for which no minimum income level for participation is defined;

Total coupon allotments for which no maximum values are required;

Restrictions that bar any free food stamps to families with no income;

Provisions which fail to cut the expensive red tape of bureaucratic certification procedures.

In the paragraphs that follow, we shall discuss these deficiencies in further detail.

But our goal is to provide a constructive alternative to improve the Food Stamp Program. We are now preparing, on a broadly bi-partisan basis, a food stamp reform package that would both increase the participation in and the benefits of the Program. We are anxious to help our President fulfill his May 1969 pledge "to end hunger and malnutrition in America itself. For all time." To do so, the Food Stamp Program should, at the very least:

Clearly define an adequate national standard of eligibility that would include, for example, all needy families of four receiving \$4,000 a year or less;

Allow a total coupon allotment of at least 35c per meal per person; simplify expensive and time-consuming certification procedures;

Provide free food stamps to needy families with an income of less than \$30 per month.

A TAX ON THE STATES

The Committee proposes to compel every State either to finance by Fiscal Year 1974, ten-per cent of the bonus value of the coupons issued to participants or else abandon the program. The bonus value means the total coupon allotment value less the coupon purchase price. This food-stamp tax on the states is a unique, reverse form of revenue-sharing. It makes the states share even more of their tax dollars with the Federal government (which now pays for 100% of the bonus value of coupons).

There is no part of the United States that would not be penalized by this food stamp tax on the states. California, New York, Illinois, Michigan, Ohio, Pennsylvania are states desperate for relief from their staggering welfare burdens. Seven southern states, Mississippi, Alabama, South Carolina, Arkansas, Louisiana, North Carolina and Tennessee, in April, 1970, accounted for 25% of nationwide food stamp participation, and 31% of the bonus value of distributed coupons. And in every part of our Nation, the cost of the Committee's food-stamp tax on the states would be onerous for the middle-class taxpayer if the state continued to meet its responsibility to its hungry and malnourished under the Program.

This House recognized this fact in 1967 when it rejected a similar proposal. This House understood then and knows now that what is needed is to expand—not cut back—the participation of the hungry and malnourished in the Food Stamp Program. The Federal government should be offering to share more, not less, of the already too high state expenses of this program. The Federal government should, rather, reward States which perform well in delivering stamps to the hungry and the malnourished. In no event, should the Congress allow states to fail to get underway, adequate food programs—either state-wide or in any of their subdivisions—without authorizing alternative channels through which the Program can continue.

A MAKE-BELIEVE WORK TEST

The Committee has set up an unnecessary hurdle to any household's purchase of stamps. That seemingly modest proposal is a peculiar work test that conflicts with the eminently reasonable, craftsmanlike, work requirement recently approved by this House under the Family Assistance Act of 1970 (H.R. 16311).

The Food Stamp work test contrived by the Committee is unenforceable because of the prohibitive fiscal and social costs incurred by the intricate procedures required to enforce the test. The vision of millions of food stamp users waiting in interminable lines at grossly overworked employment offices to secure registration cards so that they might then go elsewhere to wait in crowded food stamp offices is by no means improbable. And every non-caretaking adult in a household that wanted stamps would have to line up, not merely one potential breadwinner. Unlike the Family Assistance Program work requirement, the Food Stamp measure would go into effect overnight; no training opportunities would be provided; no day-care services furnished; State and local governments could coerce millions of adult stamp-users, many of whom might otherwise be highly skilled and in diligent search of suitable employment (such as aerospace engineers in Seattle or San Diego), into sweeping streets or digging ditches for ridiculous wages in order to feed their families.

Thus, the Food Stamp work test is an unnecessary, prohibitively expensive, added administrative burden yielding no fiscal or social benefits.

UNCERTAIN ELIGIBILITY STANDARDS AND CUMBERSOME CERTIFICATION PROCEDURES

Uniform (if uncertain) eligibility standards with respect to income and resources would be authorized under the Committee bill. The effectiveness of this provision, however, is diminished by the failure of the Committee to define a specific and adequate income amount below which States cannot go in determining eligibility.

We believe that such an amount should be specified to keep any needy household from enduring hunger and malnutrition from lack of food-purchasing power. This amount should be set, for example, at approximately \$4,000-\$4,200 for a family of four, and should be revised periodically to reflect cost-of-living rises.

The proposed change in eligibility, however, would not significantly facilitate Program development in the absence of any reforms in certification procedures.

Without resort to self-certification by way of affidavit, the extension of eligibility to higher income levels will only result in the lengthening of certification lines and other bureaucratic delays. The sudden influx, moreover, of food-stamp applicants who have been laid off from high-paying aerospace jobs and have no income available to buy food has further overburdened food stamp facilities and caseworkers.

The only way to resolve this problem, without wasting money on more caseworkers instead of using it to buy food for the hungry and

malnourished, is to accept a simplified affidavit form and to treat the applicant as eligible at the time he files his affidavit. Effective verification can take place after stamps are made available. Monitoring by up to a 10% sampling of accepted affidavits and by other scientific techniques can substantially reduce the administrative costs of the Program.

Self-declaration is by no means a novel method of determining eligibility. Nearly three-quarters of the states now employ some variant of self-certification in their public or medical assistance programs. On May 28, 1970, the Department of Health, Education and Welfare required self-certification in all states in connection with eligibility for certain categories of assistance no later than January 1, 1971. It is also required by law this fall for the free and reduced price school lunch program that is expected to serve 7.3 million children.

Self-declaration would be particularly valuable to migratory farm workers who have been foreclosed from seeking food stamps in the past because they could not afford to waste a full day or more in a welfare office to get certified or to await approval by lingering in a county after the crops have been picked. Migrants need special relief not only by way of eased eligibility barriers, but also through inter-county and inter-state certification that remains valid for a reasonable period of time after a move. Otherwise, they will never be able to enjoy the benefits of food stamps.

INADEQUATE VALUE OF COUPON ALLOTMENT

The bill reported out by the Committee also fails to specify the value of the coupon allotment which is to be made available to eligible households. The Administration has indicated that, if the coupon allotment value is left up to secretarial discretion, it will provide a maximum of \$106 to a family of four. This is the cost of the Economy Food Plan and is equivalent to approximately 29¢ per person per meal. This represents a Federal average input of 18.5 cents, with 10.5 cents coming from the individual supposedly being helped. The Department of Agriculture agrees that the Plan has a value that *"is not a reasonable measure of basic money needs of a good diet."* [Emphasis added.]

We believe that 35¢ per person per meal is a bare nutritional minimum. To go below this amount is to deny the needy household the means of effectively surmounting hunger and malnutrition.

NO FREE FOOD STAMPS

Your Committee has imposed a minimum payment for food stamps of 50¢—for families with no cash income at all. This Administration has expressed its disapproval of this restriction in this bill.

This provision would be a long step backward from the present law which, on its face, authorizes free stamps to be issued to households who have no "normal expenditures for food", and would, of course, wipe out the experiment with free stamps currently being conducted in two South Carolina counties.

Although food is a basic necessity of life, it is usually a low priority in the monthly family expenditures, falling behind rent, lights, heat,

and medicines. The needy necessarily buy food only with the money left over. It is unconscionable that free stamps should not be made available to the millions of Americans whose incomes are so low that they subsist in a permanent state of hunger and malnutrition.

DOES THE COMMITTEE BILL HELP THE ELDERLY?

The Committee bill authorizes persons 60 years or older to use stamps to buy meals as well as food. The meals must be prepared and delivered to them at home by a state or local agency or nonprofit group. This is indeed a very limited "meals on wheels" program. By excluding all but the disabled elderly from participation, this program would cover only a very small number of the approximately 4 million needy persons over 65. It would not enable nonprofit groups to serve them low-cost, nutritionally sound meals in conveniently located centers outside of the home, such as schools. It would not alleviate the psychological barriers to good nutrition, including the elderly's particular need for companionship while eating.

DOES THE COMMITTEE BILL TAKE EFFECTIVE ACTION AGAINST FRAUD?

While the Committee bill would operate to deny benefits to many who deserve them, it authorizes no effective administrative action against beneficiaries who abuse the Program. We do not believe that it is wise to continue a Program of this magnitude without carefully creating a workable system of fair administrative remedies that food-stamp operating agencies can employ to punish and deter fraud without having to await the prolonged outcome of criminal litigation.

ARE PUERTO RICAN RESIDENTS SECOND-CLASS CITIZENS?

The Committee bill also geographically extends the Program to Puerto Rico, Guam, and the Virgin Islands, but it does so in a very halting, tentative fashion. Puerto Ricans, over 533,000 of whom participate in the Commodity Distribution Program, would be limited to coupon allotments and eligibility levels that reflect Puerto Rico's average per capita income, which is only 55% of the level of the lowest state. But the cost of living in Puerto Rico is not one-half of the lowest state, particularly when it comes to buying food. A family of five living on a bare minimum diet, including substantial quantities of native specialties such as plantains, sweet potatoes, pumpkins, beans and dry codfish, needs at least \$105.35 to survive (or over 80% of the \$125 monthly cost under the Economy Food Plan) for a family of five. To permit the Secretary of Agriculture to set standards of assistance for Puerto Ricans below what it costs them to subsist nutritionally merely to "economize" (in view of the large number of Puerto Ricans who need food stamps) would be to perpetuate the real fiscal and social diseconomies that result from hunger and malnutrition there.

A NEW DIRECTION IN FOOD STAMPS

We wholeheartedly support restructuring the Food Stamp Program, but not in the regressive direction the Committee recommends.

We intend to try to persuade members from both sides of the aisle to revise the Committee's bill to meet our objections and our goals. We believe with Dr. Charles U. Lowe, Chairman of the Committee on Nutrition of the American Academy of Pediatrics, that:

. . . the critical element involved in breaking the poverty cycle is that of nutrition. If we can provide adequate food to pregnant mothers and infants, and to pre-school children, we will go a long way toward helping those in poverty break out of the culture of deprivation, and once the cycle is broken the costs are non-recurring.

* * * * *

. . . there is no evidence that feeding people makes them smart, but it is indisputable that hunger makes them dull.

THOMAS S. FOLEY.

ALLARD K. LOWENSTEIN.

ADDITIONAL VIEWS OF CONGRESSWOMAN CATHERINE MAY

As the principal sponsor of the Administration's Food Stamp proposal, H.R. 12222, I have worked with my colleagues on the Committee to perfect legislation to improve and expand our present Food Stamp program. Our efforts have been directed toward changes which would enable the program to better reach those who truly deserve and need this type of assistance, and which would at the same time eliminate abuses of the program about which so many of us have been concerned.

Our Committee has made a number of significant changes in the Administration bill, some of which I support, and some of which I do not, but it must be emphasized that our Committee bill, as finally approved, does provide a far more effective and improved program than is possible under present law.

However, as sponsor of the Administration's proposal, I must also call attention to three features of the Committee bill with which I do not concur, and which the Administration finds difficult to accept.

These are: (1) the elimination of any provision for free food stamps; (2) the requirement that States absorb a share eventually equal to 10% of the bonus cost; and (3) the work requirement that is different from the requirement contained in the Administration's Family Assistance legislation.

During our deliberations on the Food Stamp legislation, I supported these views and the provisions of H.R. 12222 as each of these three points was considered, and I again brought the Administration's views to the attention of my colleagues on the Committee prior to our final vote on the bill. I will support appropriate amendments on these three points when the bill is debated on the House Floor.

Our Committee bill provides that for their Food Stamp allotments, eligible households shall be charged not more than 30% of the household's income, nor less than 50 cents per person per month for a household of up to five, or \$3 per household per month for a household of six or more. This minimum payment, can come from State or local sources, or from charitable organizations.

Free food stamps are now being offered on a pilot basis, under very carefully controlled circumstances, and those who administer this program should have the flexibility provided by an authorization to issue free stamps where there is demonstrated need for them. I am certain none of my colleagues in the House would want to see any deserving person or child excluded from receiving food stamps because he could not produce even the minimum payment and it was for some reason unavailable from other sources.

The Committee bill requires that States finance a portion of the value of the bonus food stamps, beginning with 2½% for fiscal year 1971, 5% for 1972, 7½% for 1973 and 10% for 1974 and each year

thereafter. Although the basic principle of State-sharing may be a sound one, I am deeply concerned over the effects such a provision would have upon the program at this stage in its development. At a time when we are striving to make the benefits of the program available where they are needed, a State-sharing provision such as this could do much to hamper than effort.

The work provision in the Committee bill requires that all able-bodied adult persons between the ages of 18 and 65, with certain exceptions, must register for employment at a State, Federal or other appropriate employment office. Failure to do this, or refusal to accept employment or public work at not less than the higher of State or Federal minimum wage will render a household ineligible for the Food Stamp Program. The definition of able-bodied persons does not include mothers or other members of the household who have the responsibility for care of dependent children or incapacitated adults. Bona-fide students in any accredited school or training program are also exempted.

I strongly support the principle of a work requirement in this legislation, but I feel it should be consonant with the work requirement included in the proposed Family Assistance Plan. There are a number of good reasons for this, not the least of which is the need for administrative coordination between the two programs. But, more important, I do not support the concept of basing eligibility of the entire household on the performance of one member of that household. The children of such a household would be unfairly penalized.

These three points notwithstanding, the bill as approved by our Committee represents a significant and substantial strengthening of the national Food Stamp Program.

The most serious criticisms of the present program have been directed toward misuse of food stamps. The U.S. Department of Agriculture has been making every effort to prevent program abuses and to ensure that those who are guilty of such offenses are dealt with in an appropriate manner. The provisions of the bill approved by our Committee will make food stamp misuse even more difficult.

Because it is so important that the full resources of the Food Stamp Program be directed only to those who are eligible and deserving of this help, I will support all appropriate amendments during House consideration of this bill to further guard against program abuse.

In conclusion, I want to reemphasize that our Committee bill, H.R. 18582, is sound legislation, providing an even more solid foundation from which the Food Stamp Program can reach out to help meet the needs of those who are unable to adequately provide for themselves. It deserves the support of my colleagues.

CATHERINE MAY, *Member of Congress.*

MINORITY VIEWS OF HON. GEORGE A. GOODLING

My service as a member of the House Committee on Agriculture has taught me that it is a dangerous business to dare question the validity of public feeding programs or the judgment of some of the leading hunger "experts" whose hunger for headlines appears to exceed their thirst for knowledge and truth.

Be that as it may, I feel it is my responsibility to respectfully dissent from this bill which is but one more giant step in the wrong direction for both the U. S. taxpayer and the American poor.

Three short years ago when this Committee reported food stamp legislation, I joined with nine of my colleagues on the House Committee on Agriculture in a Minority Report objecting to the enactment of that particular extension of the program.

I still retain the views expressed in that document.¹

Perhaps it is a sign of the times or maybe it is an indication of how far to the left the acceptance of this program has drifted, but I apparently now stand alone in expressing formal opposition to this unwieldy and unwise program.

Just three years ago the main dialogue over the food stamp bill was centered on whether \$195 million per year was enough money; whether 20 percent was too much for States to pay as their share of the program; and whether strikers and college students should be eligible for food stamp welfare.

Today, just three brief years later, the rhetoric revolves over whether \$3 billion a year is enough; whether a 2.5 percent State sharing amendment can even survive on the Floor; and how much food aid strikers and students will get.

This program which was hatched by the New Deal, revived by the New Frontier, grew under the Great Society and has now been embraced and expanded by the Administration and the Congress to perimeters beyond the wildest imagination of yesterday's liberals.

It is on its way to becoming one of the largest welfare functions of the Federal Government with an attendant army of new employees to administer it.

Naturally it takes a lot of people to print and distribute a second form of American currency—a limited currency which can be used (legally) to buy only food. This currency (called food stamps) must be prepared, numbered, distributed, audited, cancelled, policed, and supervised every step of the way from its inception to its destruction.

Today there are some 1,210 Federal workers directly involved in the daily administration of this program. In addition, there are hundreds of others, both in the Department of Agriculture and in other agencies of the government, who live off and for this activity.

¹ Minority Report to House Report 90-189 accompanying H.R. 1318, April 12, 1967.

On top of that the Department has now hired over 7,000 so-called nutrition experts at considerable extra cost to carry forth to the grass roots of the nation the alleged virtues of the food stamp program.

Nor is the end of this burgeoning bureaucracy anywhere in sight. It is my unhappy prediction that before this program eventually collapses under its own weight of inefficiency and ineffectiveness, the numbers of those living off the program will be measured in the tens of thousands.

It is over-exaggeration, some may say, for anyone to indicate that this program could reach an annual level of \$11 billion; that food stamps would not be confined to food; and that thousands of more people will be involved in its administration.

But look at the record of the last 1,000 days!

Only 36 months ago the liberal establishment pooh-pooled any suggestion that this program could *possibly* reach \$2.5 billion a year or that it would enlist into its ranks thousands of paid advocates.

Yet look what's happened since 1967:

It has taken only 156 weeks for the program to go from \$195 million per year to \$1.75 billion.²

How long will it take to go to \$11 billion?

The other body has already gone a long way in that direction.

Its food stamp version includes non-food items.

It contemplated, but didn't adopt (at least at this time), an amendment to allow food stamps to be used to purchase ammunition.

Its version would call for unimagined expenditures of money, and remember inflation is largely caused by the Government spending money it does not have.

When the Committee on Agriculture and the Congress consider food stamp legislation again some thousand days from now,³ it is my most sincere hope that by that time some degree of reason will have returned to the dialogue over this misguided and malfunctioning social experiment.

By that time it is also my hope and recommendation that the food stamp program will be in HEW with the rest of our welfare programs, and that it will be terminated as we now know it and be merged and amalgamated into our overall Federal-State welfare system.

GEORGE A. GOODLING.

² Amount included in Senate-passed Agricultural Appropriations Bill (H.R. 17923): Administration budget request and House bill provide \$1.25 billion.

³ Under Section 10 of H.R. 18582 the authorization for food stamp appropriations expires on June 30, 1973.

91ST CONGRESS
2^D SESSION

H. R. 18582

[Report No. 91-1402]

IN THE HOUSE OF REPRESENTATIVES

JULY 22, 1970

Mr. POAGE introduced the following bill; which was referred to the Committee on Agriculture

AUGUST 10, 1970

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through]

A BILL

To amend the Food Stamp Act of 1964, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. Section 2 of the Food Stamp Act of 1964,
4 as amended, is amended to read as follows:

5 “It is hereby declared to be the policy of Congress, in
6 order to promote the general welfare, that the Nation’s abun-
7 dance of food should be utilized cooperatively by the States,
8 the Federal Government, local governmental units, and other
9 agencies to safeguard the health and well-being of the
10 Nations population and raise levels of nutrition among low-
11 income households. The Congress hereby finds that the

1 limited food purchasing power of low-income households
2 contributes to hunger and malnutrition among members
3 of such households. The Congress further finds that increased
4 utilization of food in establishing and maintaining adequate
5 national levels of nutrition will promote the distribution in
6 a beneficial manner of our agricultural abundances and will
7 strengthen our agricultural economy, as well as result in
8 more orderly marketing and distribution of food. To alleviate
9 such hunger and malnutrition, a food stamp program is
10 herein authorized which will permit low-income households
11 to purchase a nutritionally adequate diet through normal
12 channels of trade.”

13 SEC. 2. (a) Add the following sentence at the end of
14 subsection 3 (f) of the Food Stamp Act of 1964, as amended:
15 “It shall also mean a political subdivision or a private non-
16 profit organization that meets the requirements of section
17 10 (h) of this Act.”

18 (b) Subsection (j) of section 3 of the Food Stamp Act
19 of 1964, as amended, is amended to read as follows: “The
20 term ‘State’ means the fifty States and the District of Colum-
21 bia, Guam, Puerto Rico, and the Virgin Islands of the
22 United States.”.

23 (c) Add the following new subsection at the end of
24 section 3 of the Food Stamp Act of 1964, as amended:

25 “(1) The term ‘elderly person’ shall mean a person

1 sixty years of age or over who is not a resident of an insti-
2 tution or boarding house, and who is living alone, or with
3 spouse, whether or not he has cooking facilities in his home.”

4 (d) Section 3 of the Food Stamp Act of 1964, as
5 amended, is amended by adding the following new
6 subsection:

7 “(m) The term ‘authorization to purchase card’ means
8 any document issued by the State agency to an eligible house-
9 hold which shows the face value of the coupon allotment the
10 household is entitled to be issued on presentment of such
11 document and the amount to be paid by such household for
12 such allotment.”

13 SEC. 3. Subsections (a) and (b) of section 4 of the
14 Food Stamp Act of 1964, as amended, are amended to read
15 as follows:

16 “(a) The Secretary is authorized to formulate and ad-
17 minister a food stamp program under which, at the request
18 of the State agency, eligible households within the State
19 shall be provided with an opportunity to obtain a nutritionally
20 adequate diet through the issuance to them of a coupon allot-
21 ment which shall have a greater monetary value than the
22 charge to be paid for such allotment by eligible households.
23 The coupons so received by such households shall be used
24 only to purchase food from retail food stores which have been
25 approved for participation in the food stamp program. Cou-

1 pons issued and used as provided in this Act shall be re-
2 deemable at face value by the Secretary through the facilities
3 of the Treasury of the United States.

4 “(b) In areas where the food stamp program is in
5 operation, there shall be no distribution of federally donated
6 foods to households under the authority of any other law
7 except that distribution thereunder may be made: (1) dur-
8 ing temporary emergency situations when the Secretary
9 determines that commercial channels of food distribution
10 have been disrupted; (2) for such period of time as the Sec-
11 retary determines necessary, to effect an orderly transition in
12 an area in which the distribution of federally donated foods to
13 households is beings replaced by a food stamp program; or
14 (3) on request of the State agency: *Provided*, That the
15 Secretary shall not approve any plan established under this
16 Act which permits any household to simultaneously partici-
17 pate in both the food stamp program and the distribution of
18 federally donated foods under this clause (3).”

19 SEC. 4. Section 5 of the Food Stamp Act of 1964, as
20 amended, is amended to read as follows:

21 “(a) Except for the temporary participation of house-
22 holds that are victims of a disaster as provided in subsection
23 (b) of this section, participation in the food stamp program
24 shall be limited to those households whose income and other
25 financial resources are determined to be substantial limiting

1 factors in permitting them to purchase a nutritionally ade-
2 quate diet.

3 “(b) The Secretary, in consultation with the Secre-
4 tary of Health, Education, and Welfare, shall establish uni-
5 form national standards of eligibility for participation by
6 households in the food stamp program and no plan of opera-
7 tion submitted by a State agency shall be approved unless
8 the standards of eligibility meet those established by the Sec-
9 retary. The standards established by the Secretary, at a mini-
10 mum, shall prescribe the amounts of household income and
11 other financial resources, including both liquid and nonliquid
12 assets, to be used as criteria of eligibility. Any household
13 which includes a member who has reached his eighteenth
14 birthday and who is claimed as a dependent child for Fed-
15 eral income tax purposes by a taxpayer who is not a mem-
16 ber of an eligible household, shall be ineligible to participate
17 in any food stamp program established pursuant to this Act
18 during the tax period such dependency is claimed and for a
19 period of one year after expiration of such tax period. The
20 Secretary may also establish temporary emergency standards
21 of eligibility, without regard to income and other financial
22 resources, for households that are victims of a disaster which
23 disrupted commercial channels of food distribution when he
24 determines that such households are in need of temporary
25 food assistance, and that commercial channels of food dis-

1 tribution have again become available to meet the temporary
2 food needs of such households: *Provided*, That the Secretary
3 shall in the case of Puerto Rico, Guam, and the Virgin
4 Islands, establish special standards of eligibility and coupon
5 allotment schedules which reflect the average per capita in-
6 come and cost of obtaining a nutritionally adequate diet in
7 Puerto Rico and the respective territories; except that in no
8 event shall the standards of eligibility or coupon allotment
9 schedules so used exceed those in the fifty States.

10 “(c) Notwithstanding any other provisions of law, the
11 Secretary shall include in the uniform national standards of
12 eligibility to be prescribed under subsection (b) of this
13 section a provision that each State agency shall provide
14 that a household shall not be eligible for assistance under
15 this Act if it includes an able-bodied adult person between
16 the ages of eighteen and sixty-five (except mothers or other
17 members of the household who have the responsibility of
18 care of dependent children or of incapacitated adults or who
19 are bona fide students in any accredited school or training
20 program) who either (a) fails to register for employment
21 at a State or Federal employment office or, when imprac-
22 tical, at such other appropriate State or Federal office desig-
23 nated by the Secretary, or (b) has refused to accept em-
24 ployment or public work at not less than the higher of State
25 or Federal minimum wage or the wage established by a

1 valid regulation of any agency of the Federal Government
2 authorized by existing law to establish such regulation. Re-
3 fusals to work at a struck plant or site for the duration of
4 a strike shall not be deemed to be a refusal to accept em-
5 ployment.”

6 SEC. 5. Subsections (a) and (b) of section 7 of the
7 Food Stamp Act of 1964, as amended, are amended to
8 read as follows:

9 “(a) The face value of the coupon allotment which
10 State agencies shall be authorized to issue to any households
11 certified as eligible to participate in the food stamp program
12 shall be in such amount as the Secretary determines to be
13 the cost of a nutritionally adequate diet.

14 “(b) Notwithstanding any other provision of law,
15 households shall be charged for the coupon allotment issued
16 to them, and the amount of such charge shall represent a
17 reasonable investment on the part of the household, but in
18 no event—

19 “(1) less than 50 cents per person per month for a
20 household of five or less persons, or \$3 per household
21 per month for a household of six or more persons; or

22 “(2) more than 30 per centum of the household’s
23 income.

24 The State agency may arrange for payment from State or
25 local sources, including sums made available by charitable

1 and similar organizations, of such portion of the minimum
2 charge as may be necessary to insure the participation of all
3 households certified for participation at the minimum charge:
4 *Provided*, That the Secretary shall provide a reasonable
5 opportunity for any eligible household to elect to be issued
6 a coupon allotment having a face value which is less than
7 the face value of the coupon allotment authorized to be issued
8 to them under subsection (a) of this section. The charge to
9 be paid by eligible households electing to exercise the option
10 set forth in this subsection shall be an amount which bears
11 the same ratio to the amount which would have been charged
12 under subsection (b) of this section as the face value of the
13 coupon allotment actually issued to them bears to the face
14 value of the coupon allotment that would have been issued
15 to them under subsection (a) of this section.”

16 SEC. 6. (a) Subsection (e) of section 10 of the Food
17 Stamp Act of 1964, as amended, is amended to read as
18 follows:

19 “The State agency of each State desiring to participate
20 in the food stamp program shall submit for approval a plan
21 of operation specifying the manner in which such program
22 will be conducted within the State, the political subdivisions
23 within the State in which the State desires to conduct the
24 program, and the effective dates of participation by each
25 such political subdivision. In addition, such plan of operation

1 shall provide, among such other provisions as may by regu-
2 lations be required, the following: (1) the specific standards
3 to be used in determining the eligibility of applicant house-
4 holds; (2) that the State agency shall undertake the certifi-
5 cation of applicant households in accordance with the general
6 procedures and personnel standards used by them in the
7 certification of applicants for benefits under the federally
8 aided public assistance programs; (3) safeguards which
9 restrict the use or disclosure of information obtained from
10 applicant households to persons directly connected with the
11 administration or enforcement of the provisions of this Act
12 or the regulations issued pursuant to this Act; (4) for the
13 submission of such reports and other information as from
14 time to time may be required; (5) that the State agency
15 shall undertake effective action, including the use of services
16 provided by other federally funded agencies and organiza-
17 tions, to inform low-income households concerning the avail-
18 ability and benefits of the food stamp program and insure the
19 participation of eligible households; and (6) for the granting
20 of a fair hearing and a prompt determination thereafter to
21 any household aggrieved by the action of a State agency
22 under any provision of its plan of operation as it affects the
23 participation of such household in the food stamp program.
24 Upon the joint approval of the Secretary and the Secretary

1 of Health, Education, and Welfare the State plan may pro-
2 vide for withholding the amount to be paid by a household
3 for its coupon allotment from any payment made by the
4 State agency to such household under a federally aided public
5 assistance program, if such withholding is authorized by such
6 household. In approving the participation of the subdivisions
7 requested by each State in its plan of operation, the Secretary
8 shall provide for an equitable and orderly expansion among
9 the several States in accordance with their relative need and
10 readiness to meet their requested effective dates of
11 participation.”

12 (b) Add the following new subsection to section 10 of
13 the Food Stamp Act of 1964, as amended:

14 “(h) Subject to such terms and conditions as may be
15 prescribed by the Secretary in the regulations issued pursu-
16 ant to this Act, members of an eligible household who are
17 sixty years of age or over or an elderly person and his
18 spouse may use coupons issued to them to purchase meals
19 prepared for and delivered to them by a political subdivision
20 or by a private nonprofit organization which: (1) is not
21 receiving federally donated foods from the United States
22 Department of Agriculture for use in the preparation of such
23 meals; (2) is operated in a manner consistent with the pur-
24 poses of this Act; and (3) is recognized as a tax exempt
25 organization by the Internal Revenue Service: *Provided,*

1 That household members or elderly persons to whom meals
2 are delivered are housebound, feeble, physically handicapped,
3 or otherwise disabled, to the extent that they are unable to
4 adequately prepare all of their meals. Meals served pursuant
5 to this subsection shall be deemed 'food' for the purposes
6 of this Act."

7 SEC. 7. Subsections (a) and (b) of section 14 of the
8 Food Stamp Act of 1964, as amended, are amended as
9 follows:

10 "(a) Notwithstanding any other provisions of this
11 Act, the Secretary may provide for the purchase, issuance or
12 presentment for redemption of coupons to such person or
13 persons, and at such times and in such manner, as he deems
14 necessary or appropriate to protect the interests of the United
15 States or to insure enforcement of the provisions of this Act
16 or the regulations issued pursuant to this Act.

17 "(b) Whoever knowingly uses, transfers, acquires, al-
18 ters, or possesses coupons or authorization to purchase cards
19 in any manner not authorized by this Act or the regulations
20 issued pursuant to this Act shall, if such coupons or authori-
21 zation to purchase cards are of the value of \$100 or more, be
22 guilty of a felony and shall, upon conviction thereof, be fined
23 not more than \$10,000 or imprisoned for not more than five
24 years or both, or, if such coupons or authorization to purchase
25 cards are of a value of less than \$100, shall be guilty of a mis-

1 demeanor and shall, upon conviction thereof, be fined not
2 more than \$5,000 or imprisoned for not more than one year,
3 or both.”

4 SEC. 8. Subsection (b) of section 15 of the Food Stamp
5 Act of 1964 as amended, is amended to read as follows:

6 “(b) The Secretary is authorized to pay to each State
7 agency an amount equal to $62\frac{1}{2}$ per centum of the sum of (1)
8 the direct salary, travel, and travel-related cost (including
9 such fringe benefits as are normally paid) of personnel, in-
10 cluding the immediate supervisors of such personnel, for such
11 time as they are employed in taking the action required under
12 the provisions of subsection 10 (e) (5) of this Act and in
13 making certification determinations for households other than
14 those which consist solely of recipients of welfare assistance;
15 (2) the direct salary, travel, and travel-related costs (in-
16 cluding such fringe benefits as are normally paid) of per-
17 sonnel for such time as they are employed as hearing officials
18 under section 10 (e) of the Act.”

19 SEC. 9. Section 15 of the Food Stamp Act of 1964 is
20 further amended by adding the following subsection:

21 “(c) Notwithstanding any other provision of law, each
22 State shall be responsible for financing, from funds available
23 to the State or political subdivision thereof, 10 per centum
24 of the value of the coupon allotment issued to eligible house-
25 holds which is in excess of the charges paid by such house-

1 holds for such allotments: *Provided*, That such State financ-
2 ing shall be $2\frac{1}{2}$ per centum for the fiscal year ending June 30,
3 1971; 5 per centum for the fiscal year ending June 30,
4 1972; $7\frac{1}{2}$ per centum for the fiscal year ending June 30,
5 1973; 10 per centum for the fiscal year ending June 30,
6 1974; and 10 per centum for each fiscal year thereafter.
7 Each State shall transfer such sums to, and they shall be
8 made a part of, the separate account created under section
9 7 (d) of this Act. Each State shall transfer such sums to
10 such account within one calendar month following the cal-
11 endar month in which the coupon allotments are issued to
12 eligible households: *Provided further*, That the provisions
13 of this subsection shall not be effective for any coupon allot-
14 ments issued prior to July 1, 1970 (or July 1, 1971, in the
15 case of a State wherein the State legislature has not held a
16 session prior to July 1, 1970) to enable each State to take
17 such action as is necessary under the statutes of the States
18 to comply with the provisions of this subsection.”

19 SEC. 10. Section 16 (a) of the Food Stamp Act of
20 1964, as amended, is amended to read as follows:

21 “To carry out the provisions of this Act, there is hereby
22 authorized to be appropriated ~~not in excess of \$610,000,000~~
23 ~~for the fiscal year ending June 30, 1970,~~ and such sums as
24 the Congress may appropriate for the fiscal years ending
25 June 30, 1971, June 30, 1972, and June 30, 1973, and not

1 in excess of such sum as may hereafter be authorized by Con-
2 gress for any subsequent fiscal year. Sums appropriated
3 under this section shall, notwithstanding the provisions of
4 any other law, continue to remain available for the purposes
5 of this Act until expended. Such portion of any such appro-
6 priation as may be required to pay for the value of the cou-
7 pon allotments issued to eligible households which is in excess
8 of the charges paid by such households for such allotment
9 shall be transferred to and made a part of the separate ac-
10 count created under section 7 (d) of this Act. This Act shall
11 be carried out only with funds appropriated from the general
12 fund of the Treasury for that specific purpose and in no event
13 shall it be carried out with funds derived from permanent
14 appropriations.”

15 SEC. 11. State plans of operation approved by the Sec-
16 retary of Agriculture under the Food Stamp Act of 1964, as
17 amended, prior to the date of the enactment of amendments
18 thereto by this Act shall continue in effect until such plans
19 are changed to accord with such amendments: *Provided*,
20 That no such previously approved plan shall remain un-
21 changed for more than one hundred and eighty days after
22 the enactment of such amendments.

[Report No. 91-1402]

A BILL

To amend the Food Stamp Act of 1964, as amended.

By Mr. Poage

JULY 22, 1970

Referred to the Committee on Agriculture

AUGUST 10, 1970

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

For actions of December 1, 1970
91st-2nd; No.191

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HIGHLIGHTS: House committees reported:

peanut marketing quota bill; and
bill extending International Coffee Agreement.

House committee:

reconsidered action on Animal Welfare Act and voted to re-report it; and
agreed to introduce clean bill on egg products inspection.

Rules were granted to:

food stamp amendment bill; and
plant variety protection bill.

Sen. Talmadge decried "alarming trend of agricultural prices".

HOUSE

1. BILLS REPORTED.

Committee on Agriculture reported H.R. 17582, to amend the peanut marketing quota provisions to make permanent certain provisions thereunder (H. Rept. 91-1640). p. H10991

Committee on Ways and Means reported with amendment H.R. 19567, to continue the International Coffee Agreement Act of 1968 until the close of September 30, 1973 (H. Rept. 91-1641). p. H10991

Committee on the Judiciary reported S. 1079, granting Congressional consent to the Susquehanna River Basin Compact (H. Rept. 91-1643). p. H10991

2. APPROPRIATIONS. Disagreed to the Senate amendments to H.R. 18515, the FY 71 Labor-HEW appropriation bill. Conferees appointed. p. H10915

3. AGRICULTURE COMMITTEE ACTION.

Reconsidered their previous action on H.R. 19846, the proposed Animal Welfare Act, and ordered it re-reported, with amendment; and

Considered H.R. 19757, the proposed Egg Products Inspection Act, and agreed to introduce a clean bill. p. D1210

4. RULES GRANTED.

An open rule was granted providing for the consideration of and 2 hours of debate, waiving points of order against lines 2 through 14, on page 14, and making in order H.R. 19889 as a substitute on H.R. 18582, amendments to the Food Stamp Act; and

An open rule was granted providing for the consideration of and 1 hour of debate, waiving points of order against clause 3 of Rule XIII and section 31 of S. 3070, plant variety protection bill. pp. D1210-1

5. TARIFFS. Committee on Ways and Means voted to report (but did not actually report) H.R. 7626, to revise the Tariff Schedules with respect to the tariff classification of certain sugars, sirups, and molasses. p. D1211

6. REPORTS.

Received a letter from the Secretaries of Agriculture and HUD transmitting a report on assistance furnished to nonmetropolitan planning districts by the two Departments, pursuant to section 901(c) of the Agricultural Act of 1970; to the Committee on Agriculture. p. H10991

Received a letter from the Acting Secretary of Agriculture, transmitting a report on efforts of USDA to provide information and technical assistance to small communities and less populated areas in regard to rural development during fiscal year 1970, pursuant to section 901(d) of the Agricultural Act of 1970; to the Committee on Agriculture. p. H10991



Marland, Jr., of New York, to be Commissioner of Education, Department of Health, Education, and Welfare, after receiving testimony from Andrew J. Biemiller, AFL-CIO; and David Selden, American Federation of Teachers, AFL-CIO.

NOMINATION

Committee on Public Works: Committee began hearings on the nomination of William D. Ruckelshaus, of Indiana, to be Administrator of the Environmental Protection Agency, where the nominee was present to testify and answer questions in his own behalf.

Hearings continue tomorrow.

DRUG PURCHASING

Select Committee on Small Business: Subcommittee on Monopoly resumed hearings concerning the drug procurement practices of various Government agencies. Testimony was received from Dr. Heinz F. Eichenwald, University of Texas (Southwestern) Medical School, Dallas; Dr. Sidney M. Finegold, Wadsworth General Hospital (Veterans' Administration), Los Angeles; Dr. Edward D. Freis, Veterans' Administration hospital, Washington, D.C.; Dr. H. Mitchell Perry, Jr., Cochran VA Hospital, St. Louis; and Dr. Leon I. Goldberg, Emory University School of Medicine, Atlanta.

Hearings continue tomorrow.

House of Representatives

Chamber Action

Bills Introduced: 10 public bills, H.R. 19883-19892; five private bills, H.R. 19893-19897; two resolutions, H. Con. Res. 789, and H. Res. 1289, were introduced.

Page H 10991

Bills Reported: Reports were filed as follows:

H.R. 11895, amended, and H.R. 14235, amended, private bills (H. Repts. 91-1637 and 91-1638, respectively);

H. Res. 1241, relating to the compensation of the clerks to the Official Reporters of Debates (H. Rept. 91-1639);

H.R. 17582, to amend the peanut marketing quota provisions to make permanent certain provisions thereunder (H. Rept. 91-1640);

H.R. 19567, to continue until the close of September 30, 1973, the International Coffee Agreement Act of 1968, amended (H. Rept. 91-1641);

S. 2162, to provide for special packaging to protect children, amended (H. Rept. 91-1642); and

S. 1079, granting congressional consent to the Susquehanna River Basin Compact (H. Rept. 91-1643).

Page H 10991

Private Calendar: Passed the following bills on the call of the Private Calendar:

Sent to the Senate without amendment: H.R. 13805.

Sent to the Senate, amended: H.R. 4982 and 15805.

Passed over without prejudice: H.R. 15760, 10534, 13807, 13469, 15415, H. Res. 108, H.R. 12990, 1508, 3436, 5017, 5943, 7955, S. 1187, 2514, S. Con. Res. 79, H.R. 2302, 11676, 15864, 15865, 16276, 17853, S. 878, H.R. 14703, S. 1785, and H.R. 16498.

Pages H 10913-H 10915

Private Bill: Cleared for the President, H.R. 8470, a private bill, by agreeing to the amendment of the Senate thereto.

Page H 10915

Labor-HEW Appropriations: House disagreed to the amendments of the Senate to H.R. 18515, making appropriations for the Departments of Labor and

Health, Education, and Welfare, for fiscal year 1971. Appointed as conferees: Representatives Flood, Natcher, Smith of Iowa, Hull, Casey, Mahon, Michel, Schriver, Reid of Illinois, and Bow.

Page H 10915

Reporters of Debates—Clerks Pay Increase: Agreed to H. Res. 1241, relating to the compensation of the clerks to the Official Reporters of Debate.

Pages H 10915-H 10916

Smithsonian Board of Regents: Cleared for the President H.R. 14213, to provide for additional members of the Board of Regents of the Smithsonian Institution, by agreeing to the Senate amendments thereto.

Page H 10916

Investment Companies: House agreed to the conference report on S. 2224, Investment Company Amendments Act of 1970; clearing the measure for the White House.

Pages H 10918-H 10919

Investor Protection: By a record vote of 359 yeas to 3 nays, with 1 voting "present", the House passed H.R. 19333, to provide greater protection for customers of registered brokers and dealers and members of national securities exchanges.

Agreed to:

An amendment that provides that one member of the seven-member Board of Directors of SIPC be appointed by the Pacific Coast Stock Exchange; and

An amendment designed to increase the SIPC assessment from one-half of 1 percent to 1 percent of a member's gross revenue.

Rejected:

A substitute to the first amendment that called for five public members of the seven-member board be appointed by the President; one member be appointed by the New York Stock Exchange; and one member be appointed by the American Stock Exchange (rejected by a division vote of 16 yeas to 27 nays); and

An amendment that directed the SEC to report to Congress in 6 months on "segregation funds".

H. Res. 1266, the rule under which the bill was considered was agreed to earlier by voice vote.

Pages H 10919—H 10944

Late Report: Committee on the Judiciary received permission to file by midnight tonight a report on S. 1079, granting congressional consent to the Susquehanna River Basin Compact.

Page H 10944

Medical Training Assistance: By a record vote of 346 yeas to 2 nays, the House passed H.R. 19599, to provide for the making of grants to medical schools and hospitals to assist in establishing special departments and programs in the field of family practice, and otherwise to encourage and promote the training of medical and paramedical personnel in the field of family medicine.

Agreed to the committee amendments.

Subsequently, this passage was vacated, and S. 3418, a similar Senate-passed bill was passed in lieu, after being amended to contain the language of the House bill as passed.

Agreed to amend the title of the bill.

H. Res. 1268, the rule under which the bill was considered, was adopted earlier by a voice vote.

Pages H 10944—H 10957

Quorum Calls—Record Votes: One quorum call and two record votes developed during the proceedings of the House today and appear on pages H10919, H10943—H10944, and H10953—H10954.

Program for Wednesday: Met at noon and adjourned at 6:54 p.m. until noon on Wednesday, December 2, when the House will consider H.R. 19436, Housing and Urban Development Act of 1970 (open rule, 1 hour of debate).

Committee Meetings

AGRICULTURE MISCELLANY

Committee on Agriculture: Met in executive session and took the following action:

Ordered reported favorably to the House H.R. 17582, to amend peanut marketing quota provisions to make permanent existing authorization for the intracounty lease, sale, and transfer of acreage allotments for peanuts;

Reconsidered the action of November 24, 1970, on H.R. 19846, the Animal Welfare Act, and ordered it re-reported favorably to the House amended;

Considered H.R. 19757, Egg Products Inspection Act, and agreed to introduce a clean bill.

EXCHANGES AND COMMISSARIES

Committee on Armed Services: Special Subcommittee on Exchanges and Commissaries met in executive session for continued consideration of requests by the services to update current exchange and commissary regulations and the addition of new items to the present authorized list.

Subcommittee to continue tomorrow.

LANDS CONVEYANCE—REAL ESTATE PROJECTS

Committee on Armed Services: Subcommittee on Real Estate met in executive session and approved for full committee action S. 4187, authorizing the Secretary of the Army to convey lands at Fort Ruger Military Reservation, Hawaii, to the State of Hawaii in exchange for other lands.

The subcommittee also approved certain real estate projects.

FOREIGN AID SUPPLEMENTAL AUTHORIZATION

Committee on Foreign Affairs: Continued executive hearings on the supplemental authorization request for economic and military assistance funds with testimony from Lt. Gen. Robert H. Warren, Deputy Assistant Secretary of Defense (ISA) for Military Assistance and Sales.

Committee to continue tomorrow.

COMMITTEE BUSINESS

Committee on House Administration: Subcommittee on Electrical and Mechanical Office Equipment met in executive session on pending business.

SECURITIES ACT—SECURITIES AND EXCHANGE ACT

Committee on Interstate and Foreign Commerce: Met in executive session and ordered reported favorably to the House the following bills:

S. 336, to amend the Securities Act of 1933 to increase the exemption of security issues; and

S. 3431 amended, to amend the Securities and Exchange Act of 1934 relating to takeover bids.

SUSQUEHANNA RIVER BASIN COMPACT

Committee on the Judiciary: Met in executive session and ordered reported favorably to the House S. 1079, consenting to the Susquehanna River Basin Compact.

NAME CHANGES

Committee on Public Works: Subcommittee on Rivers and Harbors held a hearing on and approved for full committee action numerous bills to name or rename certain facilities at Corps of Engineers' projects. Testimony was heard from Representatives Bow, Olsen, Don Clausen, May, Leggett, Stanton, Carney, Edwards of Alabama, and Chappell; and Brig. Gen. Richard Groves, Office of Chief of Engineers. Statements for the record were submitted by Representatives Long of Louisiana, Waggoner, Kleppe, Mills, and Belcher.

FOOD STAMP ACT

Committee on Rules: Granted an open rule providing for the consideration of and 2 hours of debate, waiving points of order against lines 2 through 14, on page 14, and making in order H.R. 19889 as a substitute on H.R. 18582, amendments to the Food Stamp Act. Testimony was heard from Chairman Poage and Representatives Foley, Montgomery, and May. A statement for the record was submitted by Representative Melcher.

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

For actions of December 16, 1970
91st-2nd; No. 202

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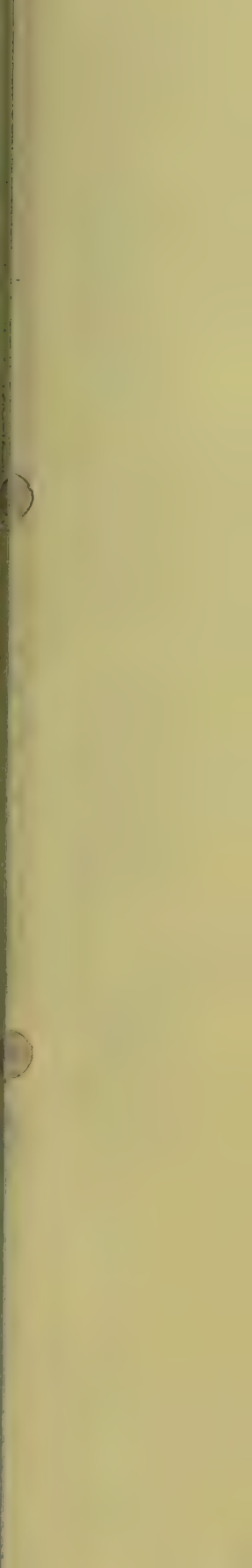
HIGHLIGHTS: Both Houses cleared for the President bills affecting Hazardous Substances and Water Carrier Mixing Bill.
Conferees in executive session agreed to file report on Rivers and Harbors--Flood Control.
House passed H. R. 18582 to amend the Food Stamp Act of 1964.
House Agriculture Committee ordered reported favorably bill to extend marketing quota time on burley tobacco.

SENATE

1. HAZARDOUS SUBSTANCES; WATER CARRIER MIXING RULE. Both Houses agreed to conference reports on S. 2162, to authorize the establishment of standards for the child resistant packaging of hazardous substances; and HR 8298, eliminating certain restrictions relating to water carriers of bulk commodities. Both bills now go to the President. pp. S20246-7; H11784-5 S20250-1; H11785-6
2. NATIONAL PARK. Passed with committee amendment S. 4, to establish the Big Thicket National Park in Texas. pp. S20306-7
3. 92nd CONGRESS. Passed without amendment H.J. Res. 1416, to provide that January 21, 1971, be the date for the convening of the 92nd Congress. p. S20282
4. ECONOMIC REPORT. Passed without amendment H.J. Res. 1417, to provide that the President transmit his Economic Report to Congress not later than February 1, 1971, and that the Joint Economic Committee file its report thereon with the House not later than March 1, 1971. This bill now goes to the President. p. S20282
5. WATER & WASTE FACILITY LOANS. Committee on Finance reported without amendment H.R. 15979, to provide that the interest on certain insured loans sold out of the Agricultural Credit Insurance Fund shall be included in gross income (S. Rept. No. 91-1469). S20373
6. RIVERS, HARBORS, & FLOOD CONTROL. Conferees in executive session agreed to file conference report on H.R. 19877, omnibus rivers and harbors and flood control authorizations bill. p. D1287
7. EMPLOYMENT AND MANPOWER ACT, VETO. Received Veto Message from the President on S. 3867, providing assistance to the States for employment and training. pp. S20348-9
8. ENVIRONMENT. Sen. Goldwater expressed concern for the quality of the environment and placed in the Record several articles by Director Pecora of the U.S. Geological Survey. pp. S20391-4
9. LEGISLATION. Sen. Mansfield announced two-shift sessions beginning Dec. 17 and reviewed position of bills subject to filibuster. p. S20308

HOUSE

10. FOOD STAMPS. Passed H.R. 18582, to amend the Food Stamp Act of 1964, but failed to consider committee amendment. pp. H11815-7; H11818-73





appropriations to the Smithsonian Institution for carrying out the purposes of said Act:

CONFERENCE REPORT (H. REPT. No. 91-1766)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 704) to amend the Act of October 15, 1966 (80 Stat. 953; 20 U.S.C. 65a), relating to the National Museum of the Smithsonian Institution, so as to authorize additional appropriations to the Smithsonian Institution for carrying out the purposes of said Act, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

That section 2(b) of the National Museum Act of 1966 (20 U.S.C. 65a) is amended to read:

"(b) There are hereby authorized to be appropriated to the Smithsonian Institution such sums as may be necessary to carry out the purposes of this Act: *Provided*, That no more than \$1,000,000 shall be appropriated annually through fiscal year 1974, of which \$300,000, annually, shall be allocated and used as follows:

"(A) 33⅓ per centum shall be available for the purposes of clause (2) of subsection (a);

"(B) 33⅓ per centum shall be available for transfer to the National Endowment for the Arts for assistance to museums under section 5(c) of the National Foundation on the Arts and Humanities Act of 1965; and

"(C) 33⅓ per centum shall be available for transfer to the National Endowment for the Humanities for assistance to museums under section 7(c) of the National Foundation on the Arts and Humanities Act of 1965."

Sec. 2. Section 2(a)(2) of the National Museum Act of 1966 (20 U.S.C. 65a(2)) is amended to read as follows:

"(2) prepare and carry out programs by grant, contract, or directly for training career employees in museum practices in cooperation with museums, their professional organizations, and institutions of higher education either at the Smithsonian Institution or at the cooperating museum, organization, or institutions;"

And the House agree to the same.

FRANK THOMPSON, JR.,
JOHN BRADEMANS,
FRED SCHWENGEL,

Managers on the Part of the House.

CLAIBORNE FELL,
ROBERT BYRD,
JOHN SHERMAN COOPER,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 704) to amend the Act of October 15, 1966 (80 Stat. 953; 20 U.S.C. 65a), relating to the National Museum of the Smithsonian Institution, so as to authorize additional appropriations to the Smithsonian Institution for carrying out the purposes of said Act, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute text. The committee of conference recommends that the Senate recede from its disagreement to the amendment of the House and agree to the same

with an amendment which is a substitute for both the Senate bill and the House amendment, and that the House agree to the same. Except for technical and clerical changes, the differences between the House amendment and the conference substitute are discussed below.

The House amendment amended section 2(b) of the National Museum Act of 1966 (80 Stat. 953; 20 U.S.C. 65a, note), which contained certain obsolete appropriation authorizations to carry out that Act, so as to provide an up-to-date authorization of appropriations to the Smithsonian Institution to carry out that Act subject to the proviso that not more than \$1,000,000 shall be appropriated annually through the fiscal year 1974.

The first section of the conference substitute contains provisions authorizing annual appropriations of \$1,000,000 to the Smithsonian Institution which are to the same effect as the House amendment, but with the following additional provisions similar to certain provisions of the Senate bill. These additional provisions of the conference substitute are as follows:

Of this annual \$1,000,000 authorization through the fiscal year 1974, the sum of \$300,000 is to be allocated and used as follows:

(1) One-third of that \$300,000 amount is to be available for programs authorized by section 2(a)(2) of the National Museum Act of 1966 (20 U.S.C. 65a), as proposed to be amended by section 2 of the conference substitute, for the training of career employees in museum practices in cooperation with museums, their professional organizations, and higher education institutions either at the Smithsonian Institution or at the cooperating museum, organization, or institution. These programs may be prepared and carried out by grant, by contract, or directly.

(2) One-third of the \$300,000 amount is to be available for transfer to the National Endowment for the Arts for assistance to museums under section 5(c) of National Foundation on the Arts and Humanities Act of 1965 providing for programs of assistance to groups and individuals in connection with artistic, cultural, and creative productions, workshops, and other similar projects.

(3) One-third of the \$300,000 amount is to be available for transfer to the National Endowment for the Humanities for assistance to museums under section 7(c) of the National Foundation on the Arts and Humanities Act of 1965 which authorizes the Chairman of the National Endowment for the Humanities to develop national policy for promotion of scholarship in the humanities, initiate and assist programs to strengthen research potential in the humanities, award grants and fellowships for training and workshops, and support the publication of scholarly works in the humanities.

Section 2 of the conference substitute includes a provision contained in the Senate bill but not in the House amendment which amends section 2(a)(2) of the National Museum Act of 1966 (20 U.S.C. 65a) so as to expand the program of training career employees in museum practices by permitting such programs to be carried out through grants or by contract as well as directly. Existing law provides that such programs may be carried out only directly by the Director of the National Museum.

FRANK THOMPSON, JR.,
JOHN BRADEMANS,
FRED SCHWENGEL,

Managers on the Part of the House.

ELECTION TO COMMITTEE ON
WAYS AND MEANS

Mr. ROSTENKOWSKI. Mr. Speaker, by direction of the Democratic caucus, I offer a privileged resolution (H. Res.

1312) and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1312

Resolved, That Hugh L. Carey, of New York, be, and is hereby, elected a member of the standing Committee of the House of Representatives on Ways and Means.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION
OF H.R. 18582, AMENDMENTS TO
THE FOOD STAMP ACT OF 1964

Mr. PEPPER. Mr. Speaker, on behalf of the able gentleman from Tennessee (Mr. ANDERSON) and by direction of the Committee on Rules, I call up House Resolution 1291 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 1291

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 18582) to amend the Food Stamp Act of 1964, as amended, and all points of order against the provisions contained on page 14, line 2 through line 14 of said bill are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the text of the bill H.R. 19889 as an amendment in the nature of a substitute for H.R. 18582, and all points of order against the provisions contained on page 25, line 11 through line 19 of said substitute are hereby waived. At the conclusion of the consideration of H.R. 18582 for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Florida is recognized for 1 hour.

Mr. PEPPER. Mr. Speaker, I yield 30 minutes to the able gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

(Mr. PEPPER asked and was given permission to revise and extend his remarks.)

Mr. PEPPER. Mr. Speaker, House Resolution 1291 provides an open rule with 2 hours of general debate for consideration of H.R. 18582, amendments to the Food Stamp Act of 1964, and all points of order are waived against the provisions contained in the bill on page 14, lines 2 through 14, because of an appropriation in a legislative bill. The resolution further provides that it shall be in order to consider H.R. 19889 as a substitute for H.R. 18582 and all points of order are waived against the provisions contained in the substitute on page 25, lines 11 through 19, because of an appropriation in a legislative bill.

The purpose of H.R. 18582 is to amend the Food Stamp Act of 1964, as amended, which is to assist low-income households to increase their expenditures for food and to upgrade the quality of their diets.

A number of changes would be made in the present law. The program would be expanded to include Puerto Rico. The Secretary of Agriculture, in conjunction with the Secretary of Health, Education, and Welfare, is directed to establish uniform national standards for participating households. Separate standards for American Territories are prescribed.

As a condition of eligibility for program benefits, any able-bodied person between the ages of 18 and 65—except those responsible for the care of others—would be required to register for and accept employment if it is offered.

A minimum monthly payment of at least 50 cents per participant would be required and participating States would be required to pay a small portion of the cost of the program. State agencies are directed to initiate educational program for the purpose of informing potential participants of the program.

Participants 60 years or more of age are authorized to use stamps for meals delivered to them if prepared by an instrumentality of local government or a nonprofit organization.

Ongoing programs will continue to exist until brought into conformity with the bill and the Secretary is given additional authority to extend food assistance to communities without programs.

Food stamp and commodity programs may be operated simultaneously but individual participants may not receive dual benefits.

The bill contains open ended appropriations for the program through fiscal year 1973.

Mr. Speaker, I urge the adoption of House Resolution 1291.

(Mr. LATTA asked and was given permission to revise and extend his remarks.)

Mr. LATTA. Mr. Speaker, at the outset I wish to commend the Committee on Agriculture for some of the amendments to this program which I think are needed.

Every Member has been back home often this year and has heard the many, many complaints on the misuse of this program.

When this program began we were led to believe it was to provide adequate diets for people who did not have sufficient income to provide such diets for themselves. But, lo and behold, we find in the administration of this program that this has not been the case. We have had cases called to our attention of college students, children of wealthy parents, receiving food stamps. I do not believe it was the intention of Congress to provide food stamps, at taxpayers' expense, for college students of wealthy parents.

It is no wonder that the people who know of such abuses are complaining about the program. I, for one, do not wish to see these complaints multiplying year after year and threatening the existence of the program for those genuinely in need.

I can well recall, as can the other Members, when we adopted this program. We were led to believe that someone would be sitting down with the needy recipients and working out a budget for them, with so much for rent, so much for clothing, and so much for food. The taxpayers were then to supplement the amount needed for food to insure a proper diet.

With few exceptions, this is not being done. All they do today is walk in, get their food stamps, and walk out.

We have had complaints of unqualified individuals obtaining and using these stamps in direct violation of the law. The individuals involved know they are violating the law but nothing is being done about it. If we want this program to continue, I think the laws must be enforced and the people charged with the responsibility of enforcing the law are going to have to do their job. Otherwise, I fear that public opinion is going to bring this program to an end.

The cost of this program continues to soar. The Food Stamp Act of 1964 authorized appropriations for 3 fiscal years, not in excess of \$75 million for fiscal year 1965, not in excess of \$100 million for fiscal year 1966, and not in excess of \$200 million for fiscal year 1967.

The Food Stamp Act was amended under Public Law 90-91, approved September 27, 1967, for fiscal years 1968 and 1969 and an authorization not in excess of \$200 million for fiscal year 1968 and not in excess of \$225 million for 1969 was approved. Another amendment increased the maximum authorization for fiscal year 1969 to \$315 million and provided for an appropriation authorization of up to \$340 million for fiscal year 1970.

Then, later, before fiscal year 1970 expired, this \$340 million was increased to \$610 million—\$610 million. We now have before us an open-ended authorization—which means no limitation on the cost of the program other than what the appropriation committee puts on it.

Mr. Speaker, with such an authorization we are going to have more and more complaints unless this Congress does something about tightening up the regulations.

I mentioned at the outset that the committee is to be commended for tightening up in certain areas. I commend the committee for this action but I disagree with the liberalizing features which it has written into it.

Section 1 broadens the policy of the basic act by recognizing that limited purchasing power is related to hunger and malnutrition.

Section 2 of the bill consists of definition changes occasioned by substantive amendments, the most significant of which extends the program to Puerto Rico. It also defines "elderly persons."

Section 3 contains authority to simultaneously operate a food stamp and commodity program. Individual participants are precluded from simultaneously receiving dual benefits.

Section 4 provides that the Secretary of Agriculture in conjunction with the Secretary of Agriculture in conjunction with the Secretary of the Department of Health, Education, and Welfare is di-

rected to establish uniform national standards for participating households.

Mr. Speaker, all you have to do is talk to any Congressman and you will find how the administration of this program varies within the States. In fact, it seems like every county is administering this program differently.

So, I think it is high time that something be done to establish uniform national standards. This bill may lend some assistance toward this end.

Section 5 continues authority for establishing the value of coupons with a minimum monthly payment of at least 50 cents per person per month being required for each participant.

Section 9 of the bill requires participating States to finance a portion of the cost involved. The State share would be 2.5 percent for the first year, 5 percent for the second year, 7.5 percent for the third year, and 10 percent for the fourth and ensuing years.

Mr. Speaker, I would hope that during debate under the 5-minute rule some further tightening amendments will be adopted to insure us a food stamp program which will accomplish its objective without all of the shortcomings of the existing act.

Mr. TEAGUE of California. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from California.

Mr. TEAGUE of California. Mr. Speaker, I would like to say to the gentleman in the well, and those of my colleagues who were here at the time, and suggest to those who have arrived since, that 3 years ago, I believe it was, when we had this bill before us, I offered an amendment to prohibit the distribution of food stamps to persons out on strike. The amendment carried here in the House. Unfortunately, it failed in the conference with the other body. But it seemed to me at that time—and it still seems to me—that the general taxpayer who is paying for the cost of the food stamps—and I support the program—ought not be asked to subsidize people who are voluntarily out on strike.

This program is intended to help people who cannot get jobs, who cannot work, who really are starving through no fault or choice of their own. I am sure that there will be in the course of the consideration of this bill another opportunity to express our will on this subject.

Mr. LATTA. Mr. Speaker, I wish to thank the gentleman from California for his comments. I, too, support the program but I do not want to see the criticism bring the program down. If we continue like we are, this program will come to an end because the people are just not going to put up with all of these abuses.

(Mr. LATTA asked and was given permission to revise and extend his remarks.)

Mr. LATTA. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Speaker, I thank the gentleman from Ohio for yielding.

Mr. Speaker, I would like to read just one paragraph that appears in the

minority views in the committee report on this bill:

My service as a member of the House Committee on Agriculture has taught me that it is a dangerous business to dare question the validity of public feeding programs or the judgment of some of the leading hunger "experts" whose hunger for headlines appears to exceed their thirst for knowledge and truth.

Mr. Speaker, all of us are aware that last October, during the United Auto Workers strike against General Motors in Detroit, Federal food stamps were doled out to the strikers on a freewheeling basis. There was also a Teamster strike this year in which strikers received food stamps.

I have had the Department of Agriculture make an estimate on the costs involved in these food-stamp handouts in Detroit, and I am advised that between \$12 and \$14 million had been spent in this flourish of generosity on the part of Uncle Sam.,

The Department also reported that during the Teamster's strike, in Cook County, Ill., there were 15,000 strikers who participated in the food stamp program, commencing early May through early July 1970. It also reported that this Teamster strike impact prompted loose controls and other irregularities in the issuance of authorizations to purchase food stamps. As per statistical sampling methods, it was discovered that about 5 percent of program participants had fraudulently secured two or more authorizations to purchase food stamps, resulting in program losses of about \$200,000.

I have no objection whatsoever to food stamps going to those who, through no fault of their own, are in need of assistance. I vigorously object, however, to giving these food stamps to those whose needs have been occasioned through their own choice. I would, therefore, like to announce that if this rule prevails, as I am certain it will, I intend to offer an amendment that will prohibit Federal food stamps from going to striking workers.

There are those who will say that the striking workers paid their tax money and therefore should be eligible to receive food stamps. This is the same as saying that other citizens who pay their taxes and do not chose to become unemployed should be penalized for not becoming idle.

I would like to say that my amendment will not deny food stamps to a striking worker who had been receiving stamps before going on strike. In effect, my amendment does say that going on strike is not a passport or a license for obtaining Federal food stamps.

Mr. DENT. Mr. Speaker, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman.

Mr. DENT. I understood the gentleman to say that he would not deny food stamps to any person except those who had made a choice, such as to go on strike.

In other words, you would deny food stamps to a striker, but would you also deny them to his family if they were

in need and they had made no choice, since they did not vote to go on strike.

Mr. GOODLING. I stated that we would not deny food stamps to an individual who was receiving food stamps before he went on strike.

Mr. DENT. Well, that is perfectly clear to me. But what do you do about the family of the striker whose family had nothing to do with the choice as to whether or not he went out on strike?

You would want to deny the food stamps to the striker himself—and that would be one thing. But how are you going to deny them to his family who had nothing to do with the choice of going on strike but who are hungry?

Mr. GOODLING. At this time you cannot set hard and fast guidelines and I would leave that to the discretion of the administrator of the program.

Mr. PUCINSKI. Mr. Speaker, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman.

Mr. PUCINSKI. What is the gentleman's view about denying food stamps to those who are locked out in a labor dispute where they have no control over the situation—they have been locked out and they cannot go to work because there happens to be a labor dispute between the union and the employer and the employer locks them out?

Mr. GOODLING. They have not voted to strike to begin with.

Mr. PUCINSKI. This is not a strike—this is a lockout—what do you do in that case when you have a family of kids who are hungry?

Mr. GOODLING. This is not a strike—I am referring to strikes.

Mr. PUCINSKI. In other words, you do not object to giving food stamps to those families who are victims of a lockout?

Mr. GOODLING. Again I would say that is up to the administration of the program. You cannot write specific guidelines of that kind. I can say my amendment specifies strikers and does not apply to lockouts.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. LATTA. Mr. Speaker, I have no further requests for time.

Mr. PEPPER. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

SEAMEN'S SERVICE ACT

Mr. GARMATZ. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 15549) to amend title 10, United States Code, to further the effectiveness of shipment of goods and supplies in foreign commerce by promoting the welfare of U.S. Merchant seamen through cooperation with the United Seamen's Service, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 4, after the line following line 2, insert:

"SEC. 4. The Merchant Marine Act, 1936 (46 U.S.C. 1101 et seq.), as amended, is amended as follows:

"(a) By striking out of section 501(a)(2) thereof (46 U.S.C. 1151(a)(2)) the words 'to enable it to operate and maintain' and inserting in lieu thereof 'for the operation and maintenance of'.

"(b) By striking out of section 502(a) thereof (46 U.S.C. 1152(a)) the words 'to enable it to operate and maintain' and inserting in lieu thereof 'for the operation and maintenance of'.

"(c) By inserting in section 601(a)(2) thereof (46 U.S.C. 1171(a)(2)) following the word 'owns' the words 'or leases'.

"(d) By inserting in section 601(a)(2) thereof (46 U.S.C. 1171(a)(2)) following the word 'purchase' the words 'or lease'.

"(e) By striking the last sentence of section 806(d) thereof (46 U.S.C. 1223(d))."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

Mr. MAILLIARD. Mr. Speaker, reserving the right to object, and I shall not object, I would appreciate it if the distinguished gentleman would explain to the House what the Senate amendment consists of.

Mr. GARMATZ. Mr. Speaker, will the gentleman yield?

Mr. MAILLIARD. I yield to the gentleman.

Mr. GARMATZ. Mr. Speaker, the Senate amendment was designed to correct a deficiency in basic maritime legislation which was entirely overlooked at the time the Merchant Marine Act of 1970 was being considered by my committee. As you know, this new legislation set forth a program to revitalize the American merchant marine. It contemplates the construction of 30 modern vessels a year for the next 10 years. Included in the statute are several new measures designed to provide incentives toward the successful conclusion of this comprehensive shipbuilding program.

Under existing law, it is necessary that an applicant for a construction or operating subsidy, actually own the vessel or vessels covered by the application. This amendment would permit subsidy grants in cases where the vessels are acquired by lease financing rather than by outright purchase. It is in line with the provision of the Merchant Marine Act of 1970 which permitted the operators of vessels under leasing arrangements to be eligible for tax deferment privileges.

As is pointed out in Senate Report No. 91-1424, accompanying the bill, lease financing has become an increasingly popular method of financing such varied capital investments as airplanes, locomotives, supermarkets, and post offices. It is, therefore, entirely appropriate that we extend to vessels this new efficient and flexible method of financing.

The Senate amendment was approved by the administration and I understand, by all segments of both labor and management in the maritime industry. Indeed, had the issue been presented in connection with our overall consideration of the new maritime program, I am sure it would have received approval of my Committee on Merchant Marine and Fisheries and of the Congress.

Mr. MAILLIARD. Mr. Speaker, I concur in what the chairman has said, and I withdraw my reservation.

The SPEAKER pro tempore (Mr. HOLIFIELD). Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

AMENDMENTS TO THE FOOD STAMP ACT OF 1964

Mr. POAGE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 18582) to amend the Food Stamp Act of 1964, as amended.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 18582, with Mr. MATSUNAGA in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Texas (Mr. POAGE) will be recognized for 1 hour, and the gentleman from Oklahoma (Mr. BELCHER) will be recognized for 1 hour.

The Chair recognizes the gentleman from Texas.

Mr. POAGE. Mr. Chairman, I yield myself such time as I may consume.

The CHAIRMAN. The gentleman is recognized.

Mr. POAGE. Mr. Chairman, the food stamp legislation which our committee presents this afternoon satisfies neither the extreme liberals nor the extreme conservatives, but it seriously attempts to follow a middle course. I believe that this should commend it to those who are more interested in maintaining a program of real value to the actual needy than they are in competing with Members of the other body for a reputation of generosity regardless of cost and regardless of need.

On the other hand, it should, I believe, at the same time recommend itself to those who are concerned with the fantastic expenditures proposed by the other body and who are concerned with requiring some reasonable effort on the part of the beneficiaries of the program in their own behalf.

The Department of Agriculture has endorsed the bill and calls attention to some of the provisions of the committee bill which are clearly intended to and do liberalize the existing law. Here are the provisions with which the Department is especially pleased:

A food stamp allotment sufficient to purchase a nutritionally adequate diet;

A provision ensuring that participants pay no more than 30 percent of income for their stamp allotment;

Uniform national eligibility standards;

Simultaneous distribution of good stamps and commodities in local areas requesting both programs;

A provision allowing participating families to purchase a portion of their monthly stamp allotment at a proportionate reduction in cost;

Language directing participating States to engage in outreach activities to inform low-income households of program availability;

A fair hearing procedure for aggrieved program participants; and

A checkoff procedure whereby welfare recipients, who are enrolled in the stamp program, may request that stamp payments be deducted from their welfare checks.

The bill actually goes further than the Department of Agriculture suggests in several respects. It would enable elderly persons who are eligible for the program and who are shut-ins to buy meals, not merely groceries, from nonprofit groups. It would permit the poor in Puerto Rico, the Virgin Islands, and Guam to participate. It would authorize the issuance of stamps weekly. It lays the preference for a food stamp program as a substitute for the commodity distribution program.

Then on the side of fiscal responsibility it would require able-bodied adults to register for and accept work as a condition of eligibility. It would require accounting and verification of the incomes of college students utilizing the program, and it would preclude the issuance of stamps to students who are taken as a dependent for tax purposes.

It would leave the matter of financing to the Appropriations Committee, but it would require no more than \$1½ billion to fund this bill. While this is about twice what the program has been costing, it is only about one-quarter of what the other body proposes to spend, or about one-third of what would be required to finance the substitute for this bill which will be offered by the gentleman from Washington (Mr. FOLEY) and the gentleman from Minnesota (Mr. QUINN).

The bill contains at least three basic provisions which our committee thinks to be of far-reaching importance. In the first place the committee has approved the philosophy that there should be some token contribution on the part of the States. We believe that such a requirement will result in a very substantial saving through a closer check on what is admittedly a very loosely supervised program. When local people have even a small amount of their own money invested in a program, they always give far greater attention to its administration. The committee bill only requires the States to contribute 2½ percent of the cost of the program for the first year. That is less than what most of the States will make out of the program. Every State with a sales tax on food makes a clear profit out of this program because these sales are taxed just like all other sales.

The committee bill would raise the State contribution at a rate of 2½ percent per year until it reaches the level of the State contribution to interstate highways. If in fact 10 percent is going to be an intolerable burden on the States,

why do not we find some of them declining their interstate highway allocations? As far as I know, no State has ever done that. If this food stamp program is as good as I think it is, or as good as those who feel we have not gone far enough say it is, no State is going to fail to make this meager contribution. To give the States the program with no local contribution is a direct invitation to fraud and abuse.

The committee bill would require the States to pay a very small part of the cost of the program. The food stamp program is the only program with which we are acquainted which gives the States authority for administering and establishing standards without requiring any cash involvement. The committee believes that the States, if they have a financial stake in the operation of the program, will be more vigilant with respect to its administration, and if this end is achieved we hope that the public outcry which proved the death knell for a food stamp program in the 1940's can be avoided.

In the next place, we try to maintain as much of the self respect of the beneficiaries as possible by requiring that the recipients of this program make some slight semblance of a token contribution. Everybody in the United States is spending something for food. It may be that the expenditure comes from public charity but in the absence of a gift program there must be some expenditure by everyone who eats. The original philosophy of the food stamp program was that it was to be a supplement to what the family was already buying, and that each family would continue to spend what they had been spending for food, and that the Government would supplement their diet through the use of food stamps. The Department of Agriculture has for all practical purposes already abandoned this sound principle and in an effort to compromise with those who want the Government to assume full responsibility for the feeding of our people, the committee bill has confirmed what the Department is already doing. The committee has, therefore, seen fit to require that there be a minimum of at least 50 cents per month paid by the beneficiary. This 50 cents can come from local relief or from private charities, but we still try to maintain the philosophy that the individual is making some slight contribution for his own grocery bill.

Finally, and I think most important, the committee bill requires some kind of work on the part of the able-bodied recipients. To me this is the most important provision in this bill and it is one without which I could not support the bill, nor do I believe a great majority of our committee could support it without this provision. The provision is known as the Poage amendment. It is to be found on page 6 of the bill, and reads:

(c) Notwithstanding any other provisions of law, the Secretary shall include in the uniform national standards of eligibility to be prescribed under subsection (b) of this section a provision that each State agency shall provide that a household shall not be eligible for assistance under this Act if it includes an able-bodied adult person between the ages of eighteen and sixty-five (except

mothers or other members of the household who have the responsibility of care of dependent children or of incapacitated adults or who are bona fide students in any accredited school or training program) who either (a) fails to register for employment at a State or Federal employment office, or, when impractical, at such other appropriate State or Federal office designated by the Secretary, or (b) has refused to accept employment or public work at not less than the higher of State or Federal minimum wage or the wage established by a valid regulation of any agency of the Federal Government authorized by existing law to establish such regulation. Refusal to work at a struck plant or site for the duration of a strike shall not be deemed to be a refusal to accept employment.

In short, this simply requires that if a family is going to draw food stamps, the able-bodied adult members who are responsible for feeding the family must accept a job if offered to them at as much as the minimum wage. It specifically provides that no one should be forced to become a strikebreaker, but it does require those who ask for public help should be willing to help themselves. To me this is of overriding importance. As I see it, if we abandon this principle, we will have turned our back on the experience of all history, which has been to the effect that there are those in all societies who will not work unless they are compelled to in order to secure the necessities of life.

I believe, and practically all of the members of our committee believe, that the Government should help those who need help, and we believe that the food stamp program if properly administered can be a good way to provide that help, but we also firmly believe that the beneficiaries of a Government-financed program should also help themselves—that so long as a job is available which provides the opportunity to work for his own food no man should expect some other man to perform this work for him and hand the food over to him through tax payments without any effort on the part of the beneficiary. In short, we believe in help for those who cannot work, but we would provide nothing for those who can but will not work.

This, my colleagues, is the crux of this bill. It is as old as the third chapter of the Book of Genesis, verse 19, which reads:

In the sweat of thy face shalt thou eat bread.

It is as sound today as it was in the time of Adam. If you believe that we should tax the people who are willing to work to provide food for the able-bodied who simply refuse to work, then I think you should vote against this bill, because that is not the philosophy contained in the committee bill.

I recognize that there will be amendments offered both to greatly liberalize this bill on the one hand, and to restrict its operations on the other. I realize that some of our Members have made promises to support vastly liberalized programs with no requirement that the recipients do what they can. I would not ask any of my colleagues to repudiate their promises, but I would suggest that those of you who are interested in securing a helpful program on a sound and responsible basis should give considera-

tion to passing this bill without extreme amendments in either direction.

Mr. BELCHER. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan (Mr. HUTCHINSON).

(Mr. HUTCHINSON asked and was given permission to revise and extend his remarks.)

Mr. HUTCHINSON. Mr. Chairman, there is a great deal of dissatisfaction with the food stamp program in my part of Michigan. Since last June I have received 669 letters and petitions on food stamps from my district, and all of them are opposed to the program as it now operates. I pulled a few of them from my files.

Here is one from a fruit farmer's wife. She writes:

We had a hired man who was supposed to pick peaches. He stayed in our cabin and did work a few days and then told us his food stamps were in. He bragged about how he could buy \$28 of stamps for 50 cents, and that he claimed he had a wife and child here. He told us his wife was in a mental hospital and who knows where his child is, but not here. He forged his wife's signature with his left hand and wrote his with his right and collected \$72 for \$1.50. So after he got that he no longer worked and was having his buddies in, selling the stamps. My husband told him to leave.

This one is from a bank employee. In Michigan the banks handle food stamps. This letter reads:

It infuriates me to see recipients of these coupons turn right around and purchase Series E bonds, or pay their cable vision service charge, or walk down the street to the beauty parlor, or the beer parlor, and have two shopping carts at the food market, one for allowed foods and the other for unallowed items such as cigarettes and alcoholic beverages. I urge more thorough investigations of each applicant by the social service case worker.

And here's one from a checker at a supermarket. She writes:

These strikers are the ones that really burn me. Some buy \$100 or more meat to put in their freezer, using food stamps. Then they use money to buy lots of beer and cigarettes. I can't fill my freezer like that. I have had some people tell me they don't have to touch their savings with food stamps. I believe in helping the poor but not the strikers. They knew what they were doing when they voted to strike. I don't think the rest of the people should have to pay for their food. They pull tricks, too. I caught one and she probably does it all over. The mother came down and bought a lot of groceries, paying food stamps. I waited on her. She wanted cigarettes, but I told her I could not sell them to her for stamps. Then about fifteen minutes later I saw her daughter go through another checker. I went over to the other checker to ask what went on. She had brought back groceries, saying they had bought the wrong things and wanted a refund. Then she turned around and bought a carton of cigarettes and took the rest of the money. Even my customers are mad. All day I hear them say, I guess I'll go over and get food stamps. Something has to be done. It is just not fair.

And still another. A constituent writes that—

A neighbor who netted \$14,000 on a construction job and was given \$100 a week unemployment was given food stamps last winter. He owns his own home, has a car and truck and two snowmobiles. He asked for the stamps as a joke and was surprised

to get them. A friend was offered \$50 worth of stamps for \$20 by a migrant. A woman who has been getting her groceries with stamps was in the local post office mailing home a \$2000 money order. We protest as taxpayers the give-away that may have been set up to do some good but are becoming nothing but a racket. We know of farmers who have been forced to lie about the migrants' wages or they are threatened that their crop will remain on the trees. A father demanded an alarm clock for food stamps so they would know when to feed the baby. His demand was granted after a phone call to the local social services office.

Here's one from an ADC mother:

I am writing concerning the misuse of our Federal Food Stamp Program. I noticed in the paper where a striking GM employee was able to obtain \$50 in food stamps for \$7.50. This seems to me to be unfair. They are unemployed at the choice of themselves and their labor unions, and I can see no reason for them to receive these stamps as they could be working instead of raising the cost of living for everyone. I am a recipient of aid for dependent children, not from choice but from necessity, and I am allowed \$88 a month worth of stamps which I have to pay \$44 for. The difference between my family size and his was one person, yet I pay a considerable amount more for my stamps than he did. How can this be allowed?

It seems to me these people should not be given stamps when they choose to leave their employment for any reason that could be prevented. I do not know if my complaint will have any bearing but I do know as a taxpayer I cannot see this abuse go unnoticed.

And finally, here is a man who points out that he has a family of four and says he lives comfortably on an income of less than \$10,000 annually. He says he has friends and knows of families where the husband and wife both work and have incomes twice his own, yet due to strikes and layoffs they are able to buy food stamps. They all have nice homes, good cars, snowmobiles, and all kinds of luxuries, but they have no savings. He says his job is seasonal, but he cannot buy food stamps when he is not working because he plans ahead and has savings for those times. I resent my taxes going to support people who are able to support themselves.

Mr. Chairman, this food stamp bill we are now considering would require persons to register for employment in order to receive stamps. But employment does not seem to be a requisite for eligibility. It is income in relation to family size that counts. A man can be employed full time and still, if his income in relation to his family is low enough, he can supplement his food budget with stamps. The letters I receive indicate that migrants, at least, can come into an area and before they start a job can apply for food stamps. They can apparently leave the welfare office and go directly to work in the orchards and fields. The fact that they have a job waiting for them is no obstacle. And strikers, is it contemplated that a man on strike must register for work under this bill in order to comply with it? I am not sure, Mr. Chairman, that attractive as this register-for-work provisions might be in this bill at first blush that it means much.

This bill proposes that the Secretary of Agriculture, in consultation with the

Secretary of Health, Education, and Welfare, shall promulgate uniform standards for eligibility for food stamps. At the present time each State sets its own eligibility standards. While the Secretary will establish the uniform standards under this bill, administration of the act will still be left to the States. The people in my district are demanding investigations into the leniency in the distribution of food stamps. They are asking that the whole program be tightened up. I received a petition with 589 signers requesting a review of leniency in the distribution of food stamps to migrants, whereas permanent residents in need and deserving of supplementary aid are refused or delayed. The question in my mind is whether the promulgation of national standards will do anything for the administration of the program back where the people are. In spite of what many people in Michigan think, Michigan is not the most generous State in the food stamp program. Will the adoption of national uniform standards accept the present standards of the most generous State, thereby making the Michigan program even more costly?

The bill also directs that eventually each State will pay 10 percent of the cost of the food stamp program. The idea is that, if the States share in the cost their administration of the program will be tighter. But, Mr. Chairman, be it remembered that 2 or 3 years ago Congress passed an amendment to the ADC welfare program which directed the States to pay a share of some costs they had not been burdened with. And it will be recalled that provision never did get into effect. I have a telegram from the chairman and ranking minority member of the Appropriations Committee of the Michigan Senate. They have objected strongly to the provision of this bill which would saddle the States with a share of the cost of the food stamp program. They say simply that Michigan has not the money to put into it. And according to reports, eight of the nine largest States are in fiscal crisis at the present time. Michigan is one of them.

I am inclined to think, Mr. Chairman, that the bill we are now considering will need considerable changes in the tightening up demanded by the people back home is to be accomplished. The whole food stamp program should be investigated.

Mrs. SULLIVAN. Mr. Chairman, would the gentleman yield for a question?

Mr. HUTCHINSON. I am happy to yield to the distinguished gentlewoman from Missouri.

Mrs. SULLIVAN. The gentleman from Michigan has listed a number of instances which represent Federal crimes in the misuse of food stamps. Have the gentleman's constituents who saw these crimes committed reported them to the proper authorities?

Mr. HUTCHINSON. I do not know that they have. I have not pursued that matter.

The gentlewoman I am sure knows the reluctance of ordinary citizens to involve themselves with the law.

Mrs. SULLIVAN. I realize that.

Mr. HUTCHINSON. But they are crimes, they are abuses.

Mrs. SULLIVAN. They are Federal crimes. I have had this brought up to me in meeting after meeting, including one recently with some women bankers who cited individual instances they had seen of illegal activity, and I could not help but say to them "if you do not report these crimes—incidents that you know to be a fact—to the proper enforcement authorities, then you are as guilty as the people who are committing them; because when you see a crime occur you are duty bound as a citizen to report it and to try to get it corrected by the proper authorities, and punishment meted out."

Mr. HUTCHINSON. I would agree with the gentlewoman, but I would also observe that there are a good many people in the world nowadays who rather think that part of the function of the Congress is to investigate these things as well, and I seriously say that the committee could do well to undertake an investigation of the abuses of this program throughout the country. I cannot believe that all the abuses are only in my own district.

Mrs. SULLIVAN. No—I thoroughly agree, if the gentleman will yield further. I concur in what the gentleman says about crimes having been committed. That is what kills many programs that have worthwhile purposes, good programs if they are widely abused without punishment or enforcement. And if the Government itself does not act quickly to correct these abuses then we can lose the support and good will of all of the people for programs to help hungry or undernourished people to obtain an adequate diet, crimes should be punished, and people who see them occur must become "involved" enough to report wrongdoing when they see it happen. We cannot enforce the law here—telling your Congressman that "someone" violated the law is not the same as reporting the criminal to the authorities.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. HUTCHINSON. I yield to the gentleman from Texas.

Mr. POAGE. Mr. Chairman, I just want to call the attention of the gentlewoman from Missouri, and the attention of the gentleman from Michigan, to the fact that this committee has not been asleep. The committee has investigated these matters, and we have printed a report on the field investigations of the operations of the Food Stamp Act of 1964—the investigation was made in 1970. The report is available to all Members, and in it we do point out exactly the kind of things the gentleman from Michigan has been referring to; things which are taking place, and we have brought this to the attention of the Department of Agriculture. We are advised that that Department has referred a great many of these cases to the Department of Justice. I know of no action by that agency, but if there has been any neglect it has certainly been on

the part of the Justice Department, not on the part of the committee.

Mr. HUTCHINSON. I sincerely hope they will do something about it.

Mr. HALL. Mr. Chairman, will the gentleman yield?

Mr. HUTCHINSON. I yield to the gentleman from Missouri.

(Mr. HALL asked and was given permission to revise and extend his remarks.)

Mr. HALL. Mr. Chairman, I appreciate the gentleman yielding. I just want to add to the facts that he has given to the Congress, as I have in my hand a letter from the president of a department store in my hometown who calls attention to the fact that there has been a 100-percent increase in applications for school lunches since they were invited to apply, based on the criteria established by the Department of Agriculture, for food stamp plans in conjunction with the Department of Health, Education, and Welfare. I have the application here. This is a revised school district serving 150,000 people, and they equate the family size according to the annual family income, as qualification for free school lunches.

This outstanding merchant says, among other things:

They aren't even encouraged to pay whatever they might be able to pay. Why not leave them a little dignity and self-respect and encourage them to pay something instead of encouraging them to expect a hand-out.

Try to do something about the many, many handouts that are breaking our backs and in many cases are not needed.

Mr. Chairman, I will ask permission when the proper time comes to put in the RECORD this letter, and the other material I referred to.

The material referred to follows:

Most important is the fact that the American people are being invited to apply for a handout rather than encouraged to help themselves. I hear that the applications for free lunches increased 100% after this letter went out and now they are considering raising the price of the lunch to those who can pay. Note that the letter says "families may find it difficult to pay the full price—lunches are provided free to children who are unable to pay the full price." They aren't even encouraged to pay whatever they might be able to pay. Why not leave them a little dignity and self-respect and encourage them to pay something instead of encouraging them to expect a hand out.

No wonder we are going broke all over the country. And I am sorry but so far I am unable to swallow the President's new welfare program. We are just encouraging more to become dependent on the government and not themselves.

I guess I have said enough though there are more aspects to this thing such as the family that a friend of ours was trying to help because they were cold and had no heat so he was providing and installing a floor furnace for them but they could afford a large console color TV set and the basement was full of "commodity" groceries.

THE SCHOOL DISTRICT R-12,
ADMINISTRATIVE SERVICE CENTER,
September 18, 1970.

Letter To All Parents

This letter is being sent to all parents of children enrolled in The School District R-12, in compliance with certain rules and reg-

ulations established by the U.S. Department of Agriculture and the State Department of Education.

The school district serves nutritionally balanced lunches every full school day as a part of its regular school lunch program for the regular low price of 35 cents in the elementary schools and 40 cents in the secondary schools. Since some families may find it difficult to pay the full price for their child's lunch, lunches are provided free to children who are unable to pay the full price. This program is administered for the school district by the Underprivileged School Children's Fund Board under policies adopted by the Board of Education.

The following nationally uniform income scale, as announced by the *Secretary of Agriculture*, has been adopted for use in determining which children are eligible to receive free lunches:

Family size:	Annual family income
1	\$1,920
2	2,520
3	3,120
4	3,720
5	4,270
6	4,820
7	5,320
8	5,820

Add \$450 for each additional family member.

Unusual circumstances, such as illness or death in the family, temporary disability and seasonal unemployment, are also taken into account when determining eligibility.

Children receiving free meals will be treated in the same manner as paying students. Every practical effort will be made to insure that the children do not know who is paying and who is receiving a free meal.

An application form is enclosed. Additional forms are available in each school office. Parents who feel that their children are eligible are urged to apply at each child's school, if more than one school is involved. If an application is denied, the parents will be informed that they may file an appeal for an adjustment in the decision of the school official with respect to such application.

The school district's complete policy concerning free meals is available for review in the office of Mr. Joe Cain, Director of Pupil Services, located at the Administrative Service Center, 940 North Jefferson Avenue, Springfield.

APPLICATION FOR FREE MEALS

Name of School.....
Address of School.....

I hereby make application for free meals, under the National School Lunch Program, for the students listed below who are my children or my wards:

Child's Name, Age, Grade.....

Household's annual gross income for all sources including wages, Public Assistance payments, Social Security, etc.? (Any change in income must be reported immediately to school officials.)

Total number of family members living at home?

Number of children in family who attend school?

(Check one in answer to each of the following questions)

1. I am receiving Public Assistance payments —Yes; —No

2. I am participating in the Food Stamp Program —Yes; —No

3. I am participating in the Commodity Distribution Program —Yes; —No

4. Does any special situation exist which makes the family expenses greater than normal? —Yes; —No

If the answer to question 4 immediately above is yes, please explain situation.

I hereby certify that the information here provided is true and correct.

(Signature of Parent or Guardian)

(Address of Applicant)

(Telephone Number)

Mr. POAGE. Mr. Chairman, I yield 6 minutes to the gentlewoman from Missouri (Mrs. SULLIVAN).

(Mrs. SULLIVAN asked and was given permission to revise and extend her remarks.)

Mrs. SULLIVAN. Mr. Chairman, I appreciate the kindness of the gentleman from Texas (Mr. POAGE), the chairman of the Committee on Agriculture, in yielding this time to me, because he knows that whenever we have a food stamp bill on the floor from his committee, it is not the kind of bill I think should pass. The gentleman from Texas always puts up a valiant and loyal battle for whatever food stamp legislation is recommended by his committee—he defends it as he would defend the Alamo—and then we have to beat him and his committee on the floor, and substitute something far better than the committee bill; and I trust that will happen again this time, too. Unfortunately, however, what we have passed here on food stamps has not always survived in conference—when some of the Members of the other body who have since decried hunger in this country had joined with our House conferees to torpedo what the House had done to open-end the authorization for funds. That is what happened just 2 years ago when the House passed such an authorization for the food stamp program only to be confronted with a conference report limiting the authorization for funds only to the end of calendar 1970. So here we are again—at the last moment once again—down to the wire—with the program imminently about to expire in a few weeks unless legislation is passed to authorize further appropriations.

Every time I listen to a debate here on a food stamp bill, I am almost tempted to hang my head in shame, that a program I fought so hard to enact into law over such a long period of time—ever since my first term in Congress back in 1954—is such a dreadful, awful thing.

It has not solved all of our social problems. It has not made every poor family in the country self-sufficient. It has not solved the housing shortage. It has not even given every citizen as much food as he could eat.

Some of the strongest criticisms of the program's failures to solve all social problems have been made by individuals who voted "no" in 1957, "no" in 1958, "no" in 1959, "no" in 1964, "no" in 1967, "no" in 1968. In 1969, the Nixon administration first indicated it was considering doing away with the program entirely, and then asked for funds to expand it tremendously. I am delighted that it chose the latter alternative, and that so many of the Members here who had been voting against the program for so many years now see in it a way to perform miracles of social reform.

All I ever wanted the program to do was to assure an adequate diet to everyone who cannot afford to buy one. That is all. The only reason a food stamp pro-

gram was politically feasible in this country was that we have raised such a vast abundance of food—thanks to Government subsidies and supports—that we have to store it and give it away all over the world. Under the food stamp program we are making it possible for poor American families to enjoy some of this agricultural abundance resulting from the billions of dollars a year in subsidies paid by all taxpayers, including taxes paid by the poor.

Note, Mr. Chairman, my reference to the circumstances which make a food stamp program "politically feasible." Once you load this program down with so much social significance that it is supposed to meet and solve all of our poverty problems in this country—and that is what some idealistic people want to do—this program is going to die from lack of public support from the middle income families which pay their own way, and most of the taxes, for the farmer subsidies and the food stamp subsidies as well. You cannot expect a food assistance program to assure better diets for the very poor than can be afforded and enjoyed by those who buy all of their own food, and pay for the subsidies, too.

Yet that is what the Senate has proposed to do on this legislation—it has loved the food stamp program to death.

The House Agriculture Committee has never been in any danger of committing that same mistake. It treats this program like dirt—a boil, a fester, an abomination which must be tolerated as the price for getting urban cooperation in the House on farm subsidy legislation. So each time the committee grudgingly reports out a food stamp bill as part of a package of legislation which also includes farm price supports, it adds a twist here and a gimmick there intended to destroy the food stamp program.

I oppose the committee bill. Since I am not on the committee which has jurisdiction, I will not attempt to seize the legislative initiative away from committee members who have proposed their own substitute bill, which is, I might acknowledge, far, far better than the committee bill but not, in my opinion, good enough. The substitute is not good enough in my opinion because I feel it weakens the present law in some respects, and attempts to write detailed administrative regulations into the law. But since it is so obviously preferable to the hostile committee bill, I will certainly vote for the substitute.

My own approach at this point would have been to pass a simple extension of the authorization for appropriations—an open-ended one such as we voted for in 1968—and send that to the Senate and say, "Look, it is now mid-December; this program was to die on December 31, but the Appropriations Committee gave it a 1-month reprieve to January 31; let us now pass a simple extension of the authorization for funds so that the \$1,420,000,000 provided in the agricultural appropriations bill for this fiscal year can be spent, and we can then argue, next year, over how to save the world." I think the Senate leaders would buy that approach to the food stamp crisis at

this point. Perhaps not. But if we send the committee bill to conference, we may never see it again, and have only a few days in January to save the program from disaster.

Mr. BELCHER. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota (Mr. ZWACH).

(Mr. ZWACH asked and was given permission to revise and extend his remarks.)

Mr. ZWACH. Mr. Chairman, I rise in general support of H.R. 18582, a bill to amend the Food Stamp Act of 1964.

In the past 2 years tremendous progress has been made in meeting the food needs of the poor.

A family food program—either food stamps or commodity distribution—is now operating virtually nationwide. Only 10 small counties—whose total population represents less than 1 percent of the people in this country—are without plans for such a program. Even as late as January of this year, there were 279 counties that had no such commitment to operate a food program.

These family feeding programs are now reaching over 12 million needy persons—a record high.

Last December, major modifications were made in the food stamp program. Families were required to pay less for the stamps and received more bonus stamps. As a result, the monthly issuance of bonus stamps rose from \$24.5 million in December 1969 to about \$125.8 million in October 1970.

The number of children receiving free and reduced-price lunches under the national school lunch program reached a record high of 5.3 million children in October. This was 23-percent higher than in October of 1969 and further increases are expected as the provisions of Public Law 91-248 become fully operative in thousands of local schools.

The 1971 Appropriations Act for the Department of Agriculture, which was approved last week, contained record high funding for domestic food programs.

The modifications made in the food stamp program by Secretary Hardin last December were administrative changes that could be made within existing law. They were designed to reach more needy people and they did. Currently, 8.8 million people are receiving food stamp benefits, compared to 3.6 million last December.

Those modifications revitalized the program but other changes recommended by Secretary Hardin required legislative action.

The bill we are now considering will:

Direct the Secretary of Agriculture to establish uniform national eligibility standards for the program.

The law now requires State-by-State eligibility standards geared to each State's welfare standards. Thus, where welfare standards are low, food stamp standards are low. This inequity should be removed so that the program is available to the poor without regard to the State in which they happen to reside.

Expand local options for the concurrent operation of food stamps and commodity distribution.

This change will be responsive to local needs and special circumstances. A poor family would elect to participate in one program or the other—not both.

Allow participating families to elect to participate at less than the full subsidy amount.

This would increase program flexibility for the families. The reduced benefits would require a correspondingly lower investment.

Require participating States to undertake outreach efforts to inform eligible families about the program.

This is a necessary action if the stamp program is to reach those of the poor who need a dietary supplement.

Provide welfare families with an opportunity to purchase their stamps under a voluntary "check off" system.

This will facilitate the participation of welfare families. The system is a voluntary one, with the welfare family itself making the decision if such a system best meets its needs.

Provide that no family will be required to pay more than 30 percent of its income for a nutritionally adequate diet.

Most families would pay significantly less than 30 percent of income for this stamp allotment.

States would be required to operate a fair hearing procedure for its households.

This would provide a method for an objective review for those aggrieved program participants who felt they were not receiving the benefits authorized by law.

These program changes will do much to improve an already much improved stamp program. They are practical and realistic changes. They represent another significant action to eliminate poverty-related malnutrition.

Those modifications revitalized the program, but other changes recommended by the Secretary required legislative action. The bill now before you takes up some of those legislative changes. Some of them have already been discussed. But let me say this, that it directs the Secretary of HEW to make uniform national eligibility standards and I would like to say to the gentleman from Michigan and the gentlewoman from Missouri that in this area particularly, if we do not come to grips with the problem of giving this assistance only to those in need, we are really in trouble with our food stamp program.

The food stamp program is on the march. It is improving.

I believe the statement of the gentlewoman from Missouri that a simple extension at this late hour might be in order. There is one provision in this bill, Mr. Chairman, that I do not support. That is the provision for a State contribution. I believe at this time, with a whole reevaluation of the work-fare program, that this ought to be eliminated either in the committee or in the conference.

Mr. POAGE. Mr. Chairman, I yield 6 minutes to the gentleman from Montana (Mr. MELCHER).

(Mr. MELCHER asked and was given permission to revise and extend his remarks.)

Mr. MELCHER. Mr. Chairman, although each individual is susceptible to hunger, because of an abundance of food only a small percentage of Americans know hunger.

When it does occur, if ever, for the average American, hunger is an accidental happening of a temporary nature. I had an experience of this kind during World War II when supplies were temporarily delayed and K rations ran out. It was of a minor and very temporary nature, but I nevertheless experienced the pangs of hunger.

While most of us in America readily admit to packing too much weight on our frames, it is tragic that in this country where nourishing food is cheap, abundant, and accessible, over 20 million Americans are victims of chronic and prolonged hunger, or serious malnutrition.

We have the opportunity to do the decent and right thing for those Americans today.

We have the opportunity to improve a program that has had considerable success; to broaden and simplify the food stamp program.

Our danger at the present time is that we may hesitate and fail to move far enough to completely eliminate hunger pockets in America. While testimony before the committee, observations made by committee members and by thousands of Americans working with the hungry have clearly indicated the depth of the country's problem, there is danger of our repeating a common failing and refusing to extend ourselves to the degree necessary to reach the goal of adequate nutrition for all Americans.

To accomplish our purpose we need to:

First, provide access to food stamps in all locations where there is need in America, without obstacles caused by distance or time.

Second, simplify the procedure to apply for and to receive food stamps without delay or frustration.

Third, preserve the dignity of the individual in the procedure of distribution and the use of the stamps.

Fourth, accept 35 cents per meal as the current minimum cost of food at the retail level.

Fifth, provide instructions to family heads as well as individuals living alone as to proper nutrition which is an essential part of our goal of ending hunger.

Sixth, recognize the special problems of the elderly which deserve a three-fold solution:

a. Use of food stamps with dignity.

b. Companionship during meals.

c. Overcoming the peculiar geriatric problem when the effort to secure and prepare nourishing food discourages and keeps them from having adequate and enjoyable nourishment.

Seventh, disavow any attempt to place the costs of the food stamp program on States at a time when the States are struggling to meet their own revenue needs.

Eighth, prevent abuse of the program by adequate supervision and by punishment of fraud and graft.

While the committee bill meets some of the needs I have outlined, it fails to move far enough on the following specific points—

First, simplifying the procedure for distributing and making the stamps easily accessible;

Second, recognizing 35 cents per meal as a minimum cost of food at present retail prices;

Third, meeting the special problems of the elderly;

Fourth, providing full Federal funding, placing part of the costs of the food stamps on the States is totally unfeasible at this time; and

Fifth, provisions for the prevention of fraud and graft in the use of food stamps.

Because of these shortcomings I find myself making a judgment in favor of the Foley-Quie substitute over the committee bill, I welcome the substitute as an attempt by the House to more broadly meet the needs in solving America's hunger problem:

I shall support the substitute bill. I do so with a belief that we will move this country closer to the goal that I spoke of at the outset.

We shall be attempting to share the abundance of low cost, nourishing food which, thanks to divine providence, we are able to produce in such quantity that none in America need know hunger.

We have a moral obligation to prevent hunger in our land.

Beyond discharging that very basic human obligation, however, a truly adequate food stamp program can give our Nation strength in several ways.

It will strengthen our economy in an area where it is needed—demand for agricultural products.

It will literally strengthen our citizenry, eliminating a great deal of illness, lethargy and the lifelong impairments of undernourishment in early childhood.

And it will strengthen the image of our democracy around the world if we demonstrate that our system of government can end the paradox of hunger in a land of plenty.

Mr. BELCHER. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania, Mr. GOODLING.

Mr. GOODLING. Mr. Chairman, I thank the gentleman from Oklahoma for yielding.

We, as legislators, day after day are required to pass judgment upon affairs that reach deeply into the lives of the American citizens we represent here in this House of Representatives.

Each of us, as human beings, stand in strong support of those programs that are designed to improve the lot of our fellow man. Each of us, as legislators, have tried to cultivate a talent for dealing realistically with legislation that is before us, endeavoring to separate the emotional chaff from the wheat of practicality. An amendment I shall introduce to this Chamber today offers a supreme test for this talent, for it has an emotional base—it is concerned with human beings who are out of work! My amendment would prohibit the issuance

of Federal food stamps to those who are engaged in strikes.

Many words will be spoken here today in support of Federal food stamps for strikers, so let me explain my reasons for objecting to this concept and for introducing my amendment to forbid it.

I object to such use of food stamps for two principal reasons. First, it is a doctrine basic to our American system that the Federal Government should not play favorites. Uncle Sam is obligated to treat all his citizens alike. Under this program where food stamps are being handed out to strikers, the Federal Government is abandoning the theme of equal treatment and is being partial to the striker over the employer. In short, the Federal Government, through this exercise, is taking sides. This raises the serious question of whether or not General Motors should not also expect special treatment from the Federal Government for any losses it suffered as a result of the recent strike, something like tax credits or other tax considerations.

Second, we must remember that there is one person footing the bill for the food stamp program, and that is the taxpayer. Should one taxpayer who is, by choice, gainfully employed be expected to subsidize another taxpayer who is, by choice, unemployed? I have received letters from taxpayers all over the country who strenuously object to the use of food stamps by strikers, one of which stated: "They say the workers in Detroit need help because their income has stopped. Well, that's too bad. Let them go back to work."

Over and above this, such use of food stamps can act to prolong strikes and, in the process, visit an economic negative on our total commercial structure. For instance, one worker-striker in the GM strike paid \$18 and received stamps with which he bought \$162 worth of groceries, and he was prompted to say: "They can't starve us out now that we're getting these food stamps. We can go on forever."

Such a use of food stamps also shatters the concept of collective bargaining, where each party to a labor dispute is supposed to use his own judgment in effecting a solution of the problem. Collective bargaining becomes "protective bargaining" under this arrangement.

In summary, the food stamp program has become blown up and out of shape, as I have feared it might. Giving food stamps to strikers is, in my mind, a distortion of the food stamp program, and I think it is incumbent on us, as legislators, to right this wrong. We should exert every effort possible to restore this program to its proper "assistance to the needy" form, which was the program's original concept.

Leading newspapers and organizations all over the United States have reported on this use of food stamps by strikers during the GM strike, and at the proper time I shall ask unanimous consent to insert extraneous material relevant to my remarks.

I include the following editorials and letters which I have previously referred to:

[From the Wall Street Journal, Sept. 30, 1970]

STRIKING UAW MEN FILE FOR FOOD STAMPS AND CREATE LOGJAMS—PROCESSING DELAYS AND GIGANTIC PAPER BACKLOGS RESULT, BUT WELFARE AIDES SEE SPEED-UP

DETROIT.—Welfare officials here and elsewhere throughout the country where General Motors Corp. has production facilities report they have been overrun by striking United Auto Workers union members seeking Federal food stamps.

A spokesman for the U.S. Department of Agriculture, which funds the food stamp program, said there is no danger of running out of food stamps. But state welfare officials, who administer the program, say that the flood of strikers seeking stamps has caused temporary delays in processing applications and giant paper-work backlogs.

In Detroit, for example, the Wayne County Department of Social Services has set up two temporary food stamp centers for striking auto workers, but so far it has been unable to handle the hundreds of workers who have been lining up to get into the program.

Officials here and elsewhere, however, say they are hopeful they will soon be able to process all of these strikers' applications.

Most GM strikers are receiving less than \$50 a week in benefits from the union's strike fund. And many of them are counting on food stamps to feed their families.

In other labor developments, GM said it recalled 2,221 previously furloughed United Auto Workers members at three nonstruck facilities, while furloughing 1,490 additional union members at four other nonstruck facilities.

The new recalls and layoffs bring total layoffs at GM's 26 nonstruck plants to 36,390 since the union struck the bulk of the auto maker's facilities Sept. 15. Another 349,910 UAW members are striking 146 GM facilities in the U.S. and Canada.

In still another development, American Motors Corp. said it would resume bargaining with the UAW on a new labor agreement next Tuesday in Green Bay, Wis. AMC's old contract expires Oct. 15.

HERE'S THE ISSUE: FOOD STAMPS FOR STRIKERS

How much did you contribute to support the strikers against General Motors last year? To the strikers who closed General Electric last year? To the rubber workers the year before?

If your answer is "nothing", you may have to guess again.

In the last two years, there has been a massive growth in tax-supported economic aid to striking employees. Unions have learned that they can tap the Treasury as a source of strike funds. And they are continually improving the technique.

The question of whether tax funds should be used to support strikers is arising again this year in debate over extension and expansion of the Food Stamp program. Senator Thurmond (R-S.C.), for example, introduced on November 17, a new bill (S. 4505) that would forbid the distribution of food stamps to any household where the head of the household is engaged in a labor strike. But so far, the talk has largely been desultory. Few of our law-makers seem eager to take sides in such a highly-emotional issue.

The House Agriculture Committee, for example, refused to write any sanction into the Food Stamp authorization bill (H.R. 18582) on the grounds that "it did not want to take sides" in a labor dispute.

Because the refusal to forbid stamps to strikers, obviously, is "taking sides" from a practical standpoint, many people believe that sooner or later, the American people—and its Congress—will have to face the problem, if we wish the principle of collective

bargaining to survive as the cornerstone of our Federal labor policy.

Lest this be dismissed as mere employer propaganda it is useful to look at the dimensions of what is happening and the principles that are involved.

A multitude of assistance programs for the poor and unemployed exist today.

The current problem arises because the Federal Government and some state and local governments provide workers with strikes funds through the distribution of these benefits.

Back in 1960, a half-million steelworkers were able to hold out during the 116-day strike, because about \$45 million in relief aid and unemployment benefits was obtained from public sources.

I. W. Abel, then Secretary-Treasurer of the Steelworkers Union, said flatly that the aid "provided the food, shelter, and welfare services that made the strike endurable. The sum exceeded by far the amount that the union poured into the districts and the locals."

ORGANIZED EFFORT

James D. Compton, chairman of the steering Committee, AFL-CIO Coordinated Bargaining Committee, reported in *The American Federationist* on "Victory at GE: How It Was Done." He said:

"While the (news) papers noted accurately that many strikers had laid aside their own personal strike funds and that strike donations from other workers were of enormous help, they largely overlooked one of the key contributions to the strike's success—that of the AFL-CIO Department of Community Services and its hundreds of local strike committees, which . . . showed the way in drawing upon the resources of Federal, State, and local welfare agencies . . . in procuring food and financial aid for the strikers and their families."

What this means in hard dollars-and-cents is illustrated by Leo Perlis, who headed those Community Services. He said the strikers received as much or more from public welfare and similar sources that they did from union strike benefits.

Public assistance to GE strikers and their families has been estimated to total about \$5 million dollars per week at one point in the strike, and in Massachusetts alone, GE strikers and their families received \$2,307,823 in welfare benefits.

The New York Times, in reporting on the 1967-68 copper strike found that "the solidarity" of the strikers was based, in great part on "wide support from a combination of public welfare, Federal food stamps, and union strike benefits."

Statistics are not yet available, but there can be no question that Food Stamps were distributed in large quantities to many of the 343,210 workers who were on strike against General Motors. Some workers have publicly acknowledged the value of food stamps in the strike, and Rep. George A. Goodling (R-Pa.), quoted one worker who had paid \$18 for stamps with which he could buy \$162 worth of groceries, as saying "They can't starve us out now that we're getting these food stamps. We can go on forever."

In fact, the exact amount of Federal aid furnished to subsidize strikers is difficult to determine, because public relief agencies don't always show the recipients as a striker on their records.

One way, perhaps to get a fairly accurate picture of whether strikers are receiving public funds, however, is to compare the amount of aid distributed during strike-trouble months with strike-free months in the same area. There would seem to be a logical presumption that at least the major portion of the increase is attributable to the strike.

In Lorain, Ohio, for example, in August 1967, food stamps were issued to some 141 households with 629 individuals.

In October, when Ford workers struck, household aid shot up to 1,187, with 10,048 individuals.

In November, with the settlement, the total was down to a more normal 331 families, and 1,460 individuals.

Similar experiences are likely to be duplicated in any community in any state during a strike period, because few welfare agencies show any disposition to bar strikers from collective public aid.

Some, in fact, go so far as to provide special handling for food stamps and welfare applications submitted by strikers. Such was the case in Baton Rouge, La., during a strike at a nearby chemical plant in August. A staff member from the local welfare unit was assigned to the local food stamp office and a special room was set up to process strikers' applications.

Welfare officials denied this arrangement was giving strikers preferential treatment, declaring it was merely a "simple way of clearing the backlog."

In many instances, special treatment for strikers begins even before the strike is called.

Well in advance of the GE strike, for example, union leaders met with Federal, State, and local welfare officials to discuss how strikers might be helped during the walk-out. Preliminary lists of those who would be expected to need help were submitted.

Thus, the availability of public financial assistance was actually a foregone conclusion when the strike was called.

With these and other evidences of widespread distribution of public economic assistance to strikers available, two questions are raised: (1) Should the cause of an individual's "need" make any difference? (2) Does furnishing public assistance undermine the principle of Federal neutrality in labor disputes?

THE CAUSE OF "NEED"

Undoubtedly, one major reason for the increased use of general taxpayers' funds as a source of strike aid can be found in the simple fact that organized labor has demonstrated political muscle.

But some of it also comes from the accepted principle in American society that those "in need" should be helped.

Proponents of the aid to strikers say that if a worker and his family are "in need", it makes no difference what the cause may be.

Others, however, say that one can accept the general principle of helping those in need, but still raise questions over treating the man who is unemployed because he is on strike in the same way as the man who is in need because he has no marketable skills:

There is increasing evidence, in fact that the American people are increasingly inclined to believe that the reason for being in need does make a difference. Current proposals for changes in the welfare program, for example, generally emphasize a willingness to accept employment as a proviso for such aid.

Congressman Goodling (R-Pa.) in a statement on October 13 pointed out that "choice" plays—or should play—a key role. He asked: "Should one taxpayer who is, by choice, gainfully employed, be expected to subsidize another taxpayer who is, by choice, unemployed?"

Additional importance is added to this question of choice by the far-reaching effects that labor disputes have on others.

For one thing, assuming that aid, such as Food Stamps, are available in limited quantity at any one time, their issuance to strikers may actually deprive people who are "in need" through no desire of their own.

In introducing his bill, Senator Thurmond noted: the effect of the General Motors Strike:

"... the issuance of food stamps to these individuals who could have been earning

\$4 an hour, undoubtedly took the food out of the mouths of people who were actually in need. The strikers in one State were drawing so many stamps that the Federal Government had difficulty in keeping the stamps printed and supplied to the local agencies."

He pointed out, too, that the economic effects went beyond the other needy:

"The United Auto Workers Union strike, the biggest and costliest strike in more than a decade, has a serious adverse effect upon many innocent individuals. Since these strikers were being fed at the taxpayers' expense, there was little incentive to go back to work. As a result, the strike lasted for almost two months. Each day this strike continued, the number of innocent victims increased."

"This union action caused over 100,000 individuals who wanted to work to be laid off, cut the gross national product by \$1 billion per week, and severely damaged the earnings of many primary and secondary suppliers, not to mention the cost to each individual taxpayer who paid for millions of dollars worth of additional food stamps."

FEDERAL NEUTRALITY

Because of these and other repercussions, a policy that ignores the source of the individual's need in distribution of economic aid undermines the base on which our collective bargaining system rests.

This base is the belief that management and labor should bargain collectively—and that the Federal Government should remain neutral.

Our laws permit the workers to band together without restrictive pressures from employers and to bargain collectively.

The Federal Government "acts to oversee and referee the process of collective bargaining."

There is no way to separate economic power from this bargaining process.

In fact, it is an essential part.

The workers' goal in a strike is to cause such economic losses for owners of the plant that they will weigh these losses against the cost of wage increases and other benefits.

Similarly, the employee's bargaining position is affected by their losses in income weighed against their possible gains in the contract.

When the Government forces the taxpayers to subsidize one side of the dispute, it exerts a substantial, or even controlling importance in influencing the results of the dispute.

The payment insulates the employees from the financial burden of striking by the creation of a Government "strike fund" of immense proportions.

Congressman Goodling noted that this means the "Government is taking sides" and "raises the serious question of whether or not General Motors should not expect special treatment from the Federal Government for any losses resulting from the strike."

FOOD STAMPS—MAJOR CULPRIT

Although welfare, unemployment compensation, and other financial aid is furnished to strikers in some jurisdictions, it appears that the worst violations of the principle of Government impartiality in labor disputes are coming in the area of Food Stamp distribution.

The Food Stamp program was started in 1939, under a 1935 law, principally on the grounds that it could be used as an effective technique for distributing Government-held food surpluses.

In 1961, a pilot stamp plan was initiated by President Kennedy in eight test areas, under the same 1935 authority, and in 1964, Congress, under the urging of President Johnson, converted the 1961 pilot program into a permanent food-stamp program financed by the Federal Government.

Some \$375 million was authorized for three years, and the purpose of the program was shifted from one of direct distribution of

surplus Federal stocks to one designed to aid low-income families improve their diets. Critics of the direct distribution plan argued that the distribution of surplus stocks unduly limited the diet of the needy.

Under the new plan, any community, with the State's approval, could drop out of the direct distribution plan and enter the food-stamp purchase plan instead.

Under the food-stamp purchase plan, a low-income eligible person would purchase food stamps which could be used to buy food with a higher value in the store.

With banks acting as intermediaries, the Federal Government would pay the costs—the difference between what participants paid to purchase the stamps and the amount of food they received for them.

President Johnson signed the measure on August 31, 1964, declaring that it was "one of our most valuable weapons for the war on poverty."

Since that time, the program has grown. Current legislation would expand it greatly.

The Senate bill (S. 2547) would authorize a boost from \$315 million in FY 1969 to \$2.5 billion by 1972.

The bill also provides free food stamps for families with incomes under \$60 a month and provides that the price of coupons be adjusted so that no family is required to spend more than 25 percent of its income for stamps.

The House bill also carries liberalizing features, and would set up an open-end authorization for three years.

But, oddly enough, neither of these so-called "reform" measures would do anything to put an end to the practice of giving aid to strikers.

The House Agriculture Committee, in fact, refused to do so, on the grounds that it "did not wish to take sides in labor disputes."

Since issuing the stamps is itself taking sides, this rationale is difficult to understand. It also seems to contradict the Committee's avowed intent to deny participation in the stamp program to individuals "who are poor because they choose to be poor."

The food stamp and welfare bills do require that most-abled bodied adults register for employment as a condition for receiving stamps, but this doesn't solve the striker problem. A striker need only register to begin getting aid.

In 1968, the House approved a provision that would have barred stamps for strikers, but it was knocked out in the Conference Committee and the House yielded.

It has been reluctant to get into that battle again and is not likely to do so in this lame duck session. But the growing use of food stamps to weight the scales in favor of one side during the collective bargaining process will sooner or later force Congress to face the problem squarely.

[From the Wall Street Journal, Oct. 20, 1970]

A SORDID PICTURE

The 1964 Food Stamp Act specified in its title that its goal was to "provide for improved levels of nutrition among low-income households." In a March 1964 message on poverty, President Johnson urged support for food stamps "to protect those who are especially vulnerable to the ravages of poverty."

Well, as we noted recently, food stamps have strayed quite a bit in the past six years. Specifically, they're being used to support United Auto Workers members in their current strike against General Motors Corp. It surely is an odd role for the Federal Government.

Federal financial aid to the strikers obviously can prolong the walkout, since it lessens the pressure on the union and its mem-

bers to settle. Least anyone worry too much about the strikers, who after all draw benefits from the union and frequently can get other jobs, it should be remembered that the Federal strike benefits can easily delay or preempt aid that would otherwise go to persons who are really subject, in Mr. Johnson's phrase, "to the ravages of poverty."

Congress may at least recognize that the food stamp program is somewhat strained as it tries to help both strikers and the poor. In any case, the House the other day overwhelmingly approved a measure that will increase the funds available to the program by \$300 million.

As Rep. John Ashbrook (R., Ohio) remarked, "One does not have to be too bright . . . to recognize that this extra \$300 million may very well be headed not for the poor and needy but for the General Motors strikers and others who may be out of work by their own voluntary action."

Mr. Ashbrook summed up the matter well: "The whole sordid picture is one which certainly has not done the U.S. Congress proud."

TRANSPORTATION ASSOCIATION

OF AMERICA,

Washington, D.C., December 8, 1970.

HON. GEORGE A. GOODLING,
U.S. House of Representatives,
Longworth House Office Building
Washington, D.C.

DEAR CONGRESSMAN GOODLING: We in the Transportation Association of America were most pleased to read in the December issue of "Northeast Agriculture" an article concerning your position on providing food stamps to strikers. Please accept our sincerest congratulations.

In this connection, I thought you would be interested in the attached information paper which we circulated to members of TAA.

We would be very much interested in the names of other Congressmen who are also concerned about the distribution of food stamps in this fashion.

With best wishes for the holiday season, I am

Sincerely,

PAUL J. TIERNEY.

TRANSPORTATION ASSOCIATION

OF AMERICA,

Washington, D.C., October 30, 1970.

DEAR TAA MEMBER: Do you think it is right that General Motors employees now on strike—by their own choice—should receive Federal food stamps paid for by you and all other American taxpayers?

The Federal food stamp program was devised as an additional weapon in the war on poverty. Basically it was envisioned as an extra aid to families on welfare, the disadvantaged, the unemployables and similar truly persons. But because the agencies in charge of administering these programs have chosen to ignore or overlook the "need" standard, a strike is treated the same way as a hurricane or any other natural "disaster".

The net effect is that during strikes in recent years, the food stamp program and other welfare aids have provided *as much or more* aid to strikers as did union strike benefits!

But here is another facet of this grossly inequitable situation that possibly has more impact than the huge cost to the taxpayer.

Collective bargaining between labor and management depends on the ability of the parties to withstand a strike with its related consequences. Since welfare assistance such as Federal food stamps eases to a major extent the financial burden of striking, meaningful collective bargaining is seriously jeopardized. Thus the propensity of workers to strike increases, strikes themselves are unduly protracted, and it is made all the easier for unions to exact inflationary settlements.

We are concerned about the whole situation. And we've said so on several occasions to both the Congress and the Administration. We've also made our point quite strongly in our special publication entitled "Government Aid to Strikers".

If you are concerned, we urge you to tell your Congressman how you feel about the situation. *Now* is a good time while he is back in your district during the election-time recess. Only an aroused public can cut down the use of public funds to help support strikes.

Sincerely,

HAROLD HAMMOND.

Mr. POAGE. Mr. Chairman, I yield such time as he may use to the gentleman from Indiana, (Mr. MADDEN).

(Mr. MADDEN asked and was given permission to revise and extend his remarks.)

Mr. MADDEN. Mr. Chairman, I am deeply distressed over the opposition to allowing food stamps to workers engaged in contract disputes. Therefore, I take this opportunity to call to mind the many good things that working people give to improve the quality of economic life beyond their regular tax deductions which amounts to the largest source of revenue for Federal, State, and local government.

Workers contribute their money and talent toward the growth of their communities by supporting programs which will aid the needy and unfortunate. You have only to observe, as you travel, that ours is a Nation of churches of all denominations whose doors are open to all regardless of one's ability to make like contributions.

Many workers contribute a portion of their paychecks regularly through payroll deduction to the annual United Fund campaign, and so forth. Agencies benefiting by such support attempt to meet the otherwise unmet community, State, and National needs. Indeed, workers give of their personal time as well by serving in the great army of volunteers on the various agency boards and committees, in charitable programs and as volunteer fund raisers for the needy.

Workers give cash and volunteer their efforts to community capital fund raising campaigns. Need anyone be reminded that a Boy Scout headquarters, neighborhood recreation center, or any community building project does not just happen—workers make donations of money, volunteering hours of work, or both.

Workers advance national health causes. I bring to your attention only one of many examples of health causes where labor's annual contributions, over a period of 20 years, made this great charity a success. The cause was the March of Dimes initiated by President Roosevelt. The disease was polio which took the lives of more than 10,000 young people annually while thousands more of all ages were left crippled. Twenty years of annual contributions resulted in the development of vaccines which have since reduced the death rate to well below the 100 mark annually.

Workers contribute in other ways. Workers donate blood through blood replacement programs for military as well as local needs. Approximately 2 million pints are given annually. Workers and

their families are the major source for organ transplants now voluntarily allowed under the recently passed Anatomical Gift Act. Many workers have signed the standard uniform donor card which will allow at death the donation of an organ or organs so that others may live.

Mr. Chairman, I can go on and on in listing the everyday good deeds performed by workers—Buddy programs, child adoption, visiting the sick, Little League, and so forth. Food stamps for workers and their families while engaged in a strike, provided all qualifying tests are met, is as fair for the workers as Government subsidies, tax writeoffs, and other incentives which are legislated for business and industry. To consider even less for workers than the law allows, in their time of need, is to test the workers' faith in his government.

Let us not, as a governing body, be the wedge that divides the various segments of our economy. That contributes to the widening of human and moral relations between labor and management relations. Let us instead, correct any proven abuse in the food stamp program and continue as we have in the past to meet the basic needs of the people. It is incumbent on this body to defeat any motion that will deny food stamps to anyone in need regardless of the cause of that need.

Mr. POAGE. Mr. Chairman, I yield such time as he may use to the gentleman from Washington (Mr. FOLEY).

(Mr. FOLEY asked and was given permission to revise and extend his remarks.)

[Mr. FOLEY addressed the Committee. His remarks will appear hereafter in the Extensions of Remarks.]

Mr. POAGE. Mr. Chairman, I yield such time as he may use to the gentleman from Mississippi (Mr. MONTGOMERY).

(Mr. MONTGOMERY asked and was given permission to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Chairman, I rise in support of H.R. 18582 as reported by the Committee on Agriculture. The legislation was reported out of committee by a vote of 28 to 2, after several months of serious and soul-searching consideration. The bill is a compromise measure representing the best of several worthwhile proposals. I would like to commend the chairman and my fellow members of the committee who worked so hard and diligently to formulate the bill. I would also like to commend the other Members of the House who took an interest in this legislation and presented oral and written testimony on behalf of the bill.

I believe all my colleagues are familiar with the basic concepts behind the food stamp program. The original legislation had as its main purpose the supplementing of food resources for those people in America having to subsist on a substandard diet. Congress in its wisdom was making an honest attempt to assist those low-income families who did not have the financial means to purchase a daily supply of food for a nutritional diet. That word "assist" is very impor-

tant. The food stamp program is designed to assist those people who are trying to make ends meet, but cannot. I do not believe the Congress in 1965 or the Congress now intends for the food stamp program to become another mammoth giveaway, thereby killing the incentive for people to earn a living for themselves.

There will be some who say the bill does not go far enough and there will be others who say it goes too far. I believe the merits of the legislation speak for themselves. The Agriculture Committee has included provisions that will make it much easier for people truly in need to acquire food stamps, participants would be allowed to purchase food stamps twice a month in those cases where they do not have the funds at the first of every month to pay their contribution. People receiving welfare or other public assistance will be able to have their contribution deducted from their monthly check. The legislation contains the "meal on wheels" concept whereby the elderly and shut-in could use their food stamps to purchase hot meals from nonprofit organizations. There is a provision directing the appropriate State agency to begin an educational program to inform potential participants of the availability of food stamps.

One very important provision calls for the formula for issuing food stamps to be based on the requirements to provide a nutritional daily diet. Also the Secretary of Agriculture with the assistance of the Secretary of Health, Education, and Welfare would be directed to develop uniform national standards for participating households. H.R. 18582 provides for steps of appeal by those persons who believe they have been wrongfully denied to participate in the food stamp program.

I believe all my colleagues will agree that these provisions will make it easier for those low-income families truly in need to participate in the food stamp program.

By the same token, the committee included a provision to tighten the controls of the program by requiring able-bodied persons receiving food stamps to register for and accept employment. I feel it is only right that people capable of working should accept available employment to earn their own living. You will encourage people not to work.

Mr. Chairman, I would like to discuss in a little more detail section 5 of the bill which contains authority for establishing the value of coupons with a minimum monthly payment of 50 cents per person per month up to a maximum of \$3.00 per family. I would point out that this is not a hard-and-fast rule. Allowances are made for this payment to be made out of State funds or by charitable organizations in the cases of indigent people. This very token payment will give the participants a feeling that they are contributing to their own well-being and not totally living off the public dole. This small contribution of 50 cents a month per person is a continuance of the past philosophy of the food stamp program. A philosophy of assistance and not giveaway.

There has been some discussion of section 9 which provides for State sharing

in the costs of the bonus value of food stamp coupons. The provisions would call for the States to pay 2½ percent of the bonus value the first year, 5 percent the second year, 7½ percent the third year and 10 percent thereafter. My colleagues will realize that this is not a revolutionary proposal at all. The Congress has always provided for State-Federal participation in programs of this type. In fact, most of the public assistance programs require the States to pay more—considerably more—than 10 percent of the costs. I believe the average is somewhere around 50 or 60 percent, this holds true in other areas also such as highway construction, urban renewal, water and sewer facilities, plus others.

This proposal will not hit State treasuries as hard as some may think. This is especially true for those States who have a sales tax on food purchases. The food stamp program is providing greatly increased cash sales that never took place under the commodities program. These sales are adding to the amount of revenue being collected from the sales tax.

I would like to point out to my colleagues that at the proper time, an amendment will be offered to push back the effective date of the State sharing formula. As the bill presently reads, the States would have to begin paying 2½ percent by the end of fiscal year 1971. By unanimous agreement of the Committee on Agriculture, an amendment will be offered to change this to the end of fiscal year 1972 and each of the succeeding increases in State sharing will be changed accordingly. This will give the various State legislatures 1½ years to pass conforming legislation.

In closing, I would like to touch briefly on the cost of H.R. 18582. Even though the appropriations authorization is open-ended, the Department of Agriculture has made an estimate of the cost of the committee's bill. They estimate that based on the present number of participants and the anticipated increase in participants the cost would be \$2 billion in fiscal year 1972. I would point out that estimate on the Foley-Quie substitute would result in spending levels of \$3.8 billion in fiscal year 1972 and \$4.5 billion in fiscal year 1973. I realize that the substitute measure has a maximum spending level, but this just would not be enough money according to the Department of Agriculture to fulfill all the requirements of the substitute measure.

Mr. Chairman, I would urge all my colleagues to vote for H.R. 18582 as reported by the Committee on Agriculture.

Mr. BARRETT. Mr. Chairman, I have always supported the food stamp program and I hope I am able to continue to support this program; that is, that no amendments are adopted here today to weaken or destroy the Food Stamp Act. It has been one of the great achievements of the Johnson administration, and was based on a successful experimental program initiated by the beloved President John F. Kennedy.

I am proud to say that in the days when this program was being started, I urged the inclusion of Philadelphia in the pilot program and it was so included.

The program has administrative faults and problems, as any program of government usually does. Those can be corrected by good enforcement—not by attempts to change the law unfairly.

I oppose the antilabor amendments and the amendments to make the States pay part of the cost of the stamps. Those amendments are intended to cripple the program, not improve it.

Mr. BOLAND. Mr. Chairman, I rise in support of the Foley-Quie substitute bill. Unlike the committee bill, the Foley-Quie substitute would bring the food stamp program within the reach of virtually all the country's poor. Both bills recognize the pressing need for reform in the food stamp program. The 1964 Food Stamp Act, its major provisions still unchanged, now helps only about one-third of the 25 million impoverished Americans. Restrictive eligibility requirements—people who earn no cash income, for example, cannot buy food stamps—constitute one of the principal causes behind this dismal performance. Another is the lack of national standards for the program.

Major reforms—indeed, sweeping reforms—must be carried out now if the program is to reach the basic goal envisioned in the 1964 Food Stamp Act: feeding the Nation's hungry. The reforms sought in the Foley-Quie bill, I think, promise to achieve this goal far more efficiently and far more equitably than those of the committee bill.

The committee bill, for example, does not explicitly define national standards of eligibility. It stipulates that a family of four earning slightly more than \$4,000 in yearly income is not eligible for food stamps. But it does not say who is eligible, burying in vague and muddled language a determination vital to the program's success. The Foley-Quie substitute, on the other hand, makes eligibility criteria so plain that no one child could misinterpret them. Any family of four whose income falls below \$4,000 could get food stamps.

The committee's bill's most cruel and chilling provision calls for an outright ban on free food stamps, denying help to the 1.3 million Americans mired deepest in poverty: those who have no cash income at all. This provision—if I may speak bluntly, Mr. Chairman—is nothing short of unconscionable. The substitute bill would provide free stamps for families earning no cash income—indeed, for any family of four whose income is less than \$30 a month.

I would like to cite a few more striking distinctions between the two bills. The substitute would give elderly Americans—that is to say, Americans 60 years of age or older—eligibility for food stamps. The committee bill, conversely, provides limited food stamp benefits for only those elderly who are disabled or confined to their homes. The Quie-Foley substitute demands the participation of all States in the food stamp program. The committee bill not only lacks this provision—a provision crucial to the food stamp program's success in the country's most impoverished regions—but it also makes the States liable for up to 10 percent of the program's bonus cost. Al-

ready heavily burdened by taxation, many States might ignore the program if faced with such added costs. The committee bill, still further, would deny food stamps to any household should just one able bodied member fail to seek a job. The substitute would penalize just that one member, granting food stamps to any dependants unable to work.

There is no question in my mind, Mr. Chairman, that the substitute bill is by far the better one.

I urge its passage.

Mrs. CHISHOLM. Mr. Chairman, Congressmen and Senators have spent a great deal of time in this term debating the merits of the food stamp program, discussing the definitions of hunger and if the major cause of hunger is poverty or whether it is the ignorance of the poor. Those who would contribute the cause to the ignorance of the poor might not be so willing now that one of their colleagues, Senator PHILLIP HART and his family, tried a welfare diet for 1 week in March.

Recently, I read an article in one of those quiet low-keyed magazines that covers the U.S. Congress. The article started like this—

America has discovered serious hunger in its midst—and the public and political reaction includes pressure for major changes in Government programs.

America has not discovered hunger in its midst—almost one-third of the people in this country have been on speaking terms with hunger most of their lives. Some politicians have discovered that hunger, like poverty, can be an excellent and serious political issue.

A number of bills have been introduced in both the Senate and the House this term, some because of the debate and some in spite of it. All of them have the objective of reforming the Government food program. Some of the reforms are far reaching. Two examples would be free stamps for families with very low incomes and national minimum and maximum income standards for eligibility in the program.

Others are gradual stopgap measures designed to make the program look better but not necessarily work better by reaching more people in a more humane way.

It is not the lack of an adequate food program that is the basic cause of hunger in America nor is it a totally inadequate welfare system. It is the lack of money to buy food; it is poverty that is the cause of hunger, and poverty in the midst of plenty is tied directly to an unequal distribution of wealth in this country.

The food program and food stamps in particular do not attempt to change that basic fact. The drafters of the various food stamp bills are well aware of that.

The poor's major criticism of the program has been if you do not have money you cannot buy stamps. The proposed reforms in many programs seem to have interpreted that statement as meaning that the poor think that food stamps should either cost very little or be completely free.

My interpretation of that criticism by the people who are poor is somewhat

different. I do not think that they are asking for continuance of the present personally degrading welfare system of which free food and food stamps are only extensions. They are asking for an opportunity to fully participate as productive members of this society. And they are asking that their participation bring them an honest and an equitable share of the prosperity that their work produces. A large enough share to feed, clothe, and house families in such a way that they will not have to depend on free money, free food, or even free medical care. Far too often those who have the good fortune never to have to resort to these free services cannot realize the terrible human price that is paid by those who accept those free offerings.

The alternate solutions for the problems that the welfare system and food stamps are designed to solve are often said to be very complex but so is putting a man on the moon. Any nation that can achieve such a marvelous feat should be able to seat the remaining one-third of its citizens at its dining table.

Mr. ANNUNZIO. Mr. Chairman, I am proud to be able to say that during the 6 years I have served in the Congress of the United States, I have always supported the idea and the concept of the food stamp program, and the legislation to expand it to the entire country. Hence, I think I am more than justified in questioning some of the proposals put forward here, supposedly to improve the food stamp program, which come from some of the Members who in the past opposed the legislation which created a food stamp program, and who opposed its expansion.

In other words, Mr. Chairman, there is a question in my mind whether some of these so-called improvements are intended in fact to make the program better or to eliminate it.

Ever since the program started, efforts have been made by the House Committee on Agriculture to force the States to shoulder a substantial share of the cost of the food stamps. First, the proposal was made by the Agriculture Committee to require the States to pay 50 percent of the cost of the added food purchasing power made possible by food stamps. That was defeated in 1964. In 1968, the committee proposed that the States pay 20 percent of the value of the bonus food stamps. That, too, was defeated. Now, in this bill, the committee is proposing that the States be required to pay up to 10 percent of the bonus value of the stamps. I trust that this proposal also will be defeated. I certainly oppose it for it is an anti-food-stamp proposal. It would discourage state participation in an important program of assistance to low-income Americans.

I join with the original sponsor of the food stamp law, the gentlewoman from Missouri, Congresswoman LEONOR K. SULLIVAN, my chairman on the Subcommittee on Consumer Affairs of the House Committee on Banking and Currency, and with other members, in opposing this and other features of the committee bill which could easily undermine and destroy the whole program.

The food stamp program offers an op-

portunity to every family to enjoy an adequate diet regardless of how low its income. Not all families use the food stamps with the skill of a home economics professor to buy the most nutritious foods. But research has demonstrated that the majority of families participating in the food stamp program do buy the right foods—fresh vegetables, fresh meat, milk, fruit, and so on—so the program has worked very successfully in most instances. There is, and has been, a need for more educational effort by the Department of Agriculture and the local welfare authorities in helping some families to use the stamps more effectively. And there must be strong enforcement, to prevent cheating. But on the whole, the program has taught us that when low-income families have enough money to spend for food, they do eat properly, and buy the right foods, and appreciate this substantial improvement in their diets.

In my opinion, this program has been one of the greatest aids to improvement of the agricultural economy in this country, for it has made effective consumers of processed foods out of millions of Americans not previously able to buy even a minimum diet in the grocery stores and meat markets.

This is a far better way to increase food consumption than just dumping our surplus food abroad—which is what we did with most of it before this food stamp program went into effect.

Mr. Chairman, I ask my colleagues, when we vote on the details of this legislation later today, to keep in mind the fact that we have the resources in this country—the blessed food abundance—to assure a decent diet for every man, woman, and child. The extra food which goes to low-income families under the food stamp program is, in most instances, food which would not otherwise be sold in the grocery stores, because without the food stamp program the people participating in that program would not be in a position to be customers for that extra food.

So the Government would have to buy it up as surplus, process it at great expense, and then give it away in powdered or dried form.

One final word, Mr. Chairman: much of my life before coming to Congress was spent in the field of labor-management relations. Not all strikes are justified and not all strikers are noble individuals. But most strikes occur only after prolonged and protracted efforts to reach an agreement without a strike. The strike is a last-resort device to achieve a settlement. Sometimes, strikes are deliberately provoked by management. We have vast machinery in the Federal Government and in most of the States to try to achieve the resolution of labor-management disagreements without strikes. But that machinery does not always succeed.

A proposed amendment to this legislation to prohibit the issuance of food stamps to anyone engaged in a labor dispute, without regard to any of the circumstances of the dispute or the financial hardship to the individual family, would be a cruel and inhumane meas-

ure to punish American workers for using their legal right to strike. This is the starve-them-out theory of labor-management relations. It is an 18th-century concept which does not belong in the United States of America. I oppose this proposal without qualification. It is, in my opinion, a shameful proposal.

Mr. LEGGETT. Mr. Chairman, hunger and malnutrition have not been strangers in man's history, nor are they strangers in the United States today. Hunger exists in the United States on a scale that is incomprehensible when it is technologically possible to have no hunger at all. Malnutrition abounds even where there is no economic justification but only ignorance of human needs.

This country has the highest average standard of living in the history of man. It has the greatest agricultural and industrial productivity per person of any nation. Yet, it has the greatest disparity of any country between its social capabilities and its social accomplishments.

Our ability to feed all of our citizens has not caused us to eliminate hunger. Our technology clearly demonstrates the nutritional requirements of the human body has not caused us to eliminate malnutrition.

We have promised all of our citizens an opportunity to participate in the benefits as well as the burden of a great society. We must act to make that promise a reality and not empty rhetoric.

Our technology tells us a child who does not receive proper nutrition during the first 3 years of life may well suffer permanent mental retardation; a student who goes to school in a state of constant hunger will not be able to concentrate; a man improperly nourished cannot work at his full mental and physical capabilities.

Department of Agriculture statistics show the present food stamp program is reaching only 25 percent of those persons who are constantly hungry and malnourished.

The Nixon administration in an unsigned memorandum circulated among Republican Congressmen implies that to increase this figure would be too great a financial burden on the economy. To limit this program at this time is the most foolish form of false economy.

Lack of knowledge is an unfortunate circumstance; but, lack of action contrary to knowledge is unconscionable, if not immoral.

In developing the food stamp program, Congress has taken a step in the direction of ending hunger in the economically disadvantaged segment of our society. It has provided assistance to many of our citizens who had known constant hunger from the time of their birth.

Unfortunately, this program has failed to provide assistance to many more of our perpetually hungry citizens who could be helped.

H.R. 18582, to amend the Food Stamp Act of 1964, will amend the food stamp program administration. It will not expand its impact on hunger.

At best H.R. 18582 has serious shortcomings. There are grave weaknesses regarding State contributions, employment requirements, and minimum payment for

stamps. At worst it is a source of false hope that progress is being made in the fight against hunger when it may only help a limited few.

There are strong arguments for amendment of this bill. The committee proposes to compel every State either to finance by fiscal year 1974, 10 percent of the bonus value of the coupons issued to participate or else abandon the program. The bonus value means the total coupon allotment value less the coupon purchase price. This food-stamp tax on the States is a unique, reverse form of revenue sharing. It makes the States share even more of their tax dollars with the Federal Government—which now pays for 100 percent of the bonus value of coupons.

There is no part of the United States that would not be penalized by this food-stamp tax on the States. California, New York, Illinois, Michigan, Ohio, Pennsylvania are States desperate for relief from their staggering welfare burdens. Seven Southern States—Mississippi, Alabama, South Carolina, Arkansas, Louisiana, North Carolina, and Tennessee—in April 1970, accounted for 25 percent of nationwide food stamp participation, and 31 percent of the bonus value of distributed coupons. And in every part of our Nation, the cost of the committee's food-stamp tax on the States could be onerous for the middle-class taxpayer if the State continued to meet its responsibility to its hungry and malnourished under the program.

This House recognized this fact in 1967 when it rejected a similar proposal. This House understood then and knows now that what is needed is to expand—not cut back—the participation of the hungry and malnourished in the food stamp program. The Federal Government should be offering to share more, not less, of the already too high State expenses of this program. The Federal Government should, rather, reward States which perform well in delivering stamps to the hungry and the malnourished. In no event, should the Congress allow States to fail to get underway, adequate food programs—either statewide or in any of their subdivisions—without authorizing alternative channels through which the program can continue.

The committee has set up an unnecessary hurdle to any household's purchase of stamps. That seemingly modest proposal is a peculiar work test that conflicts with the eminently reasonable, craftsmanlike, work requirement recently approved by this House under the Family Assistance Act of 1970—H.R. 16311.

Unlike the family assistance program work requirement, the food stamp measure would go into effect overnight; no training opportunities would be provided; no day-care services furnished; State and local governments could coerce millions of adult stamp users, many of whom might otherwise be highly skilled and in diligent search of suitable employment—such as aerospace engineers in Seattle or San Diego—into sweeping streets or digging ditches for ridiculous wages in order to feed their families.

Your committee has imposed a minimum payment for food stamps of 50

cents—for families with no cash income at all. This administration has expressed its disapproval of this restriction in this bill.

This provision would be a long step backward from the present law which, on its face, authorized free stamps to be issued to households who have no normal expenditures for food, and would, of course, wipe out the experiment with free stamps currently being conducted in two South Carolina counties.

Although food is a basic necessity of life, it is usually a low priority in the monthly family expenditures, falling behind rent, lights, heat, and medicines. The needy necessarily buy food only with the money left over. It is unconscionable that free stamps should not be made available to the millions of Americans whose incomes are so low that they subsist in a permanent state of hunger and malnutrition.

I strongly urge my colleagues to implement the spirit of these views in the bill that we will pass today. It will be a false prosperity which this country enjoys as long as there are those who do not share the luxury of basic nutrition and health.

We, in Congress, hold the power to determine the country's policy upon the fight against hunger, let us not fail to implement the policy we have set out for ourselves.

Mr. MIKVA. Mr. Chairman, to call the Agriculture Committee bill a food stamp bill is like calling the highway slaughter in this country a birth control program. It is a callous bill which totally disregards the humanitarian spirit in which the food stamp program was created. To pass it would be an abandonment of what has been accomplished in the last 6 years. We would be turning our backs on the people who desperately need food stamps by legislating requirements forcing States to pay up to 10 percent of bonus costs. The result of such action will, without a doubt, cause the end of the food stamp program in many States already hard pressed to match funds for other vital Federal-State social programs.

Instead of increasing the number of people eligible for food stamps, passing the committee bill would decrease the number of recipients, not only through the elimination of some State programs, but by demanding the absurd—requiring a destitute family, with no income, to pay a minimum fee for their stamps.

Mr. Chairman, I cannot understand why the administration, whose original proposals did not include these three controversial provisions in the committee bill, has not spoken out against it and thrown its support to the far superior Foley-Quie proposal. I see this as yet another example of the administration's failure to lead the way in solving our most serious domestic problem.

I intend to support the substitute bill. It is the measure that will truly work in the interest of the impoverished millions in this country. If someone is cold, you clothe him; if someone is sick, you give him medical attention; if someone is hungry, you feed him. That relationship between a problem and its cure may sound too complex for the administration and the committee—it certainly is

understandable by the hungry and the poor who look to us for help.

Mr. PRICE of Texas. Mr. Chairman, I rise in wholehearted support of the distinguished gentleman from Pennsylvania's (Mr. GOODLING) amendment prohibiting strikers from participating in the Federal food stamp program. I commend my good friend and colleague on his initiative in this area. We have worked closely on this issue on previous occasions, and he knows I share his views.

By way of general background, the Federal food stamp program was enacted for the purpose of assisting low-income families to increase and expand their food and to improve the quality of their diets. Program participation was supposed to be limited to those families whose income was considered to be a substantial limiting factor in their obtaining a nutritionally sound diet. A fundamental consideration of the program was that food stamps were to be provided to those in dire need of this form of Federal assistance.

In committee hearings and floor debate emphasis was placed on the fact that food stamps were not supposed to be a substitute for working; neither were they meant to be an inducement for people not to work. When strikers receive food stamps, however, as was the case in the recent General Motors strike, the principles and purposes of the food stamp program are distorted greatly for strikers impoverish themselves by choice rather than by circumstance.

Giving Federal food stamps to strikers also violates a fundamental principle of our republican form of government; namely, that the instrumentalities of government are not to be used for the enrichment of one group of people to the detriment of another. When food stamps are given to strikers, the taxpayer is discriminated against because not only does he have to bear the cost of the expanded food stamp program, he also has to bear the economic losses caused by the idleness of striking workers. To illustrate my point, in the wake of the final settlement of the General Motors strike the company announced its second substantial price hike of the year and in so doing implied clearly that the increased prices were caused by the strike.

The question then is, Mr. Chairman, why should the Federal Government provide strikers with economic assistance in the form of food stamps? The legal answer is that under the present law Congress has specifically authorized it. I opposed this action at that time and I still oppose it.

In my mind it is patently unfair for the Government to side with either labor or management in the base of a business dispute. Free and untrammled collective bargaining should be allowed to take its natural course. Yet, when the Government gives food stamps to strikers who are not indigent but rather who have merely refused to work and have walked off the job, the Government is then, in effect, siding with labor. This fact was put in clear perspective by one of the striking General Motors employees who, after paying \$18 and receiving food stamps with which he could purchase \$162 worth of groceries said:

They can't starve us out now that we're getting Food Stamps, we can go on forever.

Mr. Chairman, I submit that the practice of giving food stamps to strikers distorts the very purpose of the food stamp program. Congress has the responsibility to the taxpayer to correct this mistake it made in the original act, a mistake which can be remedied by the enactment of the Goodling amendment. I urge my colleagues to support this amendment in the interests of justice and fairness.

Mrs. MAY. Mr. Chairman, I rise in support of H.R. 18582.

The bill before us is based on a proposal which I introduced with 33 cosponsors on behalf of the administration in June of 1969. This legislation is the product of 18 days of public hearings, 16 executive committee sessions, and a great deal of time spent in meetings and discussions with administration officials, our colleagues here in the House and other groups and individuals interested in the operation and future development of the food stamp program.

As reported by our committee, H.R. 18582 incorporates nearly all the program changes requested by the administration, and includes some additional improvements beyond the original proposal. Among the administration's recommendations included in the bill are:

A food stamp allotment sufficient to purchase a nutritionally adequate diet;

A provision insuring that participants pay no more than 30 percent of income for their stamp allotment;

Uniform national eligibility standards;

Simultaneous distribution of food stamps and commodities in local areas requesting both programs;

Participating families may purchase a portion of their monthly stamp allotment at a proportionate reduction in cost;

Participating States are directed to engage in outreach activities to inform low-income households of program availability;

A fair hearing procedure is established for aggrieved program participants; and

Welfare recipients, who are enrolled in the stamp program, may request that stamp payments be deducted from their welfare checks.

Among the program improvements added by our committee are provisions to—

Allow the use of food stamps by the elderly to pay for home delivered meals provided by "meals on wheels" programs;

Prevent abuses of the program by establishing more definitive eligibility standards with regard to fixed assets and tax dependents; and

Establish additional barriers against program fraud.

As the principal sponsor of the administration's food stamp proposal, I have worked with my colleagues on the committee to perfect legislation to improve and expand our present food stamp program. Our efforts have been directed toward changes which would enable the program to better reach those who truly deserve and need this type of assist-

ance, and which would at the same time eliminate abuses of the program about which so many of us have been concerned.

The bill we reported—the one before us today—provides a far more effective and improved program than is possible under present law. It provides an even more solid foundation from which the food stamp program can reach out to help meet the needs of those who are unable to adequately provide for themselves.

It deserves the support of my colleagues.

THE FOLEY-QUIE SUBSTITUTE—H.R. 19889

There are a number of serious problems associated with the proposed substitute bill. Perhaps foremost is the cost factor. The Agriculture Department estimates that the cost of the substitute would substantially exceed the amounts authorized in the bill.

The substitute provides for a coupon allotment to supply the equivalent of at least 35 cents per person per meal, and specifies that if the funds authorized are inadequate to do this, the Secretary may reduce the allotment to a minimum of 30 cents per person per meal. It is estimated, however, that in either case the cost of the program would exceed the total amount authorized.

The stamp cost under H.R. 19889 could be some \$3.8 billion in the next fiscal year and \$4.5 billion the year after, considerably more than the \$2.5 billion and \$3 billion authorized in the bill. And, even if the allotments were reduced, the costs could run in the neighborhood of \$2.7 billion next year and \$3.1 billion the year after.

And, it must also be pointed out that these estimates reflect only the cost of the stamps—not the administrative costs of the program, which would also be increased substantially.

But, there are other difficulties with the Foley-Quie substitute besides costs.

The bill provides for mandatory implementation of food stamp programs in every county in the Nation within 180 days, or programs will be initiated and operated in those counties by the Federal Government. The thrust of the food stamp program has been to replace commodity distribution programs in individual counties as those counties become prepared to operate food stamp programs. This is, perhaps, a slower process than that proposed in the substitute, but far more satisfactory in the long run in terms of maximum utilization of program benefits than would be direct Federal intervention and imposition of a program on an unwilling county.

In addition, the bill directs the Secretary to insure that all households eligible for food stamps be also eligible to receive donated commodities and have convenient access to such commodities. Such a requirement would completely reverse the thrust of the present program, which is to phase out commodity distribution in an orderly fashion, and would seem to mandate a nationwide family commodity distribution program in addition to the stamp program.

I would just point out here that when Congress determined to phase out the

commodity program and replace it with the stamp program, it was for good reason. While it is better than nothing as a stopgap measure to get food to those who need it, commodity distribution is basically unwieldy, cumbersome and, unfortunately, often wasteful. It cannot provide the kind of balanced diet which can be obtained through the stamp program. It would seem to make more sense to continue the orderly phaseout of commodity distribution and replacement with the stamp program than to revive on a national scale this less effective method of providing food for the hungry. The manpower and funds it would require can be better utilized through the stamp program.

Another problem with the substitute relates to its provision that the Secretary may deal with public agencies and nonprofit private agencies, as well as States, in establishing food stamp programs. States already have and exercise the authority to contract with such agencies now for coupon issuance, and in the interests of efficient administration of the program, States should continue to be responsible to the Federal Government for the integrity of program operations within their borders.

The substitute also provides that the expenses of non-State operating agencies must be reimbursed by the Secretary of Agriculture. This not only discriminates against State agencies, but also make it difficult to control the expenditures of non-State agencies. It provides an incentive for States to abdicate their responsibility for stamp operations.

Another problem area is the requirement that the Secretary must review the result of every hearing involving an aggrieved program participant. This provision not only would prove cumbersome and costly, but also raises the presumption that a hearing cannot be fair unless reviewed by the Secretary.

The larger stamp allotments provided under the substitute bill would create pressure to extend eligibility to millions of additional families. According to the U.S. Department of Agriculture's analysis, if eligibility only extends to families with incomes of not more than \$4,000 per year, then a family with a \$4,000 income pays 30 percent—\$1,200—for a total annual stamp allotment worth \$1,536. If family income rises \$1, the family loses \$336 in benefits. This so-called notch creates a strong disincentive against participants earning and working more. With the \$128 allotment level, the notch can only be eliminated by extending eligibility to all families with incomes less than the equivalent of \$5,120 for a family of four. Such a standard would make 35.7 million individuals eligible to participate in the food stamp program.

Like our committee bill, the substitute contains a work requirement. This provision, however, is inconsistent with the work provision approved by the House for the family assistance program.

Eligibility standards in the substitute bill are also a point of concern. They would be based on disposable income and other financial resources of the household. Disposable income—that is, income

after expenses—used as a measure of eligibility would eliminate any limit on the gross income of participating families.

Because of the objectionable features of the Foley-Quie substitute bill which I have just outlined, the administration finds this proposal unacceptable, and I certainly concur in their evaluation.

But, in addition to these objections, I have just one more point to make. The substitute bill would base program certification on a simplified statement executed by the applicant, which would be verified after certification "through the use of sampling and other scientific techniques." Now, nearly every piece of mail I receive which contains a complaint about the food stamp program tells me about someone who is receiving food stamps even though he is apparently ineligible. Many of these complaints, of course, are not valid, but many are, and the point is that this is a problem relating to certification of applicants. Inadequate or loose certification procedures are a major source of program abuses, and it is these abuses which generate public antipathy toward the program.

For this reason, I feel that certification procedures should be strengthened, rather than loosened. Perhaps instead of requiring the States to share in the cost of the bonus stamps, as specified in our committee bill, we should establish some firmer Federal guidelines requiring the States to devote more attention and manpower to better certification procedures. In this way the program can be made more effective, more responsive to the needs of the involuntarily poor, and more acceptable to the people who are footing the bill—the general public.

I urge my colleagues to reject the substitute proposal.

Mr. STEIGER of Wisconsin. Mr. Chairman, the extent of hunger and malnutrition in this country was brought dramatically to the attention of Congress and the Nation in 1968 with the publication of *Hunger, U.S.A.* At that time, the Education and Labor Committee, of which I am a member, held probing hearings on this issue and our findings provided the impetus for several subsequent improvements in school feeding programs. The Select Committee on Nutrition and Human Needs in the other body has over the past 2 years held extensive hearings, both in Washington and throughout the country, on this subject. The White House Conference on Food, Nutrition, and Health, the hearings before the Agriculture Committees in both bodies, the preliminary findings of the national nutrition survey all have provided overwhelming evidence that hunger and malnutrition do exist among our population.

Congress has not been negligent in its recognition of these facts. School feeding programs, commodity distribution, and the food stamp program, which we are considering today, all attest to our concern. However, our concern for ferreting out the cheaters, the frauds, and the lazy has, I fear, become an obsession which has distorted the original purpose of the Food Stamp Act and caused us to lose sight of the hundreds of thou-

sands of Americans who honestly cannot provide a proper diet for themselves or their families.

Many of these are children, pregnant mothers, or mothers of preschool children. The evidence today is overwhelming that proper nutrition or lack of it, shapes the lives of each of us practically from the moment of conception. Those who fail to get proper nourishment are permanently damaged and all too often become wards of society filling our mental institutions, our school dropouts lists, our prisons, our welfare rolls.

On the other end of the spectrum we have the aged, the disabled, the infirmed. Those who clearly cannot provide for themselves. We cannot write them off. And yet lack of proper diet often shortens their lives and robs us of contributions which they could make to society. Again, we pay doubly—not only do we lose their talents, but as taxpayers we often pay to support them in institutions that offer no hope and no relief.

We must reverse this trend. Food and nutrition are not the only answers, of course, but they are important parts of it.

The substitute legislation, H.R. 19889, of which I am a cosponsor, attempts to deal in a realistic and effective manner with the problems of hunger and malnutrition. It contains a number of improvements which the Nixon administration requested, but which were omitted from the committee-reported bill, H.R. 18582, free food stamps and a work requirement more in line with that already approved by the House in the family assistance legislation. I also cosponsored the original administration bill, H.R. 12222.

The substitute incorporates into legislation some of the improvements which the Nixon administration has made administratively under existing law—expanded outreach and educational services, maximum geographic coverage, increased frequency of stamp distribution, improvements in the commodity distribution program.

And the substitute contains a number of additional provisions which on the basis of testimony, studies and observation, we, the sponsors, feel are necessary to insure a truly effective program. Most of these have been discussed in detail but let me briefly highlight several features which I feel are most important. First, the improvements in administration—self-certification; distribution of stamps in more places and at least once a week; flexible payment schedules so that stamps can be purchased in partial allotments and on a schedule based on need rather than bureaucratic expediency; deduction of food stamp allotments from welfare checks and issuance of stamps with the checks; expansion of the definition of food to include foodstuffs regularly available in domestic supply.

Let me cite some reasons why these administrative changes will improve our present program.

Self-certification is now used under the old age and disability benefits program and was recently authorized for use in the school lunch program. It cuts down on redtape, and there is no evidence to show that it is abused any more than the longer, more complicated forms.

Under present regulations some ethnic groups cannot purchase food which has been a traditional or essential part of their diet because it contains some imported ingredient, by expanding the definition of food to include items regularly available in domestic supply, these people will be better served.

Where distribution of stamps takes place only once or twice a month, some families cannot raise enough money to purchase their complete allotment of stamps and so they cannot participate. With partial purchase permitted and issuance of stamps at least once a week, we once again help to make the program more effective.

A second important feature of the substitute is the provision for meals on wheels and group dining by the elderly and handicapped. Both the committee-reported bill and the Senate-passed bill contain somewhat similar features, but the substitute represents an improvement over both of these versions as documented by evidence gathered through the pilot feeding projects conducted by the Administration on the Aging; by studies and reports presented to the Education and Labor Committee during recent hearings on elderly feeding programs; by the President's Task Force on Aging; and by the White House Conference on Food, Nutrition, and Health.

The substitute would permit elderly individuals over 60 years of age and handicapped individuals regardless of age to exchange food stamps for meals prepared for home delivery or in group dining situations regardless of whether or not these individuals had cooking facilities in their homes or not.

The committee-reported bill is deficient in two respects. First, it is limited to meals prepared for home delivery and does not include the exchange of food stamps for meals prepared in a group dining situation. Second, it limits participation to those who are housebound, physically handicapped, or otherwise disabled so that they are unable to prepare all of their meals.

Mr. Chairman, because we in Congress wanted further information on the needs of the elderly we authorized the Administration on Aging to conduct research and demonstration projects in this area. Two years ago AOA launched some 30 demonstration projects to test alternative means of coping with the nutrition problems of the older person. These projects were designed to test techniques for improving the diets of the elderly and for combating the various social and psychological impediments to good dietary habits. Similarly, the executive branch sought information and recommendations on providing better nutrition for the elderly, as well as solving other problems our senior citizens face. Recommendations from the AOA projects, the President's Task Force on Aging and the White House Conference on Food, Nutrition, and Health agree that the elderly have differing problems with regard to nutrition and they need to be met in a number of ways.

The AOA pilot projects have demonstrated that while "meals on wheels" as provided in the committee bill have proved extremely beneficial to older per-

sons unable to leave their residences, statistics indicate that only approximately 4 percent of older persons are homebound at any one time. Further, they have found that for ambulatory older persons who have begun to withdraw from social contact, home-delivered meals may actually lead to further isolation. Plus, home-delivered meals cost more than meals prepared in group settings.

This is why the substitute extends the use of food stamps to group dining situations. AOA has found that nutrition programs in a group setting meet emotional needs of the elderly and improve their vigor and desire to live.

Commissioner Martin has testified to the Education and Labor Committee that—

We cannot measure the benefits of these programs solely by the number of meals served, or the nutrient value they provide the older participant. Overcoming isolation and loneliness by providing opportunities for increased social contacts is a very important benefit, and one which may reduce the incidence of costly long-term medical care.

To participate in a group dining program a senior citizen or handicapped individual would still have to meet all the income and other criteria of the law. It should be pointed out that AOA data shows that most elderly poor oppose free meals if they can possibly contribute themselves toward the cost. I think the substitute offers an excellent opportunity to the handicapped and the aged to obtain the kind of nutritional help they need and that this is a very important provision of H.R. 19889.

In proposing the substitute we are not unmindful of the abuses in the program which have occurred in the past. Thus, we have tightened the fraud provisions of existing law, demanded the strictest accounting and verification of the incomes of students utilizing the program, prohibited commune residents from participation and imposed a combined registration and work requirement for the able bodied.

In short, we are proposing balanced legislation to eliminate a problem, not simply bandage it, and we have done so in a manner to guarantee that the deserving receive the assistance they need and the undeserving do not participate.

A word should be said here about the participation of strikers in the program. The work requirement would not force strikers back to their struck jobs, but it would require a striker to take similar work if available in his area or not permit him to qualify for benefits.

In closing it should be emphasized that the Nixon administration has made great improvements in our Federal feeding programs, more so than any previous administration.

On December 18, 1969, a new schedule of food stamp allotments and costs was put into effect. Under the new schedule, a family of four with a monthly income of \$90 pays \$22 for \$106 stamp allotment. Previously, this family paid \$40 for \$70 allotment.

—As of October 30, 1970, USDA family food assistance—food stamps and commodity distribution—helped an estimated 12.3 million needy persons. Of

these an estimated 8.8 million were food stamp participants. This represents a 144-percent increase over the 3.6 million food stamp participants during December 1969 when improvements began allowing low-income families to pay less but receive more food coupons.

As of October 30, 1970, only 10 counties in the United States were either not participating or planning to participate in one of the Federal food programs. Quite an improvement over July 1969, when 410 counties and independent cities did not have any food assistance programs.

The Nixon administration has made \$15 million in section 32 funds available to help State and local governments improve their commodity distribution programs.

Over 7,000 nutrition aides have been put into the field to aid in outreach and education and more than 5,000 families have been contacted since the start of this service in 1969.

USDA has updated its brochures both for outreach and education and has made them bilingual to serve Spanish-speaking Americans.

Special programs for expectant or new mothers from low-income families have also been started.

In the overall area of improving social services to the Nation's poor, the Nixon administration has, of course, proposed the family assistance plan with an accompanying package of social services reform. In the past our welfare programs have too often been considered and administered in isolation and disregard for other programs operating for the same clientele. The President is trying to coordinate services for both effectiveness and efficiency; to trim the welfare roles of the able bodied; and to give those who have physical, mental, or other disadvantages an opportunity to have a role in their own destiny.

As part of the FAP revisions submitted to the other body the President proposed transferring the food stamp program to the Department of Health, Education, and Welfare. I support this goal and hope that regardless of the outcome of the FAP legislation this transfer can be made as soon as possible. This is not a reflection on the dedication or ability of the Agriculture Department, but rather an attempt to consolidate social services so that the poor can be truly helped by Federal programs in a rational fashion.

It would be my further hope that we can enact the family assistance plan and eventually eliminate the food stamp program in favor of expanded FAP assistance with the necessary social services to help people help themselves to self-supporting and/or—in the case of those unable to work—self-fulfilling lives.

But a hungry child cannot wait for Congress to deliberate and enact long-range social reforms. This is why we must make the programs we now have as effective as possible and that is why I urge the enactment of the substitute food stamp proposal we have before us today.

Mr. BINGHAM. Mr. Chairman, the bill extending and amending the Food Stamp Act—H.R. 18582—which we have under consideration today does not go

far enough toward meeting the concurrent problems of hunger and malnutrition in this country. This point was well expressed by a recent New York Times editorial, the text of which follows:

HUNGER IN AMERICA

One of the present Administration's hallmarks has been a timid unwillingness to fight for the enactment of some of the best of its domestic proposals, such as reform of the food program.

To Mr. Nixon's credit, he did call for elimination of hunger after careful investigations had painfully exposed its paradoxical presence in this land of agricultural surpluses. To his credit further, food programs have in fact been extended to millions of needy citizens. A year or so ago only about 20 percent of the hungry poor were receiving food program assistance, but today about 40 percent benefit from an expanded effort.

Now, however, the Administration seems all too willing to rest far short of its goal of abolishing hunger. The food stamp program permits the eligible poor to purchase food stamps at less than face value and to redeem these stamps at grocery stores. It is vital, pending enactment and implementation of a realistic Family Assistance Program, that the food stamp program be expanded still further. A bill passed by the Senate last year would do just this. One coming up for a vote in the House next week would not. It is an emaciated version of the Senate bill.

Members of the House committed to Mr. Nixon's pledge are backing a compromise. Their version, though still somewhat inferior to the Senate bill, deserves to pass. But it will only if Mr. Nixon, who has declared that "the moment is at hand to put an end to hunger in America," exerts some effort in its behalf.

Mr. Chairman, foods stamps are a vital element in our battle to end hunger throughout the Nation. I have long supported it, and I led a group of 10 of my colleagues from New York City in August 1968 in urging Mayor Lindsay and Governor Rockefeller to institute a food stamp program in New York City. This past summer, the city did initiate such a program, but it has been hampered by administrative delays that will prevent thousands of eligible, hungry New Yorkers from buying and using food stamps for many months unless extraordinary measures are taken to clear up the present registration logjam.

The problem is simply this. New York City's Department of Social Services estimates that about 775,000 people who are not presently on welfare are eligible to purchase food stamps, but they must receive certification at their borough centers before they may purchase stamps. There are about seven such centers at present, and they cannot even process 100 people a day each. This number could be greatly increased, and the backlog correspondingly decreased, if all that were requirement of an applicant for food stamps were a simple declaration that he does, in fact meet the requirements. Spot checks would be made after the declaration to verify a family's need for the food stamps. Such a system would insure that the vast majority of families who need and are qualified for this assistance could receive it quickly, while the occasional faker would, in time, be caught and dealt with in the same manner as those who, for example, falsify tax returns.

A great many Government programs operate on this simple declaration procedure, and it should be adopted as part of the food stamp program. I proposed that it be adopted in September of this year after I visited the Kingsbridge Welfare Center where registration for the new New York food stamp program was taking place. That same afternoon, I met with officials from the Department of Agriculture, including Mr. Edward Heckman, the department's administrator of food and nutrition services. At that time, Mr. Heckman indicated that the department was working on a simplification of procedures along the lines I suggested, but that implementation of such a policy on a national scale would take time and that, in the meantime, New York City could not be given special treatment. A New York Times report of my visit to the Kingsbridge Center, and conditions there, follows:

DELAYS STYMIE NONWELFARE APPLICANTS FOR FOOD STAMPS

(By Francis X. Clines)

Elderly pensioners, members of working poor families and other nonwelfare applicants are experiencing delays of seven weeks and longer in entering the city's new food stamp program.

City officials say the Federal requirements for investigating these low-income, nonwelfare applicants is the major cause of the delay. By contrast, poor persons who receive welfare aid have had a relatively easy time of it; they receive their authorization by mail.

Barbara Lee, a retired office worker, waited two hours in a long line outside the Kingsbridge welfare center in the Bronx yesterday, seeking to join the stamp program so that she might stretch her Social Security pension.

At the end of her wait, the white-haired woman entered the center, at 248 East 161st Street, and was told by a clerk to return Nov. 5—the earliest appointment available—and to produce various documents to verify her status.

"What am I supposed to do in the meantime, starve?" Miss Lee asked.

This is the first month of the food stamp program in the city and, in addition to the delays encountered by nonwelfare applicants, further delays were predicted at participating banks this week for those already enrolled.

A shortage of the coupons was reported at the banks, and officials of the United States Department of Agriculture said that an armored truck was bringing \$4.1-million worth of stamps here last night from Washington to meet the demand expected with the scheduled mailing of welfare checks this week.

Under the program, certified applicants purchase the stamps at a discount with cash and then use the stamps to buy groceries. A family of five in the program pays \$98 a month for stamps that are worth \$126.

The city's Commissioner of Social Services, Jack R. Goldberg, yesterday described the stamp shortage as "indefensible" and accused Federal agricultural authorities of "a clear abdication of their responsibility."

SHORTAGE EXPLAINED

Federal authorities said, however, that the banks had not followed guidelines in distributing the various denominations of stamps to customers, and so a shortage had developed in books worth \$2 and \$10. Books worth \$3 and \$20 were reported on hand. The stamps themselves come in two denomi-

nations, \$2 and 50 cents, bound into the four kinds of books.

The long delays experienced by nonwelfare applicants were described as "cruel and unnecessary" by Representative Jonathan B. Bingham, Democratic-Liberal of the Bronx, who visited the Kingsbridge welfare center yesterday and demanded an end to extensive paperwork. He called for the introduction of mobile registration units.

"Elderly and sick men and women are being forced to travel halfway across boroughs, pay double fare and stand in line for days on end, and still they can't get their food-stamp certification," the Congressman charged.

He noted that, in their first visit, applicants were being told to return weeks later with Social Security letters and check stubs, salary or unemployment records, rent receipts, utility bills, bank books and Medicaid records.

Mrs. Geatana Altieri, a 71-year-old widow, looked at the list in timid puzzlement after she had obtained an appointment for November.

"I'll try," she said. "But who's going to give me bank books?" she asked, indicating a confusion that might require more than one return visit.

Representative Bingham predicted the delays would prevent the bulk of the city's estimated 775,000 nonwelfare poor from entering the program until next year at the earliest. City welfare officials said, however, they hoped to make a "major announcement" soon relating to the opening of more outlets than the seven offices that are now processing nonwelfare applicants at a rate of about 50 each a day.

HONOR SYSTEM URGED

The Congressman joined the city in requesting that Federal agriculture authorities relax their requirements to end the verification of each applicant. Instead, the city wants a declaration system similar to that used for income-tax returns and regular welfare assistance, in which most persons are taken at their word, with about 10 per cent inspected in detail.

"I seen a woman faint on line here," Joseph Felton, a 70-year-old applicant, reported, saying he was on his seventh visit to the Kingsbridge center. He said he hoped to enlarge the buying power of his present total income—\$139.40 in monthly Social Security.

"Broke?" he responded to a question. "My friend, I live on potato soup sometimes."

Mr. Chairman, I understand that a substitute to the committee bill will be offered by Messrs. FOLEY and QUIE. In my judgment, that substitute contains a number of provisions that would strengthen the food stamp program and offer greater assistance to the many hungry Americans who are being served, and need to be served, by this program. I cosponsored this substitute when it was offered as a separate bill. It is, in my judgment, a better version of this legislation than the committee bill, and I intend to vote for it at the appropriate time.

For one thing, Mr. Chairman, the Foley-Quie substitute provides specifically for the very type of streamlined and simplified certification procedure for prospective food stamp recipients that I have proposed and that would, if enacted into law, improve the implementation and increase the impact of the program immensely in New York City and elsewhere. The committee bill contains no such simplification of certification procedures, offering New Yorkers who are now in a position of having to wait

months to have their claims for food stamps verified no relief.

The committee bill, I note, contains a provision that would require the States to contribute up to 10 percent of the costs of food stamp programs by 1975. This would amount to as much as \$18 million a year in New York. Certainly New York is not alone among the States in its financial difficulties, and many States, including New York, would be hard pressed to meet this new financial obligation. I see no justification for suddenly seeking this kind of State contribution for programs which were initiated and which have been funded in the past by the Federal Government. The Foley-Quie substitute does not contain this regressive provision—another reason I support that substitute. Should the Foley-Quie substitute fail to be adopted by the House, I certainly feel that this State-financing provision should be stricken from the bill before it is passed by the House.

Mr. Chairman, I congratulate the gentleman from Washington (Mr. FOLEY) and the gentleman from Minnesota (Mr. QUIE) for developing their progressive version of the food stamp bill, and I urge my colleagues to join me in voting to adopt it.

Mr. GREEN of Pennsylvania. Mr. Chairman, I support and shall vote for the Foley-Quie Family Nutrition Act of 1970. I am proud to be a cosponsor of this legislation and I urge its adoption in place of the committee bill, H.R. 18582.

It is intolerable that hunger is still a very real fact of life for some Americans. It is even more intolerable when a committee of this House reports a bill that threatens to cut and curtail a program that offers some hope to the hungry of our cities and countryside. By its actions, the committee majority is saying that permanent hunger will always be with us and that we can do nothing about it. This position is unacceptable and it must be rejected. I think we can do something about hunger and in fact, we have begun to work on solving the problem. However, the committee bill would be a setback. I cite my city as proof.

The U.S. Department of Agriculture recent figures on participation in the food stamp program for the city of Philadelphia show some 98,939 recipients with a total bonus value of \$888,048 for August 1970. Yet, the committee bill would restrict and reduce even this number of poor receiving food aid.

In the guise of States rights and a dubious State sharing, it would require the States to "buy in" to the program by paying some of the cost of bonus stamps; this provision is likely to provide a convenient way for some States to kill the program by pleading inadequate financial resources. By calling for reform and accountability against fraud, the committee bill includes a harsh work requirement that is both impractical and impossible to administer. In the guise of program expansion, the committee version prohibits the poorest of the poor—those Americans without cash incomes—from receiving free food stamps.

The substitute bill, H.R. 19889, would provide authorizations in the amounts

of \$2 billion for fiscal 1971 and increasing to \$3 billion by fiscal 1973. Certification would be solely by statement rather than the present tedious and bureaucratic procedures. Free stamps would be provided those without incomes. Extended coverage would be guaranteed by allowing the Secretary of Agriculture to operate programs in counties and other governmental units that refuse to establish their own local programs.

No one contends, Mr. Chairman, that this substitute measure is going to end hunger. No one contends that the problem of poverty-induced malnutrition will be solved. But, we in the House have an obligation to make that effort. The consequences of our failure to do so have been described in graphic terms before committees of this body and the other body. We must respond with legislation that is neither restrictive nor crippling of current food assistance programs. The Foley-Quie Family Nutrition Act does make that effort in a way that is not restrictive and not crippling.

I urge adoption of H.R. 19889.

Mr. RARICK. Mr. Chairman, the debate thus far has been frightening with all the emotional rhetoric about hungry children and starving people. I find myself wondering if we are talking about the United States. If so, I wonder how the American people have ever survived our 194 years of national existence without food stamps. Certainly anyone reading this debate would question that our civilization has made any progress and the standard of living our people exist on.

Should we not also remind ourselves that the American people today have more in goods and services than ever before—that we are more affluent and have a greater abundance of food than ever. The only obvious difference between Americans today and our late forefathers is our money and our environmental education. Our money today is not worth as much as it once was and everybody has been led to feel that they have a right to live just like the millionaire Jones family they identify with on TV.

Instead of a saturation indictment against our society and belittling poor people as political pawns for sale, our country would be better served by seeking methods of disposing our surplus food to those in need and distress in our country. While we have fewer poor people per capita than any other nation in the world, our granaries are overfilled with surplus food and commodities. Not only is the United States one of the few countries in the world able to feed its own people but additionally we supply food for billions in other countries and still maintain a surplus.

If these masses of hungry and starving people are a reality instead of a hysteria, where has our system broken down? We have more churches than ever before, more charitable and fraternal organizations—all of whom believe in and practice charity. The American people themselves are more educated, tolerant, and reasonable than ever before. Yet by the populist urging of this meas-

ure are we not condemning every church, fraternity, and charitable organization by telling them they have forfeited their purpose and only the Federal Government can help the Nations' needy and hungry. If so what a far stretching indictment against our institutions—that we would stand back and leave our brother and neighbor suffer in hunger. I cannot buy this argument nor can I be sold the program that politicians and bureaucrats are more concerned over our unfortunates than our moral leaders. Under true charity the willing giver is always rewarded by his charity. But who ever heard of a food stamp recipient thanking the taxpayers?

Mr. Chairman, a lot has been said about deficit spending, inflation, consumerism, nutrition, and subsidies.

I want to make a few remarks on these points which have not been previously stated and which should be reflected upon before surrendering to emotion of the starving masses rather than facing hard and honest facts.

We hear only the good that the food stamp program promises to provide. There is another side to the program which should be heard if we are to understand fully the implications of this bill, if we are to intelligently decide if we are helping the people or hurting them.

Food stamps are not in themselves nutritious; at most, they can only offer the poor citizens an opportunity to offset the losses in their purchasing dollars because of inflation. Only if food stamps are used for the purpose intended—purchasing food that would provide for a more balanced and substantial diet—can they be said to have any value in alleviating nutrition problems. Whether this is done or not does not depend upon the food stamps but rather upon the user and the value he places on his dietary needs. If his first preference is for other than food—such as alcohol, tobacco, or personal pleasures then the additional buying power given him by food stamps can expect to be first reflected in personal pleasures and priorities. His diet may remain unchanged and the food stamp supplement would only result in giving him additional cash dollars to dispose of as he elects.

While certain items are ineligible for purchase with food stamps one would be naive not to understand that the extra buying power of the stamps also frees hard cash which is not regulated.

The consumers should recognize the food stamp program as being inflationary. The effect of the dumping of \$600 million into the food market can prove harmful to all consumers. The non-food stamp marketer as well as the recipient can all be hurt by spiraling costs in foodstuffs. Additionally we will not find the created buying power by the stamps coming in competition with the taxpayer's dollars in the marketplace.

Such was not the case with the commodity program which preceded the food stamps. But we are led to believe the commodity program which helped the farmer by reducing the food surpluses was unpopular with the grocers because there was no profit.

Now the farmer, for whom free commodities helped as well as the poor can expect reduced help under this program—its use is not limited to U.S. farm products. In other words, the farmer who had been subsidized by the taxpayer in order to make benefit the conserver with food prices as low as possible now has not only lost the farm surplus distributor of his food product but is also limited as to the amount he can receive as his payment limitation.

The anticipated result can but discourage farm production with increased prices to the consumer including the food stamp recipient.

Who will be the ultimate benefactor of the millions of dollars in newly created purchasing power poured into the marketplace except the merchant? Nationwide, this would mean that the greatest benefactor of the food stamp program will be the national chainstore grocers.

Actually, what we are here doing is talking of a little temporary help to the poor while providing a taxpayers' subsidy for large grocery chains. I am sure you have heard grocers eager for additional food stamp appropriations comment that the food stamp intake may be the difference between profit and loss.

Perhaps what is needed is a \$55,000 payment limitation for any person, company, or corporation in the collection of food stamps to place chainstores under the same subsidy limitations as farmers.

Interestingly enough, like many of our recent bills, the food stamp bill defines qualifications of households, families, and persons but never talks of citizens, inferring that the food stamp eligibility is not limited to American citizens but includes foreigners, aliens, and others. In fact, it can well be extended to the U.N. employees of emerging countries; this is borne out by a recent front-page story from the El Paso, Tex., Herald Post that more than 49,000 resident aliens—green card holders, will be eligible for food stamps in one Texas county. The story continues that for eligibility there is no need for proof of citizenship and an estimated 13,000 of the 49,000 actually live in Juarez, Mexico, but work in El Paso and will be eligible for food stamps.

During the hearings on the food stamp bill, I inquired of one energetic witness that if the real purpose for food stamps was for nutrition and freedom from hunger, would he support a bill to provide staple foods such as milk, sugar, potatoes, flour, and meat free to all Americans. His reply was negative, because he did not feel there was enough money in the world to pay the tab.

Nutrition and a healthful diet is not a problem limited to poor or low-income people. Doctors, lawyers, professional people, students, people from all walks of life—even Congressmen—who do not take time to eat properly or lack access to nutritious food can suffer from malnutrition.

It seems likewise strange that many who are so quick to castigate food stamps for strikers accept without question food stamps for nonworkers and those who may never have paid taxes.

As for the argument to outlaw food stamps to strikers, I only ask: "Why dis-

criminate against strikers?" If the bill is a bad crutch for one class it should be bad for all.

Strikers are workers who have paid taxes and who in the future will work again and continue to pay taxes. Undoubtedly, they feel that if people who have never worked and who would not work if they were offered a job can receive food stamps then they feel they are entitled to them during their period of nonproductivity.

My only comment is that if the bill is to be considered good, everyone should and probably will find a way to get food stamps. If the bill is bad, let's vote it down and not merely discriminate against the strikers.

I fear the direction that this program is leading us will make the ancient circuses of Rome look like tea parties. If this bill passes the irrevocable die is cast.

I include a newsclipping from the November 18, 1970, El Paso Herald Post: "GREEN CARDERS" QUALIFY AS FOOD STAMP CLIENTS—IMMIGRATION WITHOUT JURISDICTION—MORE THAN 49,000 RESIDENT ALIENS IN EL PASO COUNTY

(By Bob Ybarra)

The U.S. Immigration and Naturalization Service does not regard food stamp clients as public charges and feels it cannot force resident alien's sponsors to assure the alien does not become a public charge.

This position was expressed by James A. Banahan, deputy district director for the Immigration Service in El Paso. The question was brought up yesterday in a Herald-Post story revealing some of the 19,000 or more persons benefitting from the food stamp relief program were "green card" aliens.

"We have deported some resident aliens on grounds that they were public charges, but we cannot consider a person who obtains food stamps as public charges," said Banahan.

"At the same time, the Service regards affidavits signed by the alien's sponsor as a 'gentlemen's agreement' and experience shows such an agreement is not legally enforceable."

Mr. Banahan said he does not doubt that a number of "green carders" are benefitting from the food stamp program.

"This does not mean they are all commuter workers," he said.

There is really no effective way in which it can be proven a green card holder is actually a commuter worker.

Banahan said if green card commuters were actually obtaining food stamps then they must have told the Food Stamp Center workers they lived in El Paso.

The food Stamp Center only requires the applicant live in El Paso. There is no need for proof of citizenship.

The Immigration Service estimates there are 49,000 resident aliens (green card holders) in El Paso County. Of that number, an estimated 13,000 are commuter aliens who live in Juarez but work in El Paso.

All persons admitted as resident aliens are issued visas by the American Consulate in Juarez. Both the commuter alien and immigrant who intends to become a U.S. citizen start their paperwork in this manner in Juarez.

Once he obtains the visa, the alien (commuter or otherwise) surrenders the visa at the border and is given a "green card" as proof he is a resident alien intending to become a U.S. citizen. Immigration regulations, however may be construed to allow such an alien to work in El Paso and live in Juarez.

According to U.S. Consul Gori Bruno, in Juarez, most of the visas processed by that

office are for family re-unification purposes, and for immediate relatives of U.S. citizens or resident aliens. Only a few visas are granted through work permits.

"Persons exempt from the numerical limitation of 120,000 set for Western Hemisphere immigrants include spouses of American citizens, children (under 21) of U.S. citizens and resident aliens, and parents of U.S. citizens with the children being over 21 years of age, explained Mr. Bruno.

Bruno said in the case of exempt applicants, the waiting period for visas is 14 months. He said in case of spouses of American citizens visas are processed immediately.

According to sources, many single American women have served to speed up resident alien status for Mexican males by marriage, followed in some cases by abandonment by the husband, once he obtains his green card.

Another sore spot has been with the Selective Service Board, in which a Mexican born child of a U.S. citizen or resident alien may choose to claim Mexican citizenship abandoning his resident status when he becomes of military service age. The Mexican government is moving to solve this problem through an act of Congress which abolished the present recognition of such status as dual citizenship.

Mr. BELCHER. Mr. Chairman, I have no further requests for time.

Mr. POAGE. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read.

H.R. 18582

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Mr. FOLEY. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 417]

Adair	Foreman	O'Konski
Anderson, Ill.	Glaimo	Ottlinger
Aspinall	Gilbert	Pepper
Ayres	Goldwater	Poff
Berry	Gubser	Powell
Blackburn	Halpern	Purcell
Blanton	Hébert	Quillen
Bolling	Heckler, Mass.	Reid, N.Y.
Brock	Horton	Reifel
Brown, Calif.	Hull	Rivers
Brown, Mich.	Jarman	Rogers, Colo.
Burke, Fla.	Kee	Roudebush
Burton, Utah	King	Satterfield
Button	Kluczynski	Schadeberg
Carey	Langen	Scheuer
Celler	Leggett	Sebelius
Clancy	Long, La.	Steiger, Ariz.
Clark	Lujan	Stokes
Clay	Lukens	Teague, Tex.
Corbett	McCulloch	Thompson, N.J.
Cramer	McKneally	Tieman
Cunningham	MacGregor	Tunney
Daddario	May	Vander Jagt
Dellenback	Meskill	Vigorito
Dorn	Michel	Weicker
Dowdy	Miller, Calif.	Whitehurst
Dwyer	Mink	Whitten
Edwards, La.	Minshall	Wilson, Bob
Evans, Colo.	Mize	Wilson,
Fallon	Morton	Charles H.
Farbstein	Mosher	Winn
Fish	Moss	Wolff
Flynt	Murphy, N.Y.	
Ford,	Nichols	
William D.	O'Hara	

Accordingly the Committee rose; and the Speaker pro tempore (Mr. Boggs) having resumed the chair, Mr. MATSUNAGA, Chairman of the Committee, of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 18582, and finding itself without a

quorum, he had directed the roll to be called, when 333 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

AMENDMENT IN THE NATURE OF A SUBSTITUTE
OFFERED BY MR. FOLEY

Mr. FOLEY. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. FOLEY: Strike everything after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "Family Nutrition Act of 1970".

DECLARATION OF POLICY

SEC. 2. Section 2 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"It is hereby declared to be the policy of Congress, in order to promote the general welfare, that the Nation's abundance of food should be utilized cooperatively by the States, the Federal Government, local governmental units, and other public agencies or private nonprofit organizations to safeguard the health and well-being of the Nation's population and provide adequate levels of food consumption and nutrition among low-income households. The Congress hereby finds that the limited food-purchasing power of low-income households contributes to hunger and malnutrition among members of such households. To alleviate such hunger and malnutrition, a food stamp program is herein authorized which will permit low-income households to purchase a nutritionally adequate diet through normal channels of trade."

DEFINITIONS

SEC. 3. Subsections (b), (e), (f), and (j) of section 3 of the Food Stamp Act of 1964 are amended to read as follows and new subsections (l), (m), and (n) are added thereto:

"(b) The term 'food' means (1) any food or food product for home consumption regularly available in domestic supply, except alcoholic beverages and tobacco; and (2) meals prepared by a public agency or private nonprofit organization for consumption by the handicapped or persons of sixty years or over who are not residing in an institution or boardinghouse."

"(e) The term 'household' means a group of related or nonrelated individuals (other than a group of six or more individuals among whom no more than two are related by blood, marriage, or adoption), who are not residents of an institution or boardinghouse, but are living as one economic unit sharing common cooking facilities and for whom food is customarily purchased in common; a single individual living alone who has cooking facilities and who purchases and prepares food for home consumption; and any person who is handicapped or is sixty years or over and who is not residing in an institution or boardinghouse."

"(f) The term 'retail food store' means an establishment, including a recognized department thereof; a house-to-house trade route which sells food to households for home consumption; and a public agency or private nonprofit organization which provides meals to the handicapped or persons of sixty years or over at any location other than a resident institution or boardinghouse."

"(j) The term 'State' means each of the fifty States, the District of Columbia, and, after July 1, 1971, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and, if the Secretary after consultation with the Secretary of the Interior determines, American Samoa: *Provided*, That, in the case of Puerto Rico, the Virgin Islands, Guam, and American Samoa, the Secretary may pursuant to section 7, establish coupon allotments

and proportionate charges for said allotments that reflect the cost of obtaining a nutritionally adequate diet in such places, but in no event shall the coupon allotments or charges so established be less than 80 per centum of the allotment and charge applicable in the fifty States and the District of Columbia."

"(l) The term 'operating agency' means any State agency or the Secretary or any public agency or private nonprofit organization administering any program pursuant to section 4 and/or section 10(g) of this Act.

"(m) The term 'authorization to purchase card' means any document issued by the State agency to an eligible household which shows the face value of the coupon allotment the household is entitled to be issued on presentation of such document and the amount to be paid by such household for such allotment.

"(n) The term 'handicapped' means any person who is, because of a physical or mental handicap, unable adequately to prepare meals for himself."

ESTABLISHMENT OF THE FOOD STAMP
PROGRAM

SEC. 4. Subsections (a) and (b) of section 4 of the Food Stamp Act of 1964, as amended, are amended as follows: subsection (c) is renumbered subsection (d), and a new subsection (c) is added thereto as follows:

"(a) The Secretary is authorized to formulate and administer a food stamp program under which eligible households within a State will be provided with coupon allotments of sufficient monetary value to enable them to purchase a nutritionally adequate diet. Such program shall be carried out in any State at the request of the appropriate agency of such State or by an operating agency pursuant to section 10(g) of this Act. The coupons so received by such households shall be used only to purchase food from retail foodstores which have been approved for participation in the food stamp program. Coupons issued and used as provided in this Act shall be redeemable at face value by the Secretary through the facilities of the Treasury of the United States.

"(b) In areas where the food stamp program is in operation, there shall be no distribution of federally donated foods to households under the authority of any other law except that distribution thereunder may be made: (1) during temporary emergency situations when the Secretary determines that commercial channels of food distribution have been disrupted because of a disaster; (2) to effect an orderly transition in an area in which the distribution of federally donated foods to households is being replaced by a food stamp program until such time as the number of persons participating in the food stamp program in that area exceeds the monthly average number of persons who received federally donated foods during the three-month period immediately prior to the initiation of the food stamp program; or (3) on request of the State or any public agency or private nonprofit organization, if the State or such agency or organization agrees to finance all of the costs, subsequent to the delivery of such foods within the State, of handling, storing, and issuing federally donated foods to eligible households in the area. Except during temporary emergency situations when commercial channels of food distribution have been disrupted because of a disaster, no household shall concurrently participate in both the food stamp program and a program of distribution of federally donated foods.

"(c) The Secretary, in administering a program of distribution of federally donated foods under this section or section 32 of Public Law 74-320, as amended, or section 416 of the Agricultural Act of October 31, 1949, as amended, shall take whatever steps he deems necessary, including the use of private retail food outlets and public agencies or private nonprofit organizations to in-

sure that, (1) households with annual income and resources within the criteria established by the Secretary under section 5(b) of this Act shall be eligible to receive foods under this program and in accordance with the certification procedure set forth in section 10(b)(1) of this Act; (2) each recipient household shall have convenient access, in terms of time and place, to foods of sufficient caloric quantity and, insofar as possible, to foods that provide a nutritionally adequate diet; and (3) fortified foods shall be provided in areas with known nutritional deficiencies in order to overcome those particular deficiencies."

ELIGIBLE HOUSEHOLDS

SEC. 5. Section 5 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(a) Any household shall be eligible to participate in the food stamp program upon certification by the operating agency that the disposable income and other financial resources of such household, as determined in accordance with the certification procedure contained in section 10(b)(1) of this Act, do not exceed the standards determined by the Secretary pursuant to subsection (b) of this section.

"(b) The Secretary shall, in consultation with the Secretary of Health, Education, and Welfare, annually establish uniform national income and resources standards of eligibility for participation by households in the food stamp program that shall be effective whenever the food stamp program is in operation. In no case shall the income eligibility criteria to be established by the Secretary be less than the equivalent of \$4,000 per year for a household composed of four persons. Nor shall the Secretary include in the resources of a household, its home, household goods, personal effects, or other property essential to the household's means of self-support, nor shall any of the property referred to above be subject to legal process in connection with the administration of the food stamp program or any program of distribution of federally donated foods, except in the case of fraud. The Secretary may also establish temporary emergency standards of eligibility, without regard to income and other financial resources, for households that are victims of disaster which disrupted commercial channels of food distribution when he determines that such households are in need of temporary food assistance, and that commercial channels of food distribution have again become available to meet temporary food needs of such households.

"(c) The Secretary shall require every individual who is a member of a household which is either participating in the food stamp program as of the date on which this subsection is implemented by the promulgation of regulations or seeks thereafter to participate in the food stamp program, other than an individual described by clause (1), (2), (3), (4), (5), or (6) of subsection (d), to register for employment with the local public employment office. In the case of any member of the household which is eligible for the food stamp program who is not required to register pursuant to subsection (d) because of such member's disability or handicap, provision shall be made for referral of such member to the appropriate State agency administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act. If and for so long as any such individual who is participating in the food stamp program as of the date on which this subsection is implemented by the promulgation of regulations is found by the operating agency, after reasonable notice and an opportunity for a fair hearing held in the same manner and subject to the same conditions as a hearing under section 10(e)(4) of this Act, to have failed to register for

employment without good cause, the continued eligibility of the household of which the individual is a member shall not be affected, but the value of the coupon allotment authorized to be issued to such household pursuant to section 6(a) of this Act shall be reduced by an amount which bears the same ratio to the amount determined by subtracting from that authorized allotment the amount charged therefor pursuant to section 6(b) of this Act as the number of such unregistered individuals in such household bears to the total number of individuals in such household. In the case of an individual who is a member of a household which seeks to participate in the food stamp program after the date on which this subsection is implemented by the promulgation of regulations and who, in the opinion of the operating agency, has failed to register for employment without good cause, the household shall not be ineligible to participate in the food stamp program. But, if the household is certified as eligible to participate under subsection (a) above, the value of the coupon allotment authorized to be issued to such household upon certification as eligible shall be reduced in accordance with the method set forth for households already participating and the full value shall not be restored until such time as either the individual registers for employment or the operating agency determines, after providing said individual reasonable notice and an opportunity for a fair hearing held in the same manner and subject to the same conditions as a hearing under section 10(e)(4) of this Act, that the individual's failure to register for employment is for good cause.

"(d) An individual shall not be required to register pursuant to subsection (c) if such individual is—

"(1) ill, incapacitated, or over sixty years of age;

"(2) a mother or other relative of an individual under the age of sixteen who is caring for such individual;

"(3) an individual under the age of sixteen;

"(4) an individual sixteen years old or over who is regularly attending a secondary school or an institution of higher education as defined in the Higher Education Act of 1965, Public Law 89-329, as amended, or a course of vocational or technical training designed to prepare him for gainful employment;

"(5) one whose presence in the home on a substantially continuous basis is required because of the illness or incapacity of another member of the household; or

"(6) an individual sixteen years old or over who is employed at least thirty-five hours per week or earns at least \$56 per week.

"(e) If, and for so long as an individual registered under subsection (c) has been found by the operating agency to have refused without good cause to participate in suitable employment in which he is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined by the operating agency after notification by such employer or otherwise, to be a bona fide offer of employment, the eligibility of the individual's household shall not be affected, but the value of the coupon allotment authorized to be issued to such household shall be reduced in accordance with the method set forth in subsection (c) above. Before the operating agency makes such a reduction, it shall afford such individual reasonable notice and opportunity for a fair hearing held in the same manner and subject to the same conditions as a hearing under section 10(e)(4) of this Act.

"(f) (1) In determining whether any employment is suitable for an individual for purposes of subsection (f), the operating agency shall consider the degree of risk to such individual's health and safety; his phys-

ical fitness for the work; his prior training, experience, earnings, and his realistic prospects for obtaining work based on his potential; and the distance of the available work from his residence.

"(2) In no event shall any employment be considered suitable for an individual—

"(A) if the position offered is vacant due directly to a strike, lockout or other labor dispute;

"(B) if the wages payable for such job are at a rate less than whichever of the following is the higher: (I) the rate prevailing for similar jobs in the locality; (II) the minimum hourly rate which is or would be applicable to the job under the Fair Labor Standards Act of 1938 if section 6(a)(1) of such Act, as amended, applied to the job; or (III) the State or local minimum wage.

"(3) The operating agency shall delegate to the appropriate public employment office the responsibility for making the determination required in (1) and (2) above.

"(g) The provisions of subsections (e) and (f) shall not become effective until three hundred days after the enactment of this Act or until the food stamp program becomes effective nationwide pursuant to section 10(g)(1) of this Act, whichever occurs sooner."

VALUE OF THE COUPON ALLOTMENT AND CHARGES TO BE MADE

SEC. 6. Subsections (a) and (b) of section 7 of the Food Stamp Act of 1964, as amended, are amended to read as follows:

"(a) The value of the coupon allotment which operating agencies shall issue to households certified as eligible to participate in the food stamp program pursuant to section 5(a) of this Act shall supply the equivalent of at least 35 cents per person per meal for the fiscal year ending June 30, 1971; and, for each subsequent fiscal year, shall supply the equivalent of at least 35 cents per person per meal adjusted to reflect the cumulative percentage change in the Consumer Price Index for food (United States city average) since July 1, 1970, as compared by the Bureau of Labor Statistics in the United States Department of Labor: *Provided*, That if the Secretary determines that the appropriation for the fiscal year ending June 30, 1971, or the amounts authorized in section 16 of this Act for fiscal year 1972 or 1973 are insufficient for the entire fiscal year, the Secretary is authorized to reduce the value of the coupon allotment for any subsequent period of such fiscal year, in order not to exceed such appropriation or authorization, but in no event shall the value of the coupon allotment be adjusted downward to less than the equivalent of 30 cents per person per meal or the economy food plan, as currently defined by the Secretary, whichever is higher: *Provided further*, That the Secretary shall review such appropriation or authorization at least quarterly in each fiscal year and shall advise the Committee on Agriculture of the House of Representatives, the Committee on Agriculture and Forestry of the Senate, and the Committee on Appropriations of the House of Representatives and the Senate of his decision on the value of the coupon allotment during the subsequent quarter of such fiscal year thirty days prior to instituting any such reduction in the value of coupon allotment.

"(b) The amount which an operating agency shall be authorized to charge any eligible household for the coupon allotment issued to it shall not exceed 30 per centum of the net income of such household: *Provided*, That no charge shall be imposed upon any such household whose income is equal to or less than the equivalent of \$30 per month for a household composed of four persons for the fiscal year ending June 30, 1971, and for each subsequent fiscal year such sum in excess of \$30 per month for a household composed of four persons as the

Secretary shall determine: *Provided further*, That the amount which an operating agency shall be authorized to charge any eligible household whose income is equal to or less than the equivalent of \$167 per month for a household composed of four persons shall not exceed 25 per centum of the income of such household."

ADMINISTRATION

SEC. 7. Subsections (a), (b), and (c) of section 10 of the Food Stamp Act of 1964, as amended, are amended to read as follows: subsection (f) is deleted; subsection (g) is renumbered subsection (f); and new subsections (g) and (h) are added thereto:

"(a) The food stamp program shall be administered to insure that participants are afforded the opportunity to receive at schools, at approved retail foodstores, in their homes, or at other appropriate places convenient to participants, instruction and counseling to enable such participants to use their increased purchasing power to obtain those foods most suitable for a nutritionally adequate diet, and further to insure that participants have available to them information regarding their rights and obligations under the program. The food stamp program shall also be administered to inform all households potentially eligible to participate in the program of its existence and to give them such assistance as may be required to enable them to make application for the benefits of this Act. In addition to such steps as may be taken administratively, the cooperation of existing Federal, State, local, public agencies, or private nonprofit organizations which carry out information and education programs for consumers shall be enlisted for the purpose of providing nutrition counseling for eligible households, using such authorities as may be available to the Secretary or in cooperation with other agencies of the Federal Government.

"(b) Subject to the following conditions, the operating agency shall assume responsibility for the certification of applicant households and for the issuance of coupons:

"(1) Applicant households shall be certified for eligibility solely on the basis of a simplified statement, conforming to standards prescribed by the Secretary, and said statement shall be acted upon and eligibility certified within seven days following the date upon which the statement is initially filed. The Secretary shall, however, provide for adequate and effective methods of verification of the eligibility of recipients subsequent to certification through the use of sampling and other scientific techniques. The Secretary shall also take steps to insure the subsequent verification of the income of every household which includes a member who has reached his eighteenth birthday and is attending an institution of higher education as defined in the Higher Education Act of 1965, Public Law 89-329, as amended. If a household, certified as eligible in any political subdivision, moves to another political subdivision in which the food stamp program is operating, the household shall remain eligible to participate in the food stamp program in such other political subdivision in accordance with the prior certification. Recertification of households, whose participation in the program has been ordered curtailed and such limitation upheld by the Secretary on review pursuant to section 10(h) of this Act, shall be under such terms and conditions as the Secretary may prescribe.

"(2) In cities and towns with populations of under twenty-five thousand, the postmaster or other person in charge of the United States post office in such place shall, upon request of the Secretary, assume responsibility for the issuance of coupons and the collection from eligible households of the amounts charged therefor. In all other places, the operating agency may make ar-

rangements subject to such regulations as the Secretary may prescribe for such issuance and collection through post offices, banks, credit unions, community action agencies, other private enterprises, other public agencies or private nonprofit organizations, or in such other manner as shall best insure the participation of eligible households. Coupons shall be issued in each food stamp area on a weekly schedule and there shall be no requirement of regular participation. Notwithstanding any other provision of law, a household may, if it so elects, purchase a coupon allotment having a value which is less than the value of the coupon allotment it is entitled to purchase at a proportionately reduced charge in accordance with a schedule of variable purchases established by the Secretary. The amount to be paid by a household for its coupon allotment may be withheld from any payment made by a State or the Federal Government to such household under the Social Security Act, as amended, if such withholding is requested by such household. There shall be kept such records as may be necessary to ascertain whether the food stamp program is being conducted in compliance with the provisions of this Act or regulations issued pursuant thereto. Such records shall be available for inspection and audit at any reasonable time and shall be preserved for such period of time, not in excess of three years, as may be specified in the regulations."

"(e) The State agency of each State shall submit for approval a plan of operation specifying the manner in which such State intends to conduct such program. Such plan of operation shall provide, among such other provisions as may by regulation be required, the following: (1) for the use of the eligibility standards promulgated by the Secretary under section 5 of this Act and the certification procedures specified in subsection (b) (1) above; (2) safeguards which restrict the use of disclosure of information obtained from applicant households to persons directly connected with the administration or enforcement of the provisions of this Act or the regulations issued pursuant to this Act or to State or local prosecuting attorneys; (3) that the State agency shall undertake to inform low-income households concerning the availability and benefits of the food stamp program and encourage the participation of all eligible households; (4) for the granting of a fair hearing and a prompt determination thereafter to any household aggrieved by the action of a State agency under any provision of its plan of operation as it affects the participation of such household in the food stamp program, and (5) for the submission of such reports and other information as may from time to time be required."

"(g) (1) Within one hundred and eighty days after the approval of this Act, if a food stamp program is not being operated by the State agency in every political subdivision of any State, the Governor of the State shall have the right directly to administer the food stamp program in any such subdivision in which the program is not being operated. If the Governor should fail so to act within two hundred and ten days after the approval of this Act, the Secretary shall directly administer the food stamp program in any such subdivision through any appropriate Federal, State, or county agency or through any public agency or private nonprofit organization approved by the Secretary: *Provided, however*, That the Secretary may allow an additional ninety days before so directly administering the food stamp program in any such subdivision if he finds such additional time is necessary to overcome bona fide and extraordinary administrative difficulties.

"(2) If, one hundred and eighty days after a food stamp program has begun to operate in a political subdivision in any State, a three-month period should occur in

the course of which the number of persons participating in that program is less than one-third of the number of persons in that subdivision who are from households whose annual income is below the poverty level as determined by the Secretary in consultation with the Secretary of Health, Education, and Welfare (which number shall be determined annually on the basis of the most recent available data from the Secretary of Commerce), the Governor of the State in which such subdivision is located shall have the right directly to administer the food stamp program in such subdivision. If the Governor refuses to exercise his right or fails to do so within thirty days of being notified of said right, the Secretary may directly administer such program in such subdivision or administer such program through any appropriate Federal, State, or county agency or through any public agency or private nonprofit organization approved by the Secretary. When the Secretary administers a food stamp program through a public agency or private nonprofit organization, he shall require the public agency or private nonprofit organization to observe all the appropriate provisions of this Act and regulations issued pursuant thereto.

"(h) (1) If the operating agency finds, after reasonable notice and an opportunity, upon written request, for a fair hearing held in the same manner and subject to the same conditions as a hearing under section 10(e) (4) of this Act, that a household has fraudulently received authorization to purchase cards which it was not eligible to receive or has fraudulently received a coupon allotment larger than that to which it was entitled, the agency shall undertake promptly to remedy such situation by recommending (A) that the household's participation in the program be suspended or terminated, or (B) in the event that such household is found to have received an excessive coupon allotment or allotments that reduction be made in the value of the coupon allotment authorized to be issued to such household pursuant to section 6(a) of this Act by an amount which bears the same ratio to the amount determined by subtracting from that authorized allotment the amount charged therefor pursuant to section 6(b) of this Act as the number of the members of such household responsible for fraudulently securing the excessive allotments bears to the total number of individuals in such household.

"(2) The operating agency shall notify the affected household and the Secretary in writing of its findings and recommendations, which, if suspension, termination, or reduction of allotments is recommended, shall become effective upon notification. The Secretary, upon receipt of this notice, shall proceed to review the record of the fair hearing as well as the operating agency's findings and recommendations, shall determine whether to affirm, reverse, modify, or otherwise dispose of either the findings or the recommendations, and shall notify the affected household in writing of his decision. The determination of the Secretary upon such appeal is final and conclusive and shall not be subject to further review by any court."

VIOLATIONS AND ENFORCEMENT

SEC. 8. Subsections (a) and (b) of section 14 of the Food Stamp Act of 1964, as amended, are amended to read as follows:

"(a) The Secretary may provide for the purchase, issuance, or presentation for redemption of coupons to such persons and at such times and in such manner as he determines necessary or appropriate to insure enforcement of the provisions of this Act or the regulations issued pursuant to this Act. The Secretary shall direct the Inspector General of the United States Department of Agriculture to provide a special unit within the Office of Inspector General which shall audit operations of this Act and of the regulations

issued pursuant to this Act. The Secretary shall, in cooperation with the Secretary of the Treasury, take such action as he deems necessary to prevent the theft, misappropriation, or counterfeiting of food coupons or authorization to purchase cards and may provide for periodic changes in the color of coupons and for serially numbering coupons so that the households to whom such coupons are issued may later be identified.

"(b) Whoever knowingly makes a false affidavit for the purpose of obtaining coupons or authorization to purchase cards or who ever knowingly uses, transfers, acquires, alters, or possesses coupons or authorization to purchase cards in any manner not authorized by this Act or the regulations issued pursuant to this Act shall, if such coupons or authorization to purchase cards are of the value of \$100 or more in excess of what that person would otherwise be entitled to pursuant to this Act be guilty of a felony and shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than five years, or both, or, if such coupons or authorization to purchase cards are of a value of less than \$100 in excess of what that person would otherwise be entitled to pursuant to this Act shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned for not more than one year, or both."

COOPERATION WITH STATE AGENCIES

SEC. 9. Subsection (b) of section 15 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(b) The Secretary is authorized to pay to each State agency an amount equal to 62½ per centum of the sum of: (1) the direct salary, travel, and travel-related cost (including such fringe benefits as are normally paid) of personnel, including the immediate supervisors of such personnel, for such time as they are employed in taking the action required under the provisions of subsections 10(a) and 10(e) (3) and (4) of this Act and in making certification determinations for households other than those which consist solely of recipients of public assistance. In addition, the Secretary shall pay an operating agency in a State 50 per centum of the cost of issuing coupons to eligible households and of collecting the sums required from eligible households as payment therefor if the number of persons participating in the food stamp program administered by such agency is equivalent to or greater than 50 per centum of the number of persons in the political subdivision covered by that program who are from households whose annual income is below the poverty level as established by the Secretary pursuant to section 10(g) (2) of this Act. In the event that a public agency or private nonprofit organization is authorized to administer the food stamp program in any food stamp area in accordance with the provisions of section 10 (g) of this Act or that such an agency or organization undertakes activities pursuant to section 10(a) the Secretary is authorized and directed to reimburse such agency or organization for all of the costs it incurs in carrying out such program administration or activities."

APPROPRIATIONS

SEC. 10. Section 16 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(a) To carry out the provisions of this Act, there is hereby authorized to be appropriated not in excess of \$2,000,000,000 for the fiscal year ending June 30, 1971; not in excess of \$2,500,000,000 for the fiscal year ending June 30, 1972; and not in excess of \$3,000,000,000 for the fiscal year ending June 30, 1973. Sums appropriated under this section shall, notwithstanding the provisions of any other law, continue to remain available for

the purposes of this Act until expended. Such portion of any such appropriation as may be required to pay for the value of the coupon allotments issued to eligible households which is in excess of the charges paid by such households for such allotment shall be transferred to and made a part of the separate account created under section (d) of this Act. If the Secretary determines that any of the funds in such account are no longer required to carry out the provisions of this Act, such portion of such funds shall be paid into the miscellaneous receipts of the Treasury. Of the sums appropriated under this section, the Secretary is authorized to conduct, or to contract for the services of public agencies or private nonprofit organizations, for the purpose of research, demonstration, or evaluation projects designed to test or assist in the development of new approaches or methods to achieve the purposes of this Act.

"(b) On or before September 1 of each fiscal year, the Secretary shall submit to the Committee on Agriculture of the House of Representatives, the Committee on Agriculture and Forestry of the Senate, and the Appropriations Committees of the House of Representatives and the Senate a report setting forth operations under this Act during the preceding fiscal year, including—

"(1) the effectiveness of those provisions of section 10(h) of this Act relating to households receiving authorization to purchase cards, or coupons to which they were not entitled;

"(2) the percentage of those eligible participating in the program in each political subdivision in which the program is in operation; and

"(3) the projected participation for the fiscal years in which the report is submitted, and a comprehensive explanation of the premises upon which these calculations are made."

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment in the nature of a substitute may be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

(Mr. FOLEY asked and was given permission to revise and extend his remarks.)

Mr. FOLEY. Mr. Chairman and members of the committee, in May 1969 the President of the United States, in a historic message, asked the Congress to help him "put an end to hunger in America itself for all time." The President acknowledged that there could be no doubt that hunger and malnutrition existed in America on a scale previously unacknowledged. He stated that in order to assure the health and well-being of the millions of Americans who were too poor to feed their families properly it would be necessary to provide them with sufficient food income. His chosen vehicle for accomplishing this and thereby ending hunger in America itself for all time was a reformed and greatly improved food stamp program.

Now on a snowy December night some 19 months later this House has the opportunity to help fulfill the President's pledge. It can do that by voting for precisely such a reformed and greatly improved food stamp program. That program is contained in the so-called Foley-Quie substitute, introduced on December 1, 1970, as H.R. 19889, the Family Nutri-

tion Act of 1970. The Foley-Quie substitute is designed to replace the House Agriculture Committee bill, H.R. 18582. The committee bill, as the chairman of the committee himself admitted on Tuesday, December 1, before the House Rules Committee, was never intended to solve the problem of hunger and malnutrition. The committee bill is not in redemption of the President's promise. The reach of the committee bill is expressly limited in its declaration of policy merely to raising levels of nutrition among low-income households. The impact of its specific provisions may unfortunately be the opposite, for the amendments to the food stamp program it proposes are seriously regressive in their potential impact. Rather than increasing the possibility that the 24.3 million poor individuals in this country may soon have sufficient resources to afford an adequate diet, the committee bill may operate to decrease the number of impoverished families with access to food stamps. The essence of that bill is to make it harder, not easier for a poor family to obtain food stamps. Today, when only one-third of those in need are reached by the program, the thrust of any changes in the program should be to facilitate the program's extension to the other two-thirds.

That is why we have proposed this substitute. The Foley-Quie substitute is intended to provide adequate levels of food consumption and nutrition for the poor. It would entail a major restructuring of the present food stamp program to enable it to zero in effectively and efficiently and exclusively upon the hungry and malnourished poor in our midst, including the growing number of unemployed persons whose impressive history of work has been interrupted by the recession. Every one of its provisions is tailored to expanding participation to include all, not just some, of the poor, wherever they may happen to live.

The substitute would accomplish this objective by revising the program so that it would:

Provide food stamps worth at least 35 cents per person per meal;

Charge food stamp purchasers no more than 30 percent of their net income, with free food stamps given to the completely destitute (income of less than \$30 a month for a family of four) and cheaper stamps available to the hard-core poor— income of less than \$167 a month for a family of four;

Operate nationwide within 300 days of passage to reach the malnourished in every county in the country;

Ease county and State financial burdens by reducing the rigamarole of administration—for example, by authorizing post office issuance of stamps—while raising the Federal share of costs, especially when participation levels are high;

Extend eligibility to every needy person from a household of four—or the equivalent—with an income of \$4,000 or less;

Cut the expensive red tape of bureaucratic certification procedures in favor of self-certification;

Enable the elderly to buy meals—and not merely groceries—from nonprofit

groups and thus help them to overcome the physical and psychological barriers to an adequate diet;

Permit poor persons in Puerto Rico, the Virgin Islands, and Guam to enjoy proper nutrition;

Mandate weekly issuance of stamps to make payment schedules more flexible and realistically tailored to the cash flow of the poor;

Allow the food stamp and commodity distribution programs to operate concurrently in a given area under special conditions;

Run for 3 years under authorizations set within reasonable limits projected by administration budgetmakers—\$2 billion in fiscal year 1971; \$2.5 billion in 1972; \$3 billion in 1973.

At the same time, in order to be certain that the program would serve only the hungry and malnourished poor and not encompass undeserving recipients, the Foley-Quie substitute would:

Impose a combined registration and work requirement aimed at curtailing the distribution of food stamps to able-bodied adults—other than mothers with children—who refuse the offer of suitable jobs at the minimum wage or above, while permitting their families to continue to be fed adequately;

Tend to discourage participation by residents of communes;

Demand the strictest accounting and subsequent verification of the incomes of college students utilizing the program;

Require the swiftest possible denial or reduction of benefits—consistent with due process—to individuals who attempt to deceive.

In addition, the substitute would revise the commodity distribution program to further its delivery of nutritious foods and authorize research and demonstration projects to safeguard the Nation's nutritional well-being.

This brief summary of the scope of the substitute does not do justice to its particulars. That the House may come to understand the meaning of each of its provisions and the intent of those who labored to shape it into a coherent whole, I shall attempt to describe some of the details of the new food stamp program it envisions.

DECLARATION OF POLICY

The basic purpose of the Food Stamp Act under the substitute—section 2—is to provide adequate nutrition for low-income families. The present act refers to safeguarding health "to the maximum extent practicable." The committee bill cautiously refers to the act's policy "to raise levels of nutrition." Neither of these versions suit the central thrust of the substitute, which is to eliminate hunger and malnutrition. Increasing the food purchasing power of the poor may, as a partial byproduct, promote the distribution of our agricultural abundance and strengthen our agricultural economy—at a \$2 billion level, food stamps would add 2 percent to our expenditures on farm produce and foodstuffs—but the primary aim of the revised program is to aid the poor. There is no real conflict between their interests and these of the farmers, but the interest of the poor is foremost in this bill.

GEOGRAPHIC COVERAGE

The committee bill purports to extend the program to families in outlying areas of the United States, but it does so on a niggardly basis. The substitute bill, recognizing that some of the most disgraceful poverty conditions in the world exist in Puerto Rico, Guam, and the Virgin Islands, treats the residents of these territories and possessions, whether or not they are citizens, on a par with the needy residents of the 50 States and the District of Columbia, subject to variances to reflect the different cost of living in those three areas. Pursuant to section 3(j) of the substitute, residents of these three areas would be welcomed into the program on and after July 1, 1971, which is about as quickly as the Department of Agriculture—the Department—could implement the program there, given essential program mechanics, such as training persons in program procedures, providing arrangements for coupon issuance, certifying needy families as eligible, and authorizing retail grocers and food wholesalers to accept and redeem the stamps.

Residents of Puerto Rico, the Virgin Islands, and Guam would not buy stamps according to the same purchase schedules applicable to persons residing in the 50 States and the District of Columbia, although their eligibility for participation in the program would be determined according to the same nationwide standards. Instead, three additional and quite distinct purchase schedules would be drawn up for the three areas, reflecting the cost of obtaining a nutritionally adequate diet in those locations as determined by the Department. For example, it is clear that Puerto Rico buys over 75 percent of her foodstuffs from the continental United States. The resulting high maritime freight rates make food prices in Puerto Rico generally higher than the prices prevailing on the mainland for comparable items. However, Puerto Ricans also prefer a different type of diet than one consumed by most Americans, including such foods as plantains, pumpkins, breadfruit, rice, dry codfish, mangoes, garbanzos, and sardines. The Department, through its Agricultural Research Service, would take all of these factors into account in determining the cost of a nutritionally adequate diet in Puerto Rico and would adjust the purchase requirements and coupon allotments accordingly. Thus, if the Department were to determine that such a diet for a family of five in Puerto Rico cost a minimum of \$30 per week or \$128 a month—as home economists at the University of Puerto Rico have informed me was the case last year—then a family of five in Puerto Rico with a monthly income of \$75 would pay no more than \$14 a month for \$128 worth of coupons rather than \$17 for \$160 worth like a resident of Florida at that income level. Since the coupon allotment would be reduced to 80 percent of the 50 States and the District, the purchase requirement would be decreased to 80 percent of the requirement otherwise applicable.

The substitute places an 80-percent floor below which the coupon allotments offered to persons living in those three

places would not be permitted to fall. Thus, in no event, could a Puerto Rican family of five receive less than \$128 of stamps. The same provisions would apply to American Samoa, if the Secretary of Agriculture determined to extend the program there after discussing the matter with the Secretary of the Interior.

While the substitute bill sets a minimum food floor—80 percent—and bases the food purchasing power it would supply to persons in the territories and possessions upon the cost to them of securing adequate nutrition, the committee bill, eschewing the aim of combatting hunger and malnutrition, specifies a food ceiling—100 percent—and refers not exclusively to the cost of eating, but also to average per capita income. That average should actually increase, rather than decrease the coupon allotments to be furnished. If Puerto Rico's per capita income is less than 60 percent of the State with the lowest per capita income, Puerto Ricans need a greater, not a lesser bonus to enable them to eat in order to survive as productive human beings.

The committee bill would also, unlike the substitute, drastically reduce the number of Puerto Ricans eligible for food stamp benefits by reducing eligibility standards, perhaps to as low as \$2,400 for a family of four. The substitute would apply the \$4,000, or greater, eligibility standard to all three areas. In Puerto Rico this would mean that all of the 550,000 individuals who now receive commodities every month would be entitled to purchase stamps as well as any other individuals who qualify according to the nationwide income and resource standards.

Our poorest areas should be treated as equitably as is consistent with the program's goals. Malnutrition there is as intolerable as it is anywhere else in the United States.

PRODUCT COVERAGE

The committee bill retains the current definition of what may be purchased with food stamps. Section 3(b) of the substitute considerably broadens the list of permissible food products in order to recognize the special food needs of ethnic groups and the elderly. Under the substitute, Mexican-Americans in California and Texas would be able to buy products marked as originating in Mexico, if those products were regularly available in domestic supply, which would be the case if they were present in supermarkets or neighborhood grocery stores. Puerto Ricans in New York and Chinese persons in San Francisco would have access to foods of their choice, regardless of the foreign origin of the items.

The substitute bill retains in force the previous prohibitions against using food stamps to purchase alcoholic beverages or tobacco. It does not permit food stamps to be exchanged for any non-food items, whether clothing or housing or grocery-store type common household articles, such as cleansing products, paper products, or toiletries.

THE ELDERLY

The present Food Stamp Act through its definition of the term "household" and the term "food" excludes from program participation many otherwise eco-

nomically eligible persons who are aging. To participate in the program, a person must belong to a "household" that buys "food." That is, he must be either part of a group of related or nonrelated individuals who shop, cook, and eat together or an individual who purchases his food and prepares meals for himself. If a person is physically unable to cook for himself and, instead, has to go out to get a meal, or if he lives in a room with no space for cooking facilities, or if he cannot bring himself psychologically to eat by himself, he is prevented from obtaining food stamps because food stamps have, until now, been limited to groceries and could not be exchanged for restaurant meals.

This limitation has unfortunately slammed the door on a substantial number of elderly people, who cannot become well-nourished in the absence of the aid supplied by food stamps. Although food stamp program data do not adequately reflect participation by age group, one-person households, which would tend to cover the elderly, comprise less than 7 percent of all participating households. Thus, it is likely that less than 600,000 low-income elderly persons over the age of 65 are now receiving food stamps. Yet, census data reveal that there are nearly 4.8 million individuals who are poor and over 65, which means that the food stamp program alleviates less than 15 percent of the need among the elderly. In effect, the program's definitions currently operate to disenfranchise the remainder of the impoverished aging who are compelled either to forgo meals or eat in cafeterias because of the inadequacies of their living quarters or their physical incapacities or psychological disabilities.

The committee bill seeks to solve this problem by authorizing persons who are 60 years old or older to use stamps to buy meals as well as food. Under the committee bill, these meals must be prepared and delivered to them at home by a State or local agency or a nonprofit group. This is a very limited "meals on wheels" program indeed. By excluding all but the disabled elderly, it would cover only a very small fraction of the needy poor persons over 60.

The substitute would go beyond the committee bill in sections 3(b), (e), and (f) to enable private nonprofit organizations and public agencies to serve meals to economically eligible handicapped persons—those determined to be physically or mentally unable adequately to prepare meals for themselves—under the age of 60 as well as all financially eligible persons over the age of 60 either in their homes—as would be necessary for many of the physically handicapped—or in any other convenient location other than resident institutions and boardinghouses. Under this provision, school cafeterias could be opened to the elderly and the psychologically handicapped poor after school hours by the schools themselves or by church groups or other charitable organizations. Nonprofit groups could seek to lease private cafeterias during certain hours to provide meals to the same classes of people. The growing private effort to bring the elderly poor back into the mainstream of American life would receive a vital shot in the arm with this

creation of a new market of food stamp beneficiaries requiring service. The object of this change in the program would be to alleviate as much as possible the psychological as well as the financial barriers to good nutrition among the elderly.

FRATERNITIES AND COMMUNES

There has been some concern expressed about utilization of the program by groups of college students enrolled in fraternities or other collections of essentially unrelated individuals who voluntarily chose to cohabit and live off food stamps. The committee bill would leave the definition of household untouched and thus permit these practices to continue unabated. Section 3(e) of the Foley-Quie substitute singles out for exclusion from the concept of a household any group of six or more individuals no more than two of whom are related to one another by blood, marriage, or adoption. Thus, fraternity brothers could no longer participate on *masse* nor could nonfamilial communes in which men and women lived together without any legally recognized bonds, but groups of six and more with two married couples or a married couple and a child would buy stamps.

NATIONAL ELIGIBILITY STANDARDS

The committee bill would authorize uniform nationwide eligibility standards with respect to income and resources in place of the current varying State income ceilings, which range from as low as \$2,160 for a family of four in South Carolina to \$4,320 for the same family in New Jersey, and of the diverse allowable liquid assets limitations, which go as low as \$500 for two or more persons in New Mexico and as high as \$3,000 in Texas. At present, at least 10 States have eligibility ceilings so low that over one-half of the poor living in those States are automatically barred from obtaining food stamps. The committee bill would seem to remedy this, but the effectiveness of the uniformity provision in the committee bill is diminished by the committee's failure to set forth a specific and adequate income amount as a floor below which the States cannot go in determining eligibility. Instead, the committee bill places excessive reliance upon the discretion of the Secretary of Agriculture and delegates to him the authority to set the standards, with very little to guide him in his selection.

Section 5(b) of the substitute specifies a floor beneath which the Secretary may not go in establishing income eligibility criteria—\$4,000 per year for a household of four. Of course, the Secretary could, if he so chooses, fix the income eligibility at a somewhat higher level. After consulting with the Secretary of Health, Education, and Welfare, the Secretary of Agriculture might well determine that \$4,200 or \$4,320 or an even higher amount—given the disincentive problem—should be the level below which no State could set its requirements. Any State that so desired, including New Jersey, could continue to issue authorization to purchase cards to households whose annual incomes comported with higher State standards designed to take into account State differences in the cost

of securing an adequate diet. No State, however, could exclude any household with an income below the Secretary's figure.

The Secretary would be expected to revise his income standards annually in light of changes in the cost of living. The agency operating the program in a given political subdivision would apply these income standards to applicant households on either a yearly or monthly basis, whichever was more favorable to the household. Thus, if a migratory farmworker household wished to apply during harvest time, its income flow over the entire year should be considered, for, otherwise, the family would be compelled to spend all of its money on food in October and be destitute come February. If, on the other hand, a recently unemployed person were to apply, his apparent lack of income in the future would be the most relevant time frame upon which to focus, since his food purchasing power would be drastically reduced.

The problem is that income eligibility looks to what the individual household will have available in the way of funds during the period in which it will be trying to use food stamps. Normally, the most recent income history of the household furnishes the best point of departure for ascertaining what earnings are likely to be during the forthcoming months. However, there may be cases where anticipated future earnings may be substantially higher or lower than the household's past record, especially for households that are dependent on seasonal income from farm labor or construction work or that are affected by strikes, illness, and the like. The object of the income eligibility standards of the substitute, read in conjunction with the self-certification provisions analyzed hereafter, is to place the burden for predicting the future from the past upon the applicant, not upon certification workers. The certification workers are not permitted to themselves compute probable future income on the basis of their knowledge of the crops or farmers' harvest predictions or the like. They must accept the predictions of the applicant households as to their future income in determining eligibility.

The income standards in the substitute would be applied not to the household's gross monthly income, predicted or actual, but, as is the situation under the present program, to the household's disposable or net monthly income or what is now termed monthly allowable income. Disposable income in section 5(a) and net income in section 6(b) of the substitute refer to the household's total intake from earnings, public assistance grants, and other income sources less the mandatory or nonelective payroll deductions; that is, income tax payments, social security payments, union dues, insurance payments, retirement payments, and the so-called hardship deductions or expenses that substantially reduce the funds the household has available for the purchase of food, such as child care and health care costs, transportation to work bills, nursing costs for an invalid, excessive shelter and public utility costs, disaster repairs or replacements, and

special education expenses. The Secretary would be expected to permit hardship deductions on a liberal basis, with a particular view to furnishing incentives to work. If the household's net income was less than the applicable standard for a household of its size—and if its resources were similarly within the prescribed boundaries—that household would be eligible to receive food stamps anywhere in the United States.

The Secretary would, in similar fashion, establish resources standards of eligibility. Although the substitute mentions no specific dollar figure for liquid assets in this connection, the substitute does prohibit the Secretary from denying access to the food stamp program to any household because it owns its own home and furnishings, or because of the value of its clothing, or because it has a car that transports the family breadwinner to work or otherwise helps the household earn its living, or because of any other productive asset that is essential to its income. Contrary to some State and local practices, not only is such property excluded from consideration in determining eligibility, but it is also protected from any legal process connected with the administration of any family food assistance program, including commodity distribution, unless it is proven in court that the household has defrauded the program and process issues thereafter to recoup the program's losses.

The substitute bill, like the committee bill, would authorize the Secretary to establish temporary emergency eligibility standards that would ignore household's regular incomes and resources in nondisaster times and qualify them for participation in the program when those incomes and resources had been rendered inaccessible or been seriously reduced by a disaster.

CERTIFICATION PROCEDURES

The proposed expansion of eligibility standards outlined above would substantially enlarge the rolls of potential food stamp users in 14 States whose income cutoffs are currently more than \$1,200 per year below the new proposed floor and 19 other States where the differential is at least \$600, but less than \$1,200. But it would not significantly facilitate the extension of the program to more low-income households that had previously been excluded in the absence of any reforms in the methods of handling the eligibility process.

New York City is the classic instance. When New York City welfare and food stamp offices first began to take applications from nonwelfare recipients in September of this year, the line of applicants stretched for blocks, initial interviews were postponed for as long as 3 months, and final determinations of eligibility were delayed even longer. The resulting traffic jam prompted the Department to suggest that it would reconsider certification procedures and explore the possibility of self-certification. To date, no new guidelines have been forthcoming.

Accordingly, sections 5(a) and 7(b) (1) of the Foley-Quie substitute propose that applicant households become eligible to participate in the program at the end of 7 days after the filing by the house-

hold of a simplified statement in affidavit form primarily attesting to its income or upon certification by the operating agency that the household, upon the basis of its simplified statement, met the income and resources tests referred to above, whichever occurred sooner. Thus, by no later than one calendar week after it first sought to secure food stamps, any applicant household would become entitled to receive them, unless the simplified statement that it filed revealed on its face that the household was ineligible to participate or else contained mistakes in arithmetic—such as faulty subtraction of certain deductions in arriving at net monthly income—that, when corrected, changed the result so as to disqualify the applicant. Under section 7(e) (4) of the substitute, a household which felt that there were no mistakes or that its computations were correct, could seek a fair hearing on the matter and a prompt determination thereafter.

The form of the affidavit itself would be determined by the Secretary within the following guidelines: It should be as simple and as brief as possible, specifying only the name, address, and size, age, and occupation of the members of the household as well as various income, resource, and deduction categories. No other information would be pertinent for demonstrating the household's eligibility. The individual filling out the form should be required to affirm his understanding that all of the information furnished in the application was true and correct to the best of his knowledge and belief. Of course, whenever a substantial change occurred in any of these factors, such as an increase in pay or decrease in the size of the household, the household would be expected to notify the operating agency and file a new statement.

In place of the current system with its harsh and ultimately unworkable emphasis on preparticipation clearance that only results in lengthened lines that deny food to the needy and wasteful, harmful bureaucratic bottlenecks that benefit only unemployed caseworkers, the Foley-Quie substitute would require operating agencies to institute a system of adequate and effective post-participation verification of eligibility. This would be accomplished by mandating monitoring through taking a sampling of up to 10 percent of accepted affidavits and checking on the validity of the income and/or deduction factors contained in those affidavits. There are other scientific techniques that are in the process of being developed to achieve the same end—screening out the undeserving without making it impossible for the deserving to gain access to the program.

Self-declaration is by no means a novel method of determining eligibility. Nearly three-quarters of the States now employ some variant of self-certification in their public or medical assistance programs. On May 28, 1970, the Department of Health, Education, and Welfare required self-certification in all States in connection with eligibility for certain categories of assistance no later than January 1, 1971. It is also required by law starting this fall for the free and

reduced price school lunch program that is expected to serve 7.3 million children.

There have been no allegations of fraud in connection with the millions of affidavits already filed for school lunches. Nor has the Department of Health, Education, and Welfare experienced any substantial problems. In its report on the testing of the simplified method in the adult categories, the Department concluded that the use of the method enabled applicants to provide sufficient information upon which accurate determinations of eligibility and extent of entitlement could be based and that these determinations could be made and assistance provided quicker and with less paper work than under the traditional method. The report also stated that in very few instances had the 3 percent tolerance level of incorrect eligibility decisions been exceeded.

COLLEGE STUDENTS

A crescendo of protests has arisen over the increasing use of food stamps by students attending colleges or universities. While many such students do have need of food stamps in order to survive and further their academic goals because they lack any meaningful outside sources of support, some students who participate in the program are also heavily subsidized by their parents. It is essential to avoid having them remain on the program rolls while, at the same time, not to make the initial certification procedure so cumbersome in order to screen out students that it operates instead to deter the needy. The Foley-Quie substitute on section 7(b) (1) would resolve this dilemma by requiring that the sampling of 10 percent of the affidavits be supplemented by rigorous scrutiny of the income data contained in 100 percent of the self-declaration forms filed by any household which consists of or includes a student at an institution of higher education who is over 18. The intent is to require the student's parents to disclose the nature of the support, if any, that they are providing him so that the operating agency can make a valid determination of need. At that point, if the agency were to decide that a particular student should be declared ineligible, it could promptly convene a fair hearing conducted by an agency hearing official and, if victorious, instantly terminate the student's participation.

MIGRANTS

Self-declaration would be particularly valuable to migratory farmworkers who have been foreclosed from seeking food stamps in the past because they could not afford to waste a full day or more in a welfare office to get certified or to await approval by lingering in a county after the crops have been picked. Migrants need special relief not only by way of eased eligibility barriers, but also through intercounty and interstate certification that remains valid for a reasonable period of time after a move. Otherwise, they will never be able to enjoy the benefits of food stamps. Accordingly section 7(b) (1) of the Foley-Quie substitute permits any household that moves from place to place to maintain continuous participation and avoid losing the program's benefits because of the

move. Migratory workers would be free to follow the work stream and still receive stamps should their annual incomes warrant it. Since the food stamp program would, under the substitute, become nationwide no later than 300 days after enactment—and possibly earlier—the peculiar form of deprivation that afflicts migrants and isolates them from many types of Federal aid would no longer do so in the case of food stamps.

Of course, the obligation of the operating agency to treat net income on the most recent monthly or yearly basis, whichever is more favorable, would also enhance the prospect of meaningful migrant participation.

THE WORK REQUIREMENT

Under the present program, some 11 States, for instance, South Carolina, refuse to purvey food stamps to any household containing employable persons who do not register with the State-local employment service and accept employment that is fitted to their mental or physical capacity and work skills and that is compensated at a standard wage level. No Federal regulation prevents States from adopting this type of workfare qualification; but, if it is not imposed in the State plan governing the program, individual counties may not enforce it.

The committee bill, however, has created a national, not State-by-State administrative nightmare of a work test that is either essentially unenforceable or else would unnecessarily deprive hungry and malnourished mothers and children of food stamps in order to redeem the omissions of their husbands and fathers. The Foley-Quie substitute would replace it with a more reasonable, yet equally work-oriented provision that would not deny aid to mothers and their children because of the failures of other household members.

The committee work test would compel registration and work by certain members of a household as a condition of that household's eligibility to receive food stamps. Thus, a failure to register by one member of a 10-person household would prevent the other nine from ever receiving the stamps to which they were entitled and of which they had need. The registration and work requirements contained in section 5 (c) through (g) of the substitute are not conditions of eligibility. They do affect the household's level of participation in the program, not the fact of its participation. The penalty for failure to comply is not a brutal cut-off of all food aid, but a reduction of such aid designed to eliminate that portion of the benefits attributable to the individual who is not in compliance. For example, under the substitute, if a man with a wife and two children under 16 and a monthly income of \$150 should fail either to register as required or accept work in accordance with the provisions of the law, the formula contained in the substitute would not affect that household's maximum \$37.50 purchase requirement, but would reduce the household's total stamp allotment by \$22.50 or one-fourth of the \$90.50 bonus—the excess of the allotment over the purchase requirement—to \$105.50.

The committee bill work test and Foley-Quie work requirement govern different classes of people. The age group to which the provisions are applicable in the committee's bill runs from 18 to 65. The Foley-Quie substitute's age bracket is 16 to 60, although both bills exclude bona fide students of any age. The committee bill is inapplicable to the non-able-bodied; Foley-Quie, to the ill or incapacitated. Mothers or other persons in charge of children or the incapacitated are similarly excluded under both bills, although Foley-Quie also does not apply the requirement to caretakers of the ill. Finally, Foley-Quie exempts the partially employed in the sense of those working at least 35 hours per week or earning at least \$56 per week.

The Foley-Quie registration requirement would presumably be implemented by having the household applying for food stamps check off several appropriate boxes—that is, age of children, physical condition, student status—on the self-certification affidavit at the office of the operating agency. There would be no need to compel attendance at two separate locations to perform such a simple act. The operating agency would either agree that none of the household members were within the purview of the registration section—but refer household members to the State vocational rehabilitation agency for vocational rehabilitation if they were not required to register because of a handicap or disability, or else decide that one or more members should register.

But the practical consequences of failure to register, despite the operating agency's conclusion that registration is necessary, differ depending upon whether the household is already participating in the program on the date the registration provisions of the substitute are implemented by the Department's promulgation of regulations or whether it seeks to come onto the program's rolls thereafter. In the first instance, the household's bonus could only be reduced proportionately after the operating agency gave it reasonable notice and a fair hearing in accordance with the procedures contained in FNS (FS) Instruction 732-14, dated May 28, 1970. In the latter instance, proportionate bonus reduction could be instantaneous, with the household retaining the right either to register and thereby automatically restore the bonus to its full level or else demand a fair hearing in the hope that, at such a hearing, the operating agency would determine that the particular member's failure to register was for good cause—either because he was in one of the exempted categories or else because the program administrators were otherwise at fault.

The Foley-Quie work requirement itself applies to all registrants and only to them. In order to be compelled to work or else face reduction of bonus benefits—after reasonable notice, a fair hearing, and an agency finding of without good cause refusal to participate in suitable employment—the registrant would have to be offered work that met four basic tests. First, the work offer itself would have to come from either the State public

employment offices or any employer so long as the operating agency determined the offer to be bona fide and not merely a ruse to prevent a household from obtaining its full quota of food stamp benefits. Second, the work would have to satisfy the traditional unemployment compensation test of "suitability" that employment offices and the courts have become used to applying over the years.

Third, the position offered could not be one that was open as a consequence of a strike, lockout, or other labor dispute in order to avoid the use of food stamps as an incentive to scabbing. Fourth—and most important of all—the job would have to pay at least \$1.60 an hour, which is the Federal hourly minimum wage, even if the job were not covered by the Fair Labor Standards Act of 1938—the substitute hypothetically assumes that, for the purpose of the work requirement, offered jobs are so covered. The job would have to pay even more than \$1.60 if the prevailing rate of similar jobs in the locality or the state or local minimum wage were higher. Thus, while \$1.60 would be the floor, it would not govern construction jobs for which the going rate was \$2 or \$3 per hour. The significance of this wage aspect of the work requirement is that, unlike the committee bill, it would not permit hundreds of thousands of adult members of stamps-using households to be forced into sweeping streets or digging ditches or cleaning homes or doing laundry for ridiculously low wages—50 cents an hour for domestic work in Alabama and Mississippi, no State minimum for State jobs, and no State minimum at all in 13 States, the majority of them in the South.

Finally, the Foley-Quie substitute work requirement would not go into effect overnight without sufficient time to implement it fairly and thus result in interminable lines at grossly overworked employment offices. Implementation of the work provisions would be delayed until the earlier of 300 days after the President signed the food stamp bill into law or the date upon which the food stamp program became effective nationwide.

STAMP ALLOTMENT VALUE

The key to the efficiency of the food stamp program is maximizing the participation of those who need its aid. Program participation is, according to administrative experience, related to two variables: It varies directly with bonus aid and indirectly with the cost of the stamp allotment. The committee bill makes no significant changes in the current handling of these two crucial variables. It merely leaves them both to the Secretary's discretion. The administration has indicated that, if fixing the stamp allotment value is placed in the Secretary's hands, it will provide a maximum of \$106 to a family of four. This is the cost of the so-called economy food plan for a family of four with two schoolchildren is \$107.80 a month, although the Department has made no move to implement the food stamp program.

The economy food plan is an estimation derived by USDA based on 80 per-

cent of the cost for the low-cost plan. The Bureau of Labor Statistics ascertains the retail costs of per person quantities of a market basket of necessary foods in 11 food groups as those quantities are specified in a 1964 Agriculture Department revision of the original 1959 economy food plan which took account of changes made in 1963 by the National Research Council in the recommended daily dietary allowances for vitamins and minerals. No similar updating of the food plans have followed the Council's 1968 "Recommended Dietary Allowances" revisions. Thus, the present economy food plan may already be out of date from a nutritional value point of view.

But even if it were an up-to-date measure of nutritional subsistence, the economy food plan upon which the Nixon administration has relied in fixing allotment values is too risky a measure of the purchasing power needed to insure against malnutrition. It does not offer a sufficient margin of safety against medical problems predicated on the purchase of insufficient food containing the right nutrients.

To be able to afford the economy plan is no guarantee that one can afford a nutritionally adequate diet measured by the recommended daily dietary allowances for nutrients. The plan demands that the homemaker be an expert in marketing and food preparation. Although nutritionists use the plan, they recognize its limitations. They rely on it only as a short-term guide for what a family can do when it is temporarily caught short. The Bureau of the Budget has admitted that "probably most families could not remain well-nourished on such a diet." The Department is so embarrassed by the misuse of the economy plan as a social indicator that it stated in a menu-planning guide based on the economy plan that—

Studies show that few families spending at the level of the Economy Plan select foods that provide nutritionally adequate diets. The cost of this plan is not a reasonable measure of basic money needs for a good diet. The public assistance agency that recognizes the limitations of its clientele and is interested in their nutritional well-being, will recommend a money allowance for food considerably higher than the cost level of the Economy Plan. Many welfare agencies base their food cost standards on the USDA Low-Cost Plan which costs about 25 percent more than the Economy Plan.

The Foley-Quie substitute sets 35 cents per person per meal as its bare nutritional minimum for fiscal year 1971—or approximately \$128 for a family of four each month. In each of the 2 succeeding fiscal years, the Secretary would be required to adjust that figure to reflect the cumulative percentage change in the Consumer Price Index for food. Since a 5- or 6-percent increase in that average is anticipated in the forthcoming calendar year, it is likely that, as of July 1, 1971, 35 cents would have to become 37 cents. To go below this amount would be to deny needy households the means of effectively surmounting hunger and malnutrition. This sum is still not equivalent to the low-cost food plan, which is at the \$134.60 monthly level for

a family of four as of last September. And even this sum is subject, in exceptional circumstances, to reduction by the Secretary should he determine that the fiscal year 1971 appropriation—\$1.42 billion scheduled to go at least as high as \$1.65 billion—or the fiscal year 1972 and 1973 authorizations—\$2.5 billion and \$3 billion, respectively—would be insufficient to last for the entire fiscal year given the expected rate of participation. With 8.8 million persons on the food stamp rolls in October 1970, the 35 cents floor should prove no problem in the current fiscal year. What future fiscal years may bring in the way of participation, hence, projected program costs, is highly uncertain.

The Secretary's remedy, in the event that he foresees a cost squeeze, is to adjust the allotment value downward to the higher of 30 cents per meal or the economy food plan as promulgated by the Consumer and Economics Research Division of the Departments of Agricultural Research Service—currently also close to 30 cents per meal, but potentially higher in the future. The Secretary would be required to make this evaluation every quarter—July 1, October 1, January 1, and April 1—and report his decision on the allotment value to the relevant congressional committees at least 30 days before seeking to reduce the allotment value.

THE COST OF THE STAMPS

The central barrier to using food stamps is the high cost of participating when compared with the benefits each user might receive. In the summer and fall of 1969, a statistical study of the program was conducted that focussed on program operations in 37 counties in nine States. The researchers examined the files of participants and nonparticipants and surveyed numerous households. Their major conclusion was that the cost to the user was responsible for excluding at least 56 percent of all the poor who did not buy food stamps in food stamp counties. The purchase price requirement closed the door on the poorest of the poor—those with incomes of up to \$50 a month for a family of four—because the lump sum cash payment was too high for them to meet at any one time in the course of a month. It foreclosed the intermediate-income poor—\$50 to \$200—from participating because of the high percentage of income required as a down payment for food stamps. It shut out the most "well-to-do" of the poor—\$200 up—because the odds involved in the bonus-cash purchase ratio were not attractive enough to entice them into committing large sums of income to food stamps.

The current Food Stamp Act simply refers to enabling households to take "their normal expenditures for food" and purchase stamps "in such amount as will provide them—with an opportunity more nearly to obtain a low-cost nutritionally adequate diet." What is normal for poor people to spend for food? Congress declined to answer, leaving it up to the executive branch to make the decisions in light of budgetary limitations. The program managers in the Department took this relatively blank and flexible check and made it very difficult in-

deed for many poor people to cash. That was because the Department relied on studies that seemed to reveal that the poor often lay out between two- to three-fifths of their disposable income for food. In the fall of 1969 the Department revised its interpretations of these studies. The revisions resulted in new issuance schedules that merely alleviate, not abrogate the user cost problem.

The price squeeze is acute for all households. Families cannot live on bread alone. Shelter, clothing, transportation, medical care—these and many other items have equal significance in their lives and may, from time to time and especially in emergencies, take precedence over food. Housing is a necessity and housing is costly, consuming an all-too-large proportion of low-income budgets because of the combined effects of inflation, financial restraints on housing credit, and the increased shortage of low-cost housing. Rent and utility costs are not only high, but they are inflexible. They demand priority payment. Failure to pay the rent could lead to eviction. Failure to pay the gasman means freezing. Defaulting on the electricity company means instant blackout.

If the children are to go to school, they must have shoes and clothing. Medical care is essential as is paying for transportation to work. Automobile and appliance breakdowns necessitating large sums for repair further cut into the dollar that is already shrinking by itself. The most flexible item in the budget is food. Food comes last. It gets the leftovers, which quite frequently will not be sufficient to pay what the food stamp tables so relentlessly demand.

Even in the absence of emergencies, complying with the issuance tables means withdrawing relatively large sums from an already overloaded budget, sums that are proportionately greater for those in the middle range of poverty than for the very poor or those almost at the poverty line. For a family of four, the purchase requirement ranges from in excess of 100 percent of income—between zero and \$2 in monthly net income—to a low of 10 percent at the \$20 income level. These are atypical. From \$20, the percentage of a participant's income that must be allotted to stamps rises to a peak of 28.8 percent at \$250 and falls back down to 24.2 percent at \$330, which is the proposed cutoff point for eligibility. Over one-fourth of monthly net income must be allotted to stamps rises to a peak in excess of 28 percent is necessary between \$150 and \$260.

Thus, from \$20 per month until \$270 per month in net income, the table's parabola goes directly contrary to the economic principle known as Engel's law. Normally as income rises, people spend increasingly smaller proportions of their income on food. But normal economic behavior does not govern the food stamp issuance tables. Instead from \$20 to \$270 the poor must pay more, not less, for food, out of each income increment. Every \$10 boost in income leads to a mandatory diversion of three of these added dollars to food stamps. The diversion rate as of 1970 is vastly superior to the one in effect in 1968 and 1969 when six

out of every 10 such dollars were food stamp-taxed away, but a $33\frac{1}{3}$ percent tax on income is not negligible. The poor, unlike the rich, are not free to divert new income to nonfood uses. The food stamp program distorts their allocation of resources.

While a family of four is the traditional focus for statistical purposes, the same phenomena obtain for families of eight or more, except that the percentages of income that must be applied to stamps are even greater. Thus, the percentage input ranges from 100 percent-plus at the top—for families whose monthly net income is below \$3—to 15 percent—for families with \$20 a month net income. The payments go up as high as $33\frac{1}{3}$ percent of income, which, in fact, is the peak percentage in the entire set of tables.

The food stamp tax rate on the incomes of large families fluctuates according to no arithmetic pattern. Four dollars are subtracted from most of the \$10 step increases over \$80. But between \$140 and \$310, six out of every 10 extra dollars must be spent for stamps if the family wants to continue to participate. Families of 10 must comply with an identical scale of purchase requirement up to the \$630 level. For households of more than 10 persons, the scale is the same as for households of eight, except that when income exceeds \$810, for each \$30 worth of monthly income, \$4 is added to the monthly purchase requirement, a 13 percent tax rate, which comports with what the American middle-class in fact does with its money.

The percentage of its income a household must pay as the price of participating in the food stamp program thus generally ranges between 20 and 30 percent for families of all sizes. Thirty percent is exceeded not at all for families of five or less. For families of six 30 percent is surpassed only between \$150 and \$290, for families of seven between \$150 and \$360, and for families of eight or more between \$140 and \$360, with some adjustments within these brackets. Again, it is the middle bracket of the poor that is charged the most.

The 1970 price squeeze is undeniably looser than the one previously in effect when the purchase schedules peaked at 46 percent of income and generally were fixed between 30 and 45 percent. What is needed in 1971 and beyond is an end to as much of the squeeze as possible. The Foley-Quie substitute constitutes a step in this direction. Not only would section 6(b) of the substitute limit the charge to any eligible household to a maximum of 30 percent of the household's net income—and the charge could and, indeed, in most cases should be much less than the 30 percent maximum—but also it would hold the charge down to no more than 25 percent for families of four—or the equivalent—earning less than \$167 per month or \$2,000 a year. This is the most suitable way to ease the burden on the hard-core poor, even though it does not go all of the way in resolving the problem of user cost.

FREE FOOD STAMPS

The committee has imposed a minimum payment for food stamps of 50

cents that applies to families with no cash income at all. Even the administration has expressed its disapproval of this restrictive feature.

The present law on its face authorizes free stamps to be issued to households who have no normal expenditures for food, although neither the Johnson nor the Nixon administrations have ever agreed to be bound by that statutory interpretation. The prevailing belief, often expressed, has been that anybody ought to be able to afford \$2. Or can they? A tenant farmer may have no income whatever, because the plantation owner simply deducts what his crop is worth from the larger sum owed him for materials. A man who can find no employment, especially in Appalachia or some urban centers, may head an incomeless family and probably be unable to go on welfare. A migratory worker in December, January, and February might have zero income. Examples could be multiplied, but the consequences would be the same. And according to the Office of Economic Opportunity, there were 1.3 million of such very poor people with no cash income at all in the United States in 1968.

The Department of Agriculture first recognized the existence of this tragic problem in 1968 after a survey of the Mississippi Delta. Their response was to lower the threshold payment to the present \$2 or 50 cents each, but not to give the stamps away free. The no-income family was left to beg, borrow, or steal. Finally, under the severe pressure of adverse publicity in March of 1969, triggered by criticism by Senator Hollings, Democrat of South Carolina, the Department announced an experimental free food stamp program in Beaufort and Jasper Counties, S.C. The free stamps were extended to families of two or less with under \$20 income and families of three or more with less than \$30 income per month. The results of that experiment proved what everyone knew all along—that there were families with literally no income, many of whom could not participate in the program in the absence of free stamps. Indeed, 900 persons secured free stamps in March 1969.

There are, of course, methods of pump-priming the food stamp program with other funding sources to take care of the no-income families. Private charities, such as the NAACP Mississippi emergency relief fund, which works on the delta, or the Salvation Army, can give families cash to purchase stamps. In September 1969, after the advent of Hurricane Camille, the Department lowered the purchase requirement for the people living on Mississippi's gulf coast in hard-hit Harrison County to 50 cents across the board. The Red Cross stepped in to provide the 50 cents for anyone in need. As a result, in the month of September, 95,536 persons in Harrison County received food stamps, a 2,754-percent increase over the participation in August by 3,348 persons. By October, when normal purchase requirements were reimposed, the number had collapsed to 4,983 once more.

If it is willing, a local welfare system can intervene. The one in the District of Columbia has provided free stamps

for no-income families at a monthly cost of over \$1,000. But the program itself has no mechanism for assuring participation on the lowest rungs of the economic ladder and other sources, private or governmental, are far too thin, irregular, or unreliable consistently to take up the slack and finance participation by the poorest of the poor.

The only viable long-run solution is free stamps for the poorest of the poor. Section 6(b) of the Foley-Quie substitute would see to it that those households with incomes of less than \$30 per month for a household of four—or the equivalent monthly income for households of other sizes, for example, \$45 for a household of six—would receive stamps without any charge whatever.

COUPON ISSUANCE—FREQUENCY

The absolute cost of the stamps may not be the sole reason why poor people feel that they cannot participate in the program. The "cannot" for many of the poor is not essentially a function of their failure to afford the necessary sum, but of the inappropriateness of applying the concept of balance-sheet budgeting to the poor. Such budgeting is hard to comprehend and impossible to adhere to in the face of constant pressure to spend on other essentials and emergencies. The "cannot" primarily reflects an inability to have the large sums of cash required on hand at the appropriate time.

The "cannot" reflects the fact that a few, fixed lump-sum payments do not comport with the free flow of cash in and out of the hands of the poor. It is not a simple matter for a mother of six with a monthly income of \$250 to pay over \$38 in cold cash twice a month to receive her stamps. Even middle-class mothers shopping at the suburban A&P might not be able to come up with \$38 every other Saturday to spend on groceries. Indeed, supermarkets located in the heart of the Washington, D.C., ghetto report that they see the same customers two, even three times a day, trading a just-earned dollar or two for the wherewithal to prepare a meal.

There are two possible solutions to the problem posed by the formal mechanics of the program that inevitably enforce savings for food purchases upon people unaccustomed and often unable to do other than pay as they eat. The first is to cut the overall payment level. The second solution is to mold the program's structure to accommodate family economic reality by avoiding the need for large and infrequent lump sum payments for stamps.

The Department took a stab at alleviating this condition in 1967 when it instituted a special introductory offer in food stamp programs that had been in operation for less than a year. The offer meant that people who came into the program for the first time could, during their first month of participation only, pay one-half the applicable purchase price. Thereafter, no discounts were available.

The Department did not attempt at that time to change the all-or-nothing rule, which compels a family to buy what the table states or stay out, and

to do so no more than twice a month. Stamps used to be available only once a month, timed to enable welfare families to buy stamps when they received their welfare checks. Now the Department claims that, in 90 percent of the counties or polities administering the food stamp program, stamps are offered on a semimonthly basis, as they are supposed to be according to regulations. Regardless of the validity of that statistic, even two times a month is not as often as it should be.

The Department's 1970 schedules were designed to alleviate the frequency bind by permitting stamp purchases to be made monthly or semimonthly or four times a month or every week. Unfortunately, it is clear that the counties are not required to comply. At present, the same mother of six with \$250 a month in net income has to pay \$38 twice a month for \$72 in stamps. Under the weekly purchase mandate of section 7(b)(2) of the substitute, she could come in once a week with \$17 and receive \$45 in stamps, or on the 1st, 8th, 15th, and 22d of the month with \$18 and obtain \$48 in stamps, or on the 1st and the 15th with \$36 in return for \$96 in stamps, or on 1 day only with the full downpayment of \$72 for the complete stamp allotment of \$192. Of course, these figures are only approximate and ignore the variable purchase factor discussed below.

The Department's current schedules do not allow for complete variable purchase. The committee bill directs the Secretary to provide a reasonable opportunity for any eligible household to elect to be issued a coupon allotment authorized to be issued to them. The Secretary would, thus, have the discretion to set variable purchase levels. That discretion would presumably be limited to the present frequency of two, four, or 4.3 times a month and concomitant input of 50, 25, and 23 percent of the monthly purchase price in return for one-half, one-fourth, and 23 percent of the total monthly coupon allotment.

That is insufficient flexibility. Section 7(b)(2) of the Foley-Quie substitute would direct the Secretary to establish a schedule permitting partial payment on more than a one-fourth basis. That is not to say that any household could come in at any time with \$1 or indeed any sum at all and seek to buy its worth in food stamps, but only that households should be granted the right to put down as little as one-tenth of the purchase price at any one time with an outside limit of four or five buys per month.

The problems posed by a combination of the high cost of stamps and issuance inflexibilities are further compounded by the "no skip" clause in the regulations. A household must buy the stamps month after month after month on a regular basis or else be forced to go back to "go" and start all over again—without collecting any benefits—to play the certification game. Excuses based upon an emergency of a temporary and substantial nature may work if a household misses 1 month, but only if the local offi-

cials are agreeable. To skip 2 months is to invite automatic disqualification.

The statute nowhere so provides, but the Department did, allegedly because that was the only way the program could effectively raise levels of nutrition. According to the Department:

If a family eats well for one month, then skips two, food stamps won't be doing the job.

In other words, the program must feed a poor family all the time or not at all—4 stamp months out of 12 are not better than none. The Disneyland logic is that doing without will always do more for raising one's level of nutrition than doing with part time. The impact of this provision falls hardest upon groups whose problem is struggling to maintain their income levels month by month, such as seasonal workers in farming or the construction industry and temporary workers such as domestics, waitresses, and laborers. It also adversely affects low-wage workers who can barely afford to participate at all and are forced off when any substantial, unanticipated expenses arise.

The Foley-Quie substitute—again section 7(b)(2) thereof—would make it statutorily clear that no requirement of regular participation could be imposed. Whenever an eligible household needed stamps, it could buy them, even if only five or six times a year.

The fourth change in the issuance aspect of the food stamp program made by the Foley-Quie substitute in order to enhance the possibility that poor people could participate is the institution of a food stamp check off, enabling persons receiving any form of grant or aid pursuant to the Social Security Act—including old-age, survivors, and disability insurance benefits, unemployment compensation, aid to families with dependent children, and public assistance for the aged, blind, and the permanent and totally disabled—to request either the State or the Federal Government—presumably the Secretary, acting in concert with the Department of Health, Education, and Welfare—to withhold from any such grant or aid payments the amount of such benefits necessary to purchase any part or all of the food stamp allotment to which the recipient is entitled. While this would be a purely voluntary act on the part of eligible households, it would help them avoid the dilemma of having spent so much of their assistance checks before they could proceed to food stamp issuance locations that not enough remained to permit them to buy any stamps. This has been a particularly acute problem in the past because of the inconvenient location and limited open days and office hours of issuance centers. The checkoff thus not only would eliminate a significant barrier to participation, but also would substantially reduce and even entirely wipe out the bulk of issuance costs paid by county welfare agencies with respect to those demanding checkoff of their purchase requirements.

COUPON ISSUANCE—LOCATION

Under the present program, food stamps are usually sold at and by local

welfare agencies, although banks, credit unions, some poverty agencies, and even some local businesses—for example, drug stores or public utility companies—are sometimes utilized. When the local welfare agency contracts with a nonpublic agency to dispense stamps, the sellers generally charge the program between 50 cents and \$1.10 per transaction, occasionally making a small profit. The problem is to combine convenience of location with low program costs and security.

The Foley-Quie substitute in section 7(b)(2) would seek to resolve the situation by essentially directing the Secretary to negotiate with the U.S. Post Office or its private corporate successor to obtain an agreement that, in exchange for suitable reimbursement, post offices, which are particularly convenient locations in small towns and incorporated rural areas, would undertake to issue stamps and collect payments. If the post offices were inconvenient or unwilling in any particular political subdivision or supplemental issuance centers were needed, the other agencies now in the issuance business would come into play, including private nonprofit organizations interested in helping the poor.

A NATIONWIDE FOOD STAMP PROGRAM

One of the greatest defects in the current law is that it requires the conjunction of two factors before a food stamp program can operate in any locality: first, the appropriate State agency—usually the welfare agency—must request that the program be conducted within the particular political subdivision and, second, the Secretary must admit the subdivision to participation in accordance with his conception of "an equitable and orderly expansion" of the program. Should either of these discretionary triggers fail to be squeezed, there can be no program in the area despite the people's need. The results of this combined local-Secretary option speak for themselves. As of October 1970, only some 1,947 jurisdictions had a program in operation out of nearly 3,200 such jurisdictions in the country or approximately 60 percent of the potential. Over 200 more of the 1,300 excluded jurisdictions were seeking the right to participate, but had not been able to persuade the Secretary that their participation would constitute equity or order, primarily because the Secretary was worried about spending too much money or feeding low-income households. Five States—Arizona, Delaware, Nevada, New Hampshire, and Oklahoma—had no food stamp program within their borders.

For a county to get a program, usually the commissioners or the probate judges or some other local officials have to request one from the State welfare agency. It is by no means unusual for these key officials to resist the initiation of such a program in their county because of ignorance of the dimensions of the malnutrition problem or fear of incurring local costs or malice toward the poor or any other number of bad reasons. Unless the local officials are willing, no program. Even if they are willing, the Secretary may not be, given limitations on authorizations and appropriations. The Secretary, at present, does not feel financially

able to welcome into the program all of the project areas that are pounding on his door. During the past year he has admitted only 363 such areas.

There is no reasonable way to resolve this dilemma and conquer these barriers to expanding the program to reach all of the needy wherever they happen to reside other than by setting a time limit for making the program operative nationwide in every political subdivision, and then directing the Secretary to operate the program directly or through other agencies or organizations should a particular subdivision or a State prove recalcitrant. The substitute is designed to end the Federal Government's negative role in the geographic extension of the program and replace it with precisely the approach outlined above.

Section 7(g)(1) of the substitute calls for the program to take effect—that is, with stamps actually being issued—within 180 days from the day on which the President signs the act. If the local officials fail to act by then, the Governor of the State is afforded the right to act within the next 30 days to set up the program and issue stamps on his own authority. Should any Governor either be unwilling or unable to open the program by 210 days from enactment, the Secretary would be compelled to initiate the program either through his Department or any other Federal agency—for example, the Office of Economic Opportunity with its emergency food services program—or through a State or county or other public agency, such as a local community action agency, or, and this may be the most feasible route, through a willing and able—the Secretary's approval of the group's capacity would be a prerequisite—private nonprofit organization, presumably one with local roots. To prevent this provision from becoming too inflexible to meet unusual circumstances, the Secretary would be given the right to extend a Governor's option an additional 90 days—for an overall total of 300 days from enactment—should there be a showing of bona fide and extraordinary administrative difficulties preventing implementation in accordance with the statutory timetable.

Thus, no later than 300 days from enactment, food stamps should become available to poor persons living in every town, city, and county in the country.

A food stamp program that exists only on paper because it reaches only a few of the needy is as bad as a nonexistent program. To overcome the deficiencies of a paper program, the Secretary would be similarly empowered to farm the program's operation out to himself or any of the other agencies or organizations referred to above, including the private nonprofits. The objective program failure that would enable the Secretary to take such action is defined in section 7(g)(2) of the Foley-Quie substitute as the inability to serve more than one-third of the poor persons living in the jurisdiction for more than 3 months in a row after the program has been in effect for 180 days. The applicable poverty statistics would be determined by the Secretary in light of census data or any other recent data available from the Secretary of Commerce.

Thus, if in a county in which a food stamp program had begun last June 1, there appeared from Commerce data to be 3,000 poor people, and, if that program provided stamps to less than 1,000 persons in January, February, and March of 1971, the Secretary could, if he wished, as of April 1 or whatever date he learned of this inadequacy, notify the Governor of the applicable State of his right to take over the program by May 1—or within 30 days of the date of the Governor's actual notification. On May 1, if the Governor had failed to move, the Secretary would have the right to dispose of control over the program. It is the intent of the substitute to encourage wherever possible such a revitalization of paper or token programs that fail adequately to serve those in need in accordance with the objective poverty standard. On the other hand, the substitute rewards good performance by a program through an increase in the sharing of administrative costs, which is considered below.

If any organization other than the traditional State or county welfare agency is given the responsibility for running the food stamp program in a given locality, the Secretary would have to require the operating agency, be it a poverty program or the Salvation Army, to observe all of the act's requirements incumbent upon the traditional welfare agencies. Those requirements are contained in the State plan provisions of section 7(e). Section 7(e) commands each State plan of operation to provide that the local operating agencies in each State—that is, any group administering the food stamp program—will follow the nationwide eligibility and resources tests as well as certify households solely on the basis of simplified statements. There would be no requirement comparable to the present one that the State agency use only civil service welfare caseworkers in running the certification process. The local operating agencies would be free to employ whomever they chose, including volunteers, to overcome the harmful delays in certification. But the local operating agencies would not be free to divulge information from applicants to nonagency officials other than the district attorney's office. They would also have to submit reports, as before.

Local operating agencies would have to undertake outreach efforts to inform low-income households about the program's benefits and mechanics. This is a new directive that gives recognition to the fact that the lack of effective outreach is one of the major reasons why the program has failed to reach a significant number of the poor, many of whom are totally unaware of the program's existence and unfamiliar with its benefits and intricacies. This mandate for outreach, coupled with the incentive provision of the Federal Government's paying 62½ percent of the travel and salary costs flowing from such activities—unless outreach was undertaken by nonoperating agencies such as other public agencies or private nonprofit organizations, in which case the cost would be fully reimbursable—should insure that the program will be sufficiently promoted and participation effectively encouraged. The cost-reimbursable as-

pect of the encouragement of outreach should yield multiple food stamp organizing campaigns designed to put all eligible local residents on the rolls.

Finally, the State plan incumbent upon all local operating agencies would have to contain provision for a fair hearing to be granted to any household aggrieved by any of the agency's actions, ranging from outright denial of eligibility to failure to act with reasonable promptness on an application to disagreement over the interpretation of the State plan and policies pursuant thereto. The components of a fair hearing have already been made clear to every State welfare agency through detailed Department instructions (FNS-FS-732-14) issued on May 28, 1970. Those instructions accurately set forth the minimum standards of such a hearing. The only matter on which they are doubtful is the necessity for the hearing authority to render a final administrative decision with reasonable promptness dating from the initial call for the hearing. Elapsed time from request to decision should rarely, if ever, exceed 30 days. The instructions appear to allow 60 days, which is too lengthy when food need is at stake.

ADMINISTRATIVE COSTS

A major deterrent to local participation is the high cost of administering the program. Counties and States are not anxious to incur greater obligations and more expenses. That is why the escalating bonus-matching provisions of the committee bill are so devastating. If, as is likely, the State legislatures in the South—and possibly in other areas—were to pass on these costs to the counties, many counties now dispensing stamps would exercise their current right to drop out of the program. They already face substantial program expenses in the form of 37.5 percent of the cost of certifying nonpublic assistance households, 25 percent of the cost of certifying public assistance households—although this is usually considered to be part of administering the welfare program—and 100 percent of the cost of issuing the stamps, whether through themselves or through banks, and so forth. Faced with these costs that mount directly in proportion to the level of program participation, several counties in Mississippi have already indicated interest in dropping out. The added bonus burden would be the straw that broke the camel's back.

Section 9(b) of the substitute and the entire substitute itself is designed to lighten the load, not increase it. It would extend the Federal 62.5 percent certification share to hearing officials and outreach workers. It would eliminate the bulk of certification costs through the simplified declaration eligibility system. It would make reductions in issuance costs possible if the post offices would negotiate a lower charge than the banks.

One of the special virtues of 9(b) is the manner in which it would invert the current reverse incentive to program expansion. Under the present program, the more the participants, the greater the issuance costs. It pays an operating agency to curtail, not expand the rolls, 9(b) would turn this around by awarding a bonus to agencies that boomed their pro-

grams by reaching out to encompass more than 50 percent of the poor persons in the applicable political subdivisions. The bonus would consist of Federal reimbursement for 50 percent of the issuance costs incurred by such expansion-minded agencies that performed their job of reaching the malnourished well.

9(b) would also enable private nonprofit organizations to operate programs that otherwise might be too expensive for them to handle by authorizing 100 percent reimbursement of their administrative costs involved in running a program in a subdivision without a program or with a program that failed to serve the poor adequately. Public agencies permitted by the Secretary to operate programs under similar conditions would also receive 100 percent financing of all their administrative costs. Nutrition counseling and instruction activities and outreach efforts conducted by public agencies or private nonprofits would also fall within the confines of the 100 percent reimbursement principle.

NUTRITION COUNSELING AND RESEARCH

Although the Department runs a nutrition aide program through its extension service that utilizes over 7,000 aides to help educate needy households on the value and content of good nutrition, there is a noticeable lack of coordination between that program and the food stamp program, with the result that many food stamp recipients lack the information they could profitably use in wisely investing their food stamps. As the committee discovered in its field investigation of the operation of the Food Stamp Act, nutrition aides have rarely augmented the stamp program and have failed to communicate with local officials charged with administering the stamp program. The committee recommended, at a minimum, the adoption of a procedure "whereby the names of food stamp participants are furnished to the extension service and home visits are in turn made by the aides. Additionally, in view of the protected waiting period which faces most applicants, it might prove feasible, depending on the nature of the waiting area, for nutritional aides to apprise applicants of their services on either a group or individual basis."

Section 7(a) of the Foley-Quie substitute offers the ideal vehicle for implementing these committee recommendations. It requires the food stamp program to enlist the services of private voluntary community agencies as well as other public agencies in nutrition counseling efforts and to afford all participants opportunity to receive nutrition instruction at foodstores or in their homes or in such convenient locations as food stamp offices. The substitute would, pursuant to section 9(b), supply funds to private groups engaged in such counseling and instruction activities.

Section 10(e) of the substitute grants new authority to the Secretary to undertake in the Department or by way of contract with other bodies, public or private nonprofit, research, demonstration, or evaluation projects to develop new approaches or methods to guarantee the provisions of adequate levels of food consumption and nutrition among low-income households. The Secretary would

be expected to set aside a portion of the sums appropriated for the food stamp program, in the vicinity of one-half of 1 percent of all such funds, not only to evaluate the program's effectiveness—preferably by involving the numerous private nonprofit agencies concerned with ending hunger and malnutrition that actively participated in the December 1969, White House Conference on Food, Nutrition, and Health—but also to experiment with changes in the ongoing statutory program in selected areas to determine whether further program modifications might be necessary in order better to achieve program goals.

FRAUD

At the present time the only means for dealing with individuals who fraudulently abuse the food stamp program, either by willfully and knowingly supplying misinformation on family size or income with the intent to secure stamps to which they would not otherwise be entitled or by willfully and knowingly exchanging stamps for cash or buying ineligible items with stamps or paying back bills with stamps, have been criminal and then primarily at the State level. The Department's Office of the Inspector General normally refers all recipient violations revealed in the course of its investigations to the States for proper handling. U.S. attorneys have very few misdemeanors or felonies sent to them for prosecution and actually prosecute even less because of their heavy case-loads in other more substantial areas.

Section 8 of the substitute retains the core of the previous criminal provisions of the act. It expands them to cover knowingly making a false affidavit in order to secure program benefits and to encompass abuse of authorization to purchase cards as well as of the stamps themselves. It narrows the existing law by making the distinction between misdemeanor and felony depend not upon the total value of the benefits received, but upon the value of the benefits received that is in excess of what the fraudulent party would otherwise be entitled to. Thus, receipt of \$20 additional in stamps each month for 4 months because of a willful misrepresentation as to family size would amount only to a misdemeanor, not a felony, even though the total stamp allotment received over that period was in excess of \$100. The substitute also directs the Secretary to take certain administrative steps to prevent theft, misappropriation, and counterfeiting of the stamps.

The criminal route for handling fraud is, however, slow and cumbersome, far too slow and cumbersome to have a significant deterrent effect. What is needed is an expeditious administrative procedure in addition to the criminal route that permits swift handling of frauds as they are uncovered. Section 7(h) of the substitute furnishes precisely such a mechanism for dealing with frauds. If a member of a household willfully and knowingly cheated in order to get his otherwise ineligible household on the program, the operating agency would be empowered to notify the household of its intention to act on the matter, convene a fair hearing conducted according to the

standards set forth in FNS(FS) Instruction 732-14—but only upon the written request for such a hearing by the affected household—and, if the hearing authority should thereafter decide to terminate or suspend the household from the program, proceed to carry through such termination or suspension as soon as the household was notified of the hearing authority's decision.

The Secretary would have to decide how to dispose of the findings and/or the recommendations. His decision would be final and unappealable. On each September 1 of each year, he would have to report to the Congress on the efficacy of these fraud provisions.

CONCURRENT FOOD ASSISTANCE PROGRAMS

For at least 3 years there has been a continuing controversy over the scope of the Secretary's power to distribute commodities in an area in which the food stamp program is also in operation. The acute need for overlapping programs was documented in the spring of 1967 in Mississippi when hundreds of thousands of unemployed farmhands and their families lost Federal food aid as their counties switched from commodities to stamps, primarily because of the novel requirement of purchase price and the redetermination of eligibility. Today in many counties there exist households who, for one reason or another, are simply unable to afford stamps during a given month. If the reason for the temporary inability to participate is a sudden loss of income or rapid rise in expenses, then the Foley-Quie substitute's simplified certification procedures should provide eased access to the program in the form of a lower purchase requirement for a brief period. But if there is no rationale for the difficulty in coming up with the required sums at the appropriate times that can be translated into cheaper food stamp prices, for example, if funds are lost or stolen or have to be used to make a down payment on a car, the family would have to go hungry for that period or else subsist on a diet that only guarantees malnutrition in the absence of other available assistance.

The current Food Stamp Act flatly prohibits "distribution of federally owned foods to households in areas where a food stamp program is in effect" unless the Secretary has determined that there is an emergency situation "caused by a national or other disaster." Secretary Freeman rigidly limited the meaning of "disaster" to a sudden, natural disturbance, such as a flood, hurricane, or earthquake. Secretary Hardin relaxed this concept in December 1969, when he admitted in a California court in a suit that sought to compel him to recognize hunger as a disaster in a county faced with factory shutdowns, that a disaster could include a situation brought about by economic developments. But he refused to extend this to any nonunique circumstances, such as the frequent inability of residents to finance the purchase of food stamps. Thus, it is no longer possible to rely on the existing Food Stamp Act as authority for simultaneously issuing stamps and distributing commodities.

Under the Foley-Quie substitute, as under the committee bill, commencement of a commodity distribution program in a political subdivision in which the food stamp program was already in operation would no longer have to depend solely on the Secretary's finding that a temporary emergency was in effect, although such an emergency, whether naturally or economically caused, would permit the Secretary to superimpose the commodity distribution program on the food stamp program. Thus, if there were a sudden surge in industrial layoffs leading to an economic emergency that inevitably disrupted the commercial channels of food distribution by significantly curtailing supermarket sales, the Secretary would be empowered to pay the entire cost of distributing commodities in the area in addition to the existing food stamp program.

There would be added to this extremely limited trigger to dual programming two other sets of circumstances under which commodities would be distributed while stamps were being used, but, of course, never to the same family during the same month. Concurrent commodity distribution would be authorized by the committee bill if the State agency requested it and agreed to pay for the full cost of its administration, including handling and issuing the commodities. The Federal Government, as usual, would pay for the food that would be distributed. The substitute would expand this request option to encompass requests by private nonprofit organizations or public agencies—including charitable groups, poverty agencies, and so forth—to run the commodity program subject to the same agreement to pay the administrative expenses once the foodstuffs were delivered within the State in question, while the Department furnished the food. Under the substitute, the Secretary would be expected to accede to this request automatically without any further determination on his part of the political subdivision's particular need for dual programming and would have to initiate the delivery of donated foods to appropriate warehouses in the affected State upon certification by the requesting party of the amount of such foods expected to be consumed. We do not anticipate that many States will make this request because of the extra cost of administering two programs at once so that the Department should not have any serious difficulties in projecting its budget for purchases of commodities.

The third situation in which concurrent programs could exist involves the transition period from commodities to food stamps. The committee bill avoids specifying the period at stake other than to refer to "an orderly transition." Section 4(b) of the Foley-Quie substitute seeks to define the transition time during which both programs could exist, with the commodity program run totally at Federal expense. The transition period would last until such time as the number of food stamp participants in the area exceeded the average number of commodity recipients in the 3 months prior to the switch-over. During that period, all costs, including the food and its dis-

tribution, would be paid by the Federal Government.

Thus, in any county in which the commodity distribution program was in operation as of the date of enactment of the substitute, the county could switch over to food stamps and still retain the commodity distribution program until food stamp recipients exceeded commodity recipients in accordance with the formula above, although the county would not have to pay anything for running the commodity program during this transition period even though it was paying handling and distribution costs prior to that. Even after the statistical transition period had ended, the county could continue the commodity program by tendering the necessary request to the Secretary, although then the administrative cost burden would be back on the county's shoulders.

COMMODITY DISTRIBUTION

In order to guarantee that the commodity and food stamp programs, which, as demonstrated above, can operate in tandem for the first time, are compatible both from the point of view of program operations and delivery of adequate nutrition, the Foley-Quie substitute and section 4(c), in particular, would revise the distribution of federally donated foods to make it subject to the same eligibility standards—income and resources—and simplified certification that would govern food stamps.

In addition, the commodity distribution program would be obligated to change its focus from easing the burden of farm surplus to feeding the malnourished what they need for an adequate diet. At present there are very few communities in which the complete commodity package is available monthly—24 items at per item allotment rates. At present, even if the complete packages were available, few needy individuals would be willing and able to truck the over 150 pounds of food per month for a family of four home from a distant distribution center that is rarely open when the individuals can make the trip. At present, the complete package itself, even if delivered and consumed without loss attributable to lack of refrigeration or sanitary storage space, does not provide 100 percent of the recommended dietary allowances for certain vital nutrients—particularly vitamin A—and clearly fails to furnish more than 79 percent of the necessary calories. To remedy these defects that seem to undermine the very objectives of the program, the substitute would mandate program administrators to provide conveniently located distribution centers open at sufficient times to satisfy participants' need and further to furnish amounts of foods with 100 percent of the daily calorie requirements. The foods distributed would not have to supply 100 percent of all recommended daily allowances, but should come close.

Finally, the program would be enjoined to provide fortified foods in areas where nutrition surveys demonstrated the prevalence of particular nutritional deficiencies, for example, iodized salt in Texas and Louisiana. This fortified project could operate, in conjunction with the research and demonstration authority in

section 10(b), to test new methods of assuring low-income households nutritionally adequate diets, including facilitating the distribution of fortified staples, such as iodized salt or lysine flour, through normal channels of trade. Thus, the Department, in order to eliminate potential protein malnutrition, could and should use this authority to purchase sufficient quantities of lysine to supply every major flour manufacturer so that the manufacturer could blanket the markets and stores with fortified flour at no additional cost to the consumer.

FUNDING

Section 10(a) of the Foley-Quie substitute authorizes appropriations of \$2 billion in the current fiscal year, \$2.5 billion in fiscal year 1972, and \$3 billion for the third and final fiscal year. The administration contends that the actual cost of implementing the substitute "would be \$3.8 billion in the coming fiscal year and \$4.5 billion in the year thereafter." There are three major inadequacies in the administration's analysis. First, they fail to reveal the flimsy basis for their estimation. Second, their own budgetary projections presume inadequate participation, leaving a considerable degree of malnutrition untouched by the program that is supposed to end it. Third, they do not attempt to take the terms of the substitute into account.

To begin with, the administration's calculations are more guesswork than anything else. At no point in the budgeting process can the Department—or the Office of Management and Budget—confidently specify the figures for average monthly individual participation or average monthly bonus, which, when multiplied together and then by 12 supply the annual cost projection. The Department admitted as much over a year ago in a suit filed against it in U.S. District Court in the District of Columbia for, among other things, returning approximately \$36 million in appropriated food stamp moneys to the Treasury, *Carper v. Department* (D.D.C., Civ. Action No. 171G-69). This problem could not arise under the substitute because unexpended appropriated funds would continue to remain available for the following fiscal year. The Department, in an affidavit signed by Assistant Secretary Lyng in that case, argued that it was proper to have unobligated funds at the end of each fiscal year because:

It is, however, not possible to determine under a program of this nature the exact amount of funds which will be required to operate the program during any given fiscal year because of fluctuations in participation, changes in anticipated opening dates for new food stamp areas, and other unpredictable factors. This problem of making a precise estimate of the expenditures has existed since the initiation of the program in 1964.

The uncertainties that determine per-person costs and levels of participation make it almost inevitable that experience governs, not projections. The Department banks on barriers to full participation by all of the eligible in making their cost calculations, as is reflected in the wide range of estimates of participation it has produced to predict the cost of the Nixon food stamp program. That

program would dispense \$106 a month in stamps to a family of four at a cost no greater than 30 percent of the family's income, or nothing at all if the family received less than \$30 a month. None of these estimates, however divergent, reaches more than 50 percent of the target population.

In March 1969, the President's Urban Affairs Council noted that the program the President later announced in May—with a reduction in the free stamp cut-off from \$50 to \$30 a month—would cost \$2.5 billion by the time it was fully implemented nationwide in fiscal 1973 and cover 11.5 million people. When Secretaries Hardin and Finch testified before the McGovern Nutrition Committee in the Senate in September 1969, the implementation timetable for the full 11.5 million had been delayed to fiscal 1974. The coverage was up to 13.7 million and cost down to \$2.4 billion at the end of October 1969, but no zero hour for reaching everyone in that limited group was mentioned.

Then, with the advent of the family assistance plan—FAP—the figures underwent a sea change. The FAP public would be between 23 and 24 million, including 3 million aged, blind, and disabled persons. The administration has constantly emphasized in every budgetary presentation and hearing statement that, under FAP combined with food stamps, the basic Federal benefits would be \$2,464—\$1,600 in FAP, \$864 in food stamp bonuses. This assumes that, at the least, every FAP recipient would also be a food stamp recipient—for a total of 23 million stamp users, excluding eligible couples without children and single individuals who now receive stamps. The administration, however, likes to take credit for supplying the full \$2,464 package without any serious intent to reach every FAP beneficiary with stamps.

The fiscal 1971 figures dramatize this deceit. In a January 1970, Budget Bureau special analysis of food stamps as an income security program, \$1.9 billion was estimated as the program cost in the absence of FAP or \$1.4 billion with it—in September, the FAP-related reduction in food stamps expenditures was set at \$700 million. By June 1970, with new FAP changes submitted to the Senate, the administration was referring to a cost increase of \$400 million in the food stamp

program, necessitated by the inclusion of automatic check-off provisions for FAP clients wishing to obtain food stamps and FAP benefits in one simplified transaction. This should translate to an additional 2 million or so participants, given a person annual bonus of \$170-plus; \$2.3 billion, therefore, could, after FAP was in effect, probably extend to 15.5 million food stamp users, but by no means 23 or 26 million.

The Department's Economic Research Service, utilizing as raw data a Health, Education, and Welfare income survey of some 60,000-plus household units in 1966, prepared on June 25, 1970, a table reproduced below that places the Department-supported program bonus costs at \$2.317 billion with 13,489,000 participants. That is out of a potential universe of 31,318,000 with incomes below the \$4,000 eligibility cutoff.

PROGRAM 1—\$106 COUPON ALLOTMENT AT NO MORE THAN 30 PERCENT OF NET INCOME (32.7 PERCENT TAX RATE)

Eligibility cutoff and participation ²	Families	Individuals	Total bonus cost	Total cost ³
\$4,000:				
Partial.....	3,611	13,344	\$2,314,549	\$2,490,455
Full.....	8,752	13,318	4,028,976	4,335,178
\$4,200 (natural termination):				
Partial.....	3,705	13,489	2,317,379	2,493,500
Full.....	10,114	34,272	4,071,244	4,380,659

¹ Based on Nixon bill with free stamps for households of 4 with incomes up to \$30 per month, when fully implemented nationwide at least 2 years hence.

² Based on the Department estimates of maximum participation rates derived from a mathematical (not an experiential) formula relating allotment size and cost to propensity to participate.

³ Total cost is bonus cost plus 7.6 percent for administration.

The partial participation indicated above encompasses a very small fraction indeed of the universe of potential participants. The Department discounts not only those who would philosophically refuse to participate in any food stamp program and those whose incomes are only temporarily low, but also those who decline to participate as their income rises and the cost of their allotment rises with it. Early in 1969, the Department roughly calculated participation rates by assuming that between \$0 and \$300 per capita income, two-thirds of the potential would be reached; between \$300 and \$600, one-half; between \$600 and \$900, one-fourth; and between \$900 and \$1,000-plus, only 2½ percent. More recent arithmetical models are more discriminating, but still place participation in those income brackets in the vicinity of 81 percent, 70 percent, 32 percent, and 11 percent respectively.

To summarize, the Department has no meaningful statistical evidence for projecting participation and projects its own program costs on the basis of only 13.3 million users, which is only 4.5 million more than are currently on the program and would extend Federal food

assistance to less than 1 million more poor Americans over the next 3 years than were receiving such aid in October 1970—8.88 million, food stamps; 3.5 million, commodity distribution.

The \$4.5 billion estimate the Department would pin upon the substitute—\$4.23 billion in bonus stamp values, \$670 million in administrative costs—is based upon the highly unlikely participation of 19,501,000 poor individuals or some 80 percent-plus of the 1969 poverty figures and probably well over 90 percent of the persons in poverty during calendar year 1972 when the estimates apply. Such a participation rate for any Federal program is unheard of, even if a cash grant is involved. It is an excellent target figure but one almost impossible to achieve. Besides, the substitute permits—although it does not encourage—the Secretary to reduce the allotment values to stay within the authorization limits. This is not an open-ended appropriation. Only the Congress would have the power to agree to expand the authorization to reach nearly 20 million poor people.

So that the House may understand the program's present status in terms of participation, we include the following table covering the past 11 months.

Month	Participants	Amount (millions)	Cost per person	Political units	Month	Participants	Amount (millions)	Cost per person	Political units
1969: December.....	3,645,000	\$24.5	\$6.73	1,584	June.....	6,470,000	\$91.6	\$14.16	1,747
1970:					July.....	6,946,000	98.1	14.12	1,811
January.....	3,795,000	26.9	7.08	1,589	August.....	7,159,000	100.5	14.04	1,849
February.....	4,416,000	54.9	12.42	1,609	September.....	8,238,000	116.2	14.10	1,913
March.....	5,075,000	71.0	13.99	1,624	October.....	8,883,000	125.8	14.03	1,947
April.....	5,629,000	80.1	14.23	1,664			(1217)		
May.....	6,070,000	86.5	14.25	1,698					

Mr. FOLEY. I yield to the gentleman from Texas.

Mr. POAGE. Mr. Chairman, does the gentleman suggest that this substitute authorizes the recovery of fraudulently received money to the Government?

How are we going to get blood out of a turnip? How are you going to recover anything?

Mr. FOLEY. What the substitute authorizes is the reduced contributions of

food stamps to families that have been receiving more than they are entitled to receive, that is one alternative; the other alternative is complete suspension or elimination of the family if there is fraud involved.

Mr. POAGE. The committee bill authorizes both of those things, but that does not recover a penny, does it? Neither will the substitute.

Mr. FOLEY. The committee bill relies

on the criminal penalties, which the substitute contains as well. But the problem—and our experience has shown criminal penalties are not very effective in controlling abuses of this program, because there are only 800 assistant U.S. attorneys in the United States, and they are unable—

The CHAIRMAN. The time of the gentleman has again expired.

(By unanimous consent, Mr. FOLEY

was allowed to proceed for 1 additional minute.)

Mr. FOLEY. Mr. Chairman, I hope that the committee will consider that there are in the United States millions of American families who are not only not receiving a diet of nutritious and healthy food, but who are unable to receive or have such a diet because they do not have an adequate income. The substitute is designed to close this gap and to redeem the President's pledge. Surely there is no excuse that can be offered, and no excuse that can be received in this country today for millions of Americans to be hungry in the midst of more affluence than any society has ever known.

Mr. Chairman, this is a time when contributions are sought at Christmas time to make the lives of many families a little bit richer and more rewarding. This House has an opportunity to make a contribution to the pressing needs of millions of American families, and not only this Christmas, but in the years to come.

Mr. ROSTENKOWSKI. Mr. Chairman, today, I rise in strong support of the Foley-Quie substitute to the House Agriculture Committee's food stamp bill. This substitute, the Family Nutrition Act of 1970, contains significant and much-needed improvements in the food stamp program. I feel that it represents a substantial improvement over the bill reported by the committee. The changes suggested by the committee not only fail to correct the present inadequacies of the law, they in fact create several additional problems which may prove lethal to the food stamp program.

Since its inception in 1964, the Federal food stamp program has greatly benefited my own State of Illinois in general, and the city of Chicago, in particular. During this past year, in the month of July alone, over 249,000 people in the city of Chicago benefited from the Federal food stamp program. The value of the stamps distributed during that 1 month alone was more than \$5,342,000.

The effects of the committee bill on this program would be tragic. In addition to greatly reducing the percentage of the needy that would be eligible for the program, this bill places an increased financial burden on State and local government. The committee bill would require that those already over-burdened units assume an additional 10 percent of the cost of the program by 1974. At a time when Federal funds should be shared with the States and cities to help them meet their ever-increasing financial commitments, this legislation is more of a step backward than a progressive step forward.

Considering the maladies which plague our cities, we must work for the strongest possible food stamp program for the 1970's. We can no longer tolerate the widespread existence of pockets of hunger and malnutrition which exist in our land. Our best hope for an effective program in this area is to send the strongest possible food stamp bill to the conference committee. This would be the Foley-Quie bill.

I would like to commend my colleagues, Congressman TOM FOLEY and Congressman AL QUIE for their sound and well-

thought-out proposal. Their bill is the product of many long hours of research both by the Congressmen and by their respective staffs.

As a cosponsor of their fine proposal, I urge you all to give it your strongest support.

SUBSTITUTE AMENDMENT OFFERED BY MR. ABBITT FOR THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. FOLEY

Mr. ABBITT. Mr. Chairman, I offer a substitute amendment for the amendment in the nature of a substitute offered by the gentleman from Washington (Mr. FOLEY).

The Clerk read as follows:

Substitute amendment offered by Mr. ABBITT for the amendment in the nature of a substitute offered by Mr. FOLEY: Page 1, line 3, strike out all after the enacting clause and insert in lieu thereof the following:

That section 2 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"It is hereby declared to be the policy of Congress, in order to promote the general welfare, that the Nation's abundance of food should be utilized cooperatively by the States, the Federal Government, local governmental units, and other agencies to safeguard the health and well-being of the Nations population and raise levels of nutrition among low-income households. The Congress hereby finds that the limited food purchasing power of low-income households contributes to hunger and malnutrition among members of such households. The Congress further finds that increased utilization of food in establishing and maintaining adequate national levels of nutrition will promote the distribution in a beneficial manner of our agricultural abundances and will strengthen our agricultural economy, as well as result in more orderly marketing and distribution of food. To alleviate such hunger and malnutrition, a food stamp program is herein authorized which will permit low-income households to purchase a nutritionally adequate diet through normal channels of trade."

Sec. 2. (a) Add the following sentence at the end of subsection 3(f) of the Food Stamp Act of 1964, as amended: "It shall also mean a political subdivision or a private non-profit organization that meets the requirements of section 10(h) of this Act."

(b) Subsection (j) of section 3 of the Food Stamp Act of 1964, as amended, is amended to read as follows: "The term 'State' means the fifty States and the District of Columbia, Guam, Puerto Rico, and the Virgin Islands of the United States."

(c) Add the following new subsection at the end of section 3 of the Food Stamp Act of 1964, as amended:

"(l) The term 'elderly person' shall mean a person sixty years of age or over who is not a resident of an institution or boarding house, and who is living alone, or with spouse, whether or not he has cooking facilities in his home."

(d) Section 3 of the Food Stamp Act of 1964, as amended, is amended by adding the following new subsection:

"(m) The term 'authorization to purchase card' means any document issued by the State agency to an eligible household which shows the face value of the coupon allotment the household is entitled to be issued on presentation of such document and the amount to be paid by such household for such allotment."

Sec. 3. Subsections (a) and (b) of section 4 of the Food Stamp Act of 1964, as amended, are amended to read as follows:

"(a) The Secretary is authorized to formulate and administer a food stamp program under which, at the request of the State

agency, eligible households within the State shall be provided with an opportunity to obtain a nutritionally adequate diet through the issuance to them of a coupon allotment which shall have a greater monetary value than the charge to be paid for such allotment by eligible households. The coupons so received by such households shall be used only to purchase food from retail food stores which have been approved for participation in the food stamp program. Coupons issued and used provided in this Act shall be redeemable at face value by the Secretary through the facilities of the Treasury of the United States.

"(b) In areas where the food stamp program is in operation, there shall be no distribution of federally donated foods to households under the authority of any other law except that distribution thereunder may be made: (1) during temporary emergency situations when the Secretary determines that commercial channels of food distribution have been disrupted; (2) for such period of time as the Secretary determines necessary, to effect an orderly transition in an area in which the distribution of federally donated foods to households is being replaced by a food stamp program; or (3) on request of the State agency: *Provided*, That the Secretary shall not approve any plan established under this Act which permits any household to simultaneously participate in both the food stamp program and the distribution of federally donated foods under this clause (3)."

SEC. 4. Section 5 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(a) Except for the temporary participation of households that are victims of a disaster as provided in subsection (b) of this section, participation in the food stamp program shall be limited to those households whose income and other financial resources are determined to be substantial limiting factors in permitting them to purchase a nutritionally adequate diet.

"(b) The Secretary, in consultation with the Secretary of Health, Education, and Welfare, shall establish uniform national standards of eligibility for participation by households in the food stamp program and no plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary. The standards established by the Secretary, at a minimum, shall prescribe the amounts of household income and other financial resources, including both liquid and nonliquid assets, to be used as criteria of eligibility. Any household which includes a member who has reached his eighteenth birthday and who is claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household, shall be ineligible to participate in any food stamp program established pursuant to this Act during the tax period such dependency is claimed and for a period of one year after expiration of such tax period. The Secretary may also establish temporary emergency standards of eligibility, without regard to income and other financial resources, for households that are victims of a disaster which disrupted commercial channels of food distribution when he determines that such households are in need of temporary food assistance, and that commercial channels of food distribution have again become available to meet the temporary food needs of such households: *Provided*, That the Secretary shall in the case of Puerto Rico, Guam, and the Virgin Islands, establish special standards of eligibility and coupon allotment schedules which reflect the average per capita income and cost of obtaining a nutritionally adequate diet in Puerto Rico and the respective territories; except that in no event shall the standards of eligibility or coupon allotment schedules so used exceed those in the fifty States.

"(c) Notwithstanding any other provisions of law, the Secretary shall include in the uniform national standards of eligibility to be prescribed under subsection (b) of this section a provision that each State agency shall provide that a household shall not be eligible for assistance under this Act if it includes an able-bodied adult person between the ages of eighteen and sixty-five (except mothers or other members of the household who have the responsibility of care of dependent children or if incapacitated adults or who are bona fide students in any accredited school or training program) who either (a) fails at not less than the higher of State or Federal employment office or, when impractical, at such other appropriate State or Federal office designated by the Secretary, or (b) has refused to accept employment or public work at not less than the higher of State or Federal minimum wage or the wage established by a valid regulation of any agency of the Federal Government authorized by existing law to establish such regulation. Refusal to work at a struck plant or site for the duration of a strike shall not be deemed to be a refusal to accept employment."

"(d) Notwithstanding any other provision of law, any household shall be ineligible for the food stamp program if, and for as long as, any member of such household is engaged in a strike, labor dispute, or other similar action involving a voluntary work stoppage on the part of such household member: *Provided*, That such ineligibility shall not apply to any household that was eligible for and participating in the food stamp program immediately prior to the start of such strike, dispute, or other similar action in which any member of such a household engages."

SEC. 5. Subsections (a) and (b) of section 7 of the Food Stamp Act of 1964, as amended, are amended to read as follows:

"(a) The face value of the coupon allotment which State agencies shall be authorized to issue to any households certified as eligible to participate in the food stamp program shall be in such amount as the Secretary determines to be the cost of a nutritionally adequate diet.

"(b) Notwithstanding any other provision of law, households shall be charged for the coupon allotment issued to them, and the amount of such charge shall represent a reasonable investment on the part of the household, but in no event—

"(1) less than 50 cents per person per month for a household of five or less persons, or \$3 per household per month for a household of six or more persons; or

"(2) more than 30 per centum of the household's income.

The State agency may arrange for payment from State or local sources, including sums made available by charitable and similar organizations, of such portion of the minimum charge as may be necessary to insure the participation of all households certified for participation at the minimum charge: *Provided*, That the Secretary shall provide a reasonable opportunity for any eligible household to elect to be issued a coupon allotment having a face value which is less than the face value of the coupon allotment authorized to be issued to them under subsection (a) of this section. The charge to be paid by eligible households electing to exercise the option set forth in this subsection shall be an amount which bears the same ratio to the amount which would have been charged under subsection (b) of this section as the face value of the coupon allotment actually issued to them bears to the face value of the coupon allotment that would have been issued to them under subsection (a) of this section."

SEC. 6. (a) Subsection (e) of section 10 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"The State agency of each State desiring to participate in the food stamp program shall submit for approval a plan of operation specifying the manner in which such program will be conducted within the State, the political subdivisions within the State in which the State desires to conduct the program, and the effective dates of participation by each such political subdivision. In addition, such plan of operation shall provide, among such other provisions as may by regulations be required, the following: (1) the specific standards to be used in determining the eligibility of applicant households; (2) that the State agency shall undertake the certification of applicant households in accordance with the general procedures and personnel standards used by them in the certification of applicants for benefits under the federally aided public assistance programs; (3) safeguards which restrict the use or disclosure of information obtained from applicant households to person directly connected with the administration or enforcement of the provisions of this Act or the regulations issued pursuant to this Act; (4) for the submission of such reports and other information as from time to time may be required; (5) that the State agency shall undertake effective action, including the use of services provided by other federally funded agencies and organizations, to inform low-income households concerning the availability and benefits of the food stamp program and insure the participation of eligible households; and (6) for the granting of a fair hearing and a prompt determination thereafter to any household aggrieved by the action of a State agency under any provision of its plan of operation as it affects the participation of such household in the food stamp program. Upon the joint approval of the Secretary and the Secretary of Health, Education, and Welfare the State plan may provide for withholding the amount to be paid by a household for its coupon allotment from any payment made by the State agency to such household under a federally aided public assistance program, if such withholding is authorized by such household. In approving the participation of the subdivisions requested by each State in its plan of operation, the Secretary shall provide for an equitable and orderly expansion among the several States in accordance with their relative need and readiness to meet their requested effective dates of participation."

(b) Add the following new subsection to section 10 of the Food Stamp Act of 1964, as amended:

"(h) Subject to such terms and conditions as may be prescribed by the Secretary in the regulations issued pursuant to this Act, members of an eligible household who are sixty years of age or over or an elderly person and his spouse may use coupons issued to them to purchase meals prepared for and delivered to them by a political subdivision or by a private nonprofit organization which: (1) is not receiving federally donated foods from the United States Department of Agriculture for use in the preparation of such meals; (2) is operated in a manner consistent with the purposes of this Act; and (3) is recognized as a tax exempt organization by the Internal Revenue Service: *Provided*, That household members or elderly persons to whom meals are delivered are housebound, feeble, physically handicapped, or otherwise disabled, to the extent that they are unable to adequately prepare all of their meals. Meals served pursuant to this subsection shall be deemed 'food' for the purposes of this Act."

SEC. 7. Subsections (a) and (b) of section 14 of the Food Stamp Act of 1964, as amended, are amended as follows:

"(a) Notwithstanding any other provisions of this Act, the Secretary may provide for the purchase, issuance or presentment

for redemption of coupons to such person or persons, and at such times and in such manner, as he deems necessary or appropriate to protect the interests of the United States or to insure enforcement of the provisions of this Act or the regulations issued pursuant to this Act.

"(b) Whoever knowingly uses, transfers, acquires, alters, or possesses coupons or authorization to purchase cards in any manner not authorized by this Act or the regulations issued pursuant to this Act shall, if such coupons or authorization to purchase cards are of the value of \$100 or more, be guilty of a felony and shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than five years or both, or, if such coupons or authorization to purchase cards are of a value of less than \$100, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned for not more than one year, or both."

SEC. 8. Subsection (b) of section 15 of the Food Stamp Act of 1964 as amended, is amended to read as follows:

"(b) The Secretary is authorized to pay to each State agency an amount equal to 62½ per centum of the sum of (1) the direct salary, travel, and travel-related cost (including such fringe benefits as are normally paid) of personnel, including the immediate supervisors of such personnel, for such time as they are employed in taking the action required under the provisions of subsection 10(e) (5) of this Act and in making certification determinations for households other than those which consist solely of recipients of welfare assistance; (2) the direct salary, travel, and travel-related costs (including such fringe benefits as are normally paid) of personnel for such time as they are employed as hearing officials under section 10(e) of the Act."

SEC. 9. Section 15 of the Food Stamp Act of 1964 is further amended by adding the following subsection:

"(c) Notwithstanding any other provision of law, each State shall be responsible for financing, from funds available to the State or political subdivision thereof, 10 per centum of the value of the coupon allotment issued to eligible households which is in excess of the charges paid by such households for such allotments: *Provided*, That such State financing shall be 2½ per centum for the fiscal year ending June 30, 1972; 5 per centum for the fiscal year ending June 30, 1973; 7½ per centum for the fiscal year ending June 30, 1974; 10 per centum for the fiscal year ending June 30, 1975; and 10 per centum for each fiscal year thereafter. Each State shall transfer such sums to, and they shall be made a part of, the separate account created under section 7(d) of this Act. Each State shall transfer such sums to such account within one calendar month following the calendar month in which the coupon allotments are issued to eligible households: *Provided further*, That the provisions of this subsection shall not be effective for any coupon allotments issued prior to July 1, 1971 (or July 1, 1972, in the case of a State wherein the State legislature has not held a session after enactment of this section and prior to July 1, 1971), to enable each State to take such action as is necessary under the statutes of the States to comply with the provisions of this subsection."

SEC. 10. Section 16(a) of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"To carry out the provisions of this Act, there is hereby authorized to be appropriated such sums as the Congress may appropriate for the fiscal years ending June 30, 1971, June 30, 1972, and June 30, 1973, and not in excess of such sum as may hereafter be authorized by Congress for any subsequent fiscal year. This Act shall be carried

out only with funds appropriated from the general fund of the Treasury for that specific purpose and in no event shall it be carried out with funds derived from permanent appropriations."

SEC. 11. State plans of operation approved by the Secretary of Agriculture under the Food Stamp Act of 1964, as amended, prior to the date of the enactment of amendments thereto by this Act shall continue in effect until such plans are changed to accord with such amendments: *Provided*, That no such previously approved plan shall remain unchanged for more than one hundred and eighty days after the enactment of such amendments.

Mr. ABBITT (during the reading). Mr. Chairman, I ask unanimous consent that the substitute amendment for the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

Mr. FOLEY. Mr. Chairman, reserving the right to object, does the gentleman from Virginia intend to explain this substitute?

Mr. ABBITT. I hope to have that opportunity.

Mr. FOLEY. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. ABBITT. Mr. Chairman, I rise in support of my amendment in the nature of a substitute to H.R. 18582.

My substitute is simple. It is the language of the committee bill with three changes.

First. It includes a modified form of the "striker amendment" originally passed by the House in 1968 but later deleted from the conference report on the food stamp bill. It would ban food stamp aid to strikers and it is patterned after the amendment proposed by the gentleman from Pennsylvania (Mr. GOODLING) prior to the debate on this bill.

Second. It updates the State-sharing amendment included in the committee bill by postponing the effective dates 1 year. This is necessary in order to give State legislatures adequate time to comply with this provision.

Third. It deletes from the bill certain "backdoor spending" language which permits unspent appropriations to be made available from 1 year to the next. This language in the committee bill is subject to a point of order and was specifically protected by a waiver in the rule on H.R. 18582.

Now, Mr. Chairman, I would like to explain in a little more detail just why I have offered this substitute and what it would do.

As I mentioned earlier, this substitute contains nearly all of the committee bill which was carefully worked out by the committee. It was approved by a 25 to 2 vote and it has strong bipartisan support in the House.

I will not dwell on the details at this point, but I do want to have it understood that I support the committee bill and its attempt to bring food stamp assistance to those who are truly in need.

I have taken this parliamentary opportunity to present the committee bill in order to allow the House to work its will on this legislation in an orderly manner. It seems to me that when one of the great committees of the House spends months and months working and perfecting a bill and then approving it with only two dissenting votes, it should be given a priority for serious consideration by the House.

The three changes I have included are designed to meet legitimate objections that exist either to the program or to the bill itself, due to the passage of time since it was approved by the committee.

FOOD STAMPS AND STRIKERS

As a member of the committee in 1964, when this program started, I for one had no idea that food stamps would be used to subsidize strikers. I was shocked when the Agriculture Department in 1965 made a determination that strikers could get food stamp aid. I supported the committee effort in 1968 to reverse this policy, and I supported the House position in passing a ban on food stamps to strikers.

The food stamp program was originally designed to provide an additional means of raising the nutritional level for the less fortunate—those who are blind, sick, disabled, those on welfare with minor children, the old, the infirm, and the unemployed.

We thought we were extending the benefits of this program to those who, through no fault or action of their own, were not able to obtain an adequate diet. We had no idea that this program would be extended to those who, by their own choice or the choice of their own group, decided to be out of work.

Let me make it clear that I do not oppose or question the right to strike. That is a protected legal right available to all workers in this country.

I do, however, question the wisdom of the Federal Government subsidizing the members of a labor union which decides to go out on strike.

The aid provided by this program to strikers is a very significant factor in unions being able to enforce unrealistic wage demands upon employers. Between welfare benefits and food stamps, strikers can stay out of work with relatively little discomfort for weeks and weeks. Business eventually must give in. Let us take the recent General Motors strike, for example.

I do not know how large the union strike fund was, but I do know the U.S. Government subsidized that strike to the tune of some \$12 million. The Department of Agriculture at least has informed the committee that—

It is estimated, however, that the value of bonus coupons issued to GM strikers (and their families and others who became unemployed because of the GM strike) could have been as high as six to seven million dollars in each of October and November.

The Department went on to say that—

It is not possible to determine the extent to which October costs may have been increased by general increases in unemployment rates, i.e., those not associated with the GM strike. Therefore, the two-month cost of between \$12-\$14 million is to be regarded as an outside estimate.

It seems to me, therefore, that we should draw the line on this kind of a practice. We should decide here and now whether food stamps should go to strikers. My substitute would stop this unwise practice.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. ABBITT. I yield to the gentleman.

Mr. CONYERS. I thank the gentleman for yielding. Did I understand him to say that food stamps for strikers and their families are going to be excluded specifically by his amendment?

Mr. ABBITT. That is right.

Mr. CONYERS. Does that include the children of strikers—will they be precluded from the benefits of this welfare program?

Mr. ABBITT. It includes the families of strikers.

Mr. CONYERS. Would the gentleman kindly explain what rationale he employs to preclude children from getting enough food to eat just because one of their parents might be on a strike?

Mr. ABBITT. I am glad that the gentleman has asked that question.

Let me just read to the gentleman what the amendment does say.

Mr. CONYERS. I would like to know if the gentleman can offer to the Members a rationale as to why we should deprive children whose parents might be on strike the benefits of food stamp legislation.

Mr. ABBITT. The gentleman would like to know why and I would like to explain why to him.

I understand how the gentleman feels. This has a proviso in it which provides that such ineligibility shall not apply to any household that was eligible for participation in the food stamp program immediately prior to the starting of such strike, dispute, or other similar actions in which any member of such household is involved.

That is simple and clear—if they are eligible to get food stamps before the strike, then they can get it during the strike.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

(By unanimous consent, Mr. ABBITT was allowed to proceed for 3 additional minutes.)

Mr. MYERS. Mr. Chairman, will the gentleman yield?

Mr. ABBITT. I yield to the gentleman from Indiana.

Mr. MYERS. I wonder if the gentleman from Michigan would think that in a family, if food stamps were provided for the children, the father would not eat? Does he think the father of that family would not eat any food purchased by food stamps?

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. ABBITT. I would like to conclude my statement. I suggest that the gentleman might take his own time and put his philosophy before the House, and I will try to get mine before the House.

STATE SHARING

In regard to the State-sharing amendment, I would point out that under any substitute State sharing would generally begin in fiscal 1972—that is, on July 1,

1971. The exception to this rule would be for States which do not hold a session of their legislature prior to July 1 of next year. In those States the deadline would be July 1, 1972.

Thus, under my substitute, as under the committee bill, States would begin paying 2½ percent of the cost of food stamps in fiscal year 1972. They would pay an additional 2½ percent each year until fiscal year 1975 when the State share would be 10 percent from then on.

I know we will hear a lot of talk that the States are broke and cannot afford to put up a dime to get a Federal dollar. But has anyone looked in the Federal Treasury lately? It is not exactly running over with black ink. After all, the States have almost as many sources of revenue as does the Federal Government. It is time for them to take some responsibility for this program before it gets completely out of hand—and the way to establish that responsibility is through the States' purse strings.

TECHNICAL AMENDMENT

The third change in my substitute is basically technical in nature. The committee bill was protected by a waiver of points of order in the rule. My substitute was not. Therefore I have removed the objectionable "backdoor spending" language in my substitute.

In conclusion, Mr. Chairman, I urge the adoption of my substitute. It includes the sound—and I might add generous—provisions of the committee bill while stopping food stamp aid to strikers and giving the several States an adequate time to prepare for assuming a small part of the responsibility for this gigantic program.

(Mr. ABBITT asked and was given permission to revise and extend his remarks.)

AMENDMENT OFFERED BY MR. RAILSBACK TO THE SUBSTITUTE AMENDMENT OFFERED BY MR. ABBITT FOR THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. FOLEY

Mr. RAILSBACK. Mr. Chairman, I offer an amendment to the substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. RAILSBACK to the substitute amendment offered by Mr. ABBITT for the amendment in the nature of a substitute offered by Mr. FOLEY: On page 13, strike out line 19 and all that follows down through and including line 18 of page 14.

Redesignate the succeeding sections accordingly.

The CHAIRMAN. The gentleman from Illinois is recognized for 5 minutes in support of his amendment.

Mr. RAILSBACK. Mr. Chairman and Members of the House, this amendment is intended to strike section 9 from the bill. Section 9 is a surprise attack upon the treasuries of the various States and it is not made acceptable by virtue of the fact that the attack comes in stages.

In 1968, President Nixon went to the people of the United States with a platform that emphasized the need for the Federal Government to assist the States. He called for a new federalism. To meet that commitment he submitted to this Congress a revenue sharing bill. He recognized, as we must, that the tax burden

of the Federal Government is a major cause of State, county, and city economic straits. The leftovers are simply not enough to sustain adequate life, nor do they provide a base for State and local governments to meet the challenge of the 1970's.

Now we are presented with a bill, H.R. 18582, which calls for the States to assist the Federal Government in the operation of the food stamp program by "buying-in" at the rate of 2.5 percent this year and an automatically escalating rate of up to 10 percent in subsequent years. This provision is directly contradictory to the concept of Federal relief for the States.

The U.S. Department of Agriculture projects that by 1973 this will cost the State of California approximately \$28 million. Based upon USDA figures for June of 1970, the 10-percent "buy-in" would cost my State of Illinois approximately \$9 million. When we consider that since June, the food stamp program has increased by a third, it would then be estimated that the cost to Illinois would be about \$12 million.

Smaller States are also substantially affected. Louisiana runs a larger program than Illinois. In fact, 25 percent of the program moneys are spent in the South. Based upon actual expenditure levels for June 1970, the 10-percent buy-in feature would cost Louisiana \$9.3 million. It would cost Mississippi \$7.6 million, South Carolina \$6 million, North Carolina \$4 million, Alabama \$3.9 million, and Georgia \$3.3 million.

Furthermore, since the program is run by county governments in some States, the burden would fall on many counties as well as States. The full effect of this provision cannot be overemphasized. In many States, the buy-in provision would jeopardize the continuation of the food stamp program. This would be true in the States with the most severe financial problems. For example, Portland, Oreg., is apparently contending with a large unemployment rate and a recent article in the Wall Street Journal states that Portland has the largest food stamp program of any city of its size. If the State of Oregon had to drop the food stamp program it would have a very serious effect upon Portland.

An alternative to dropping the program entirely, would be for the States to shift to the agricultural commodity program. This alternative is not very desirable in my opinion, either in human terms or in the effect of the commodity program on the economy of a depressed area. Furthermore, the Federal Government has been encouraging States to shift from the commodity program to food stamps.

Another serious weakness in the buy-in provision is that it creates a credibility gap for all grant-in-aid programs. The grant-in-aid concept is presently well accepted. It encourages States to undertake programs by providing part of the cost. A State can decide whether or not to participate and can budget accordingly. The buy-in provision of H.R. 18582, however, subverts the grant-in-aid concept by suggesting that the Federal Government can create a large program on its own and then force the States to pay part of the cost on penalty of losing the en-

tire program. This is an unpleasant way to expand Federal programs. The States would be hesitant to enter into grant-in-aid programs for fear that once the program is established they will be left holding the bag for an expense they had not counted upon.

Mr. Chairman, I would like to see a return to the revenue sharing concept. I do not feel I can responsibly force my State to ante-up \$12 million to stay in the food stamp program. No member should be anxious to commit his State or county to such a participation fee. My amendment would eliminate this precedent setting and dangerous addition to the food stamp legislation. I ask that my colleagues join me in striking section 9 from the bill by supporting my amendment.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. RAILSBACK. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. Mr. Chairman, I thank the gentleman from Illinois for yielding.

I would like to ask if the gentleman is opposed to the other Federal-State programs such as the highway programs, the welfare programs, the urban renewal programs, where we do have State sharing? This is a compromise of what the gentleman from Minnesota (Mr. QUIE), offered in the food stamp program several years ago, that the States would participate 50 percent. We have submitted 10 percent. We think it is a reasonable request.

Mr. RAILSBACK. Let me respond to the gentleman by saying if I had my choice, I would favor the restructuring of our so-called Federal assistance programs to go to a broad general revenue-sharing program.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(On request of Mr. TEAGUE of California, and by unanimous consent, Mr. RAILSBACK was allowed to proceed for 1 additional minute.)

Mr. TEAGUE of California. Mr. Chairman, will the gentleman yield?

Mr. RAILSBACK. I yield to the gentleman from California.

Mr. TEAGUE of California. Mr. Chairman, I wonder if the gentleman from Illinois is aware of the fact that most States—and certainly California—have a sales tax system. I assume the gentleman might have guessed I am in support of the gentleman's opposition to the State sharing. I am not. Sales taxes are levied, are collected on the sales of food bought with food stamps. I think it perfectly proper as a cost-sharing device. I believe the bill is quite correct in its concept and in its provisions in this regard.

Mr. RAILSBACK. Mr. Chairman, if I may just finish this one point, I want to mention I have a letter from the National Conference of Governors, who had this under consideration. They are strongly opposed to this particular part, as we can imagine, because of the drain on the State treasuries.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. RAILSBACK. I yield to the gentleman from Illinois.

Mr. COLLIER. Mr. Chairman, the gentleman certainly would expect the Con-

ference of Governors to be against paying any part of the tab for this program, would he?

Mr. RAILSBACK. That is why I said, "As we can imagine." They have every reason to be against it.

Mr. COLLIER. Also, let me point out that fiscal condition of the Federal Government is worse than that of the States if we are to make a logical judgment on what each can afford.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. RAILSBACK. I yield to the gentleman from California (Mr. CLAUSEN).

(Mr. DON H. CLAUSEN asked and was given permission to revise and extend his remarks.)

Mr. DON H. CLAUSEN. Mr. Chairman, Governor Reagan, of California, has asked me to relate his concern and feelings regarding the House version of Senate-passed food stamp amendments, House bill H.R. 18582, which is being considered today. The final version will affect each of your districts somewhat differently. However, the requirement that States buy-in on an escalated scale from 2½ percent of the food stamp value the first year, up to 10 percent in fiscal year 1974 and thereafter, has heavy financial impact for all Californians.

Our preliminary estimates indicate that this provision will cost California taxpayers at least \$3.5 million the first year, \$9 million the second year, \$15.8 million the third year, \$25.6 million the fourth year, and \$28.8 million the fifth year.

Regardless of your opinion of other aspects of this bill, I am sure you will agree that such huge sums are beyond the capacity of California taxpayers to pay.

Therefore, I urge you to initiate or support whatever amendment action is necessary to remove this portion of the bill, identified on page 26 of House Report No. 91-1402 as subsection 15(c).

(Mr. RAILSBACK asked and was given permission to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Chairman, I rise in opposition to the Railsback amendment.

(Mr. MONTGOMERY asked and was given permission to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Chairman, the Railsback amendment relates to the State sharing and participation.

This is a compromise proposal, as I mentioned before. The amendment was offered several years ago. It would have required the States to participate 50 percent. What we have added to the bill would only require the States to participate 10 percent, 2½ percent per year starting after July, 1972.

What has been said here is true. Some of the States, which have sales taxes, have actually made a profit on the food stamp program.

Illinois is one of the States which have food sales taxes. I believe it is 4½ percent. The State of Illinois collects sales taxes on the food stamps.

Actually many States have been making a profit from the food stamp program.

I hope the Members will further consider that this has been a reasonable request. All of our programs average out at about 50 percent State participation. I speak of the welfare programs, urban renewal, sewerage and gutter funds, loans to cities and counties. They average out at about 50 percent. We also have a State-sharing in the highway program.

I might mention there was quite a bit of discussion on this amendment in the committee. I offered the amendment. My State will be affected. My State will have to pay about as much as any other State. We participate in the food stamp program.

The program is going pretty well in Mississippi.

Naturally the Governors would be opposed to this provision relating the food stamp program. They do not want to eat into their budgets; they would prefer to have the Federal Government participate and pay for it. But the Governors have been meeting all over this country and out of the country. They have met in Puerto Rico. They have met in Miami. They have a lot of conferences. This is really the first time I have heard that as a group the Governors are opposed to this State sharing. I know individual Governors are, but I was rather surprised when the gentleman said he had a letter from the National Governors Conference, because we have been alert to see if the Governors would take any action in conference. So far as I know they have not.

Mr. RAILSBACK. Mr. Chairman, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from Illinois.

Mr. RAILSBACK. I thank the gentleman for yielding.

What happens if there is a State government which is about broke?

Mr. MONTGOMERY. We have a Federal Government which is about broke.

Mr. RAILSBACK. That is very true, and I believe that point could be raised about the entire program. I am talking about a State. Say that the gentleman's own State was financially strapped and did not have funds, and yet had impoverished people who need to participate in the program. How would they be able to participate if the State did not participate?

Mr. MONTGOMERY. The States will not back out of the food stamp program. It has meant too much to the people and it has meant too much to the small and large stores for them to do that. In the stores where they have had the food stamp program they have increased their business in some cases by 35 percent, as a result of the food stamp program. It is doing well. They will not do away with the food stamp program.

Mr. ANDREWS of Alabama. Mr. Chairman, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from Alabama.

Mr. ANDREWS of Alabama. I doubt that there is a State in the Union which is in as bad a financial condition as the Federal Government. We owe \$400 billion. We mentioned the fact that in the appropriation bill for 1971, just for the interest on the national debt, it is

\$20.8 billion, which runs at the rate of \$400 million a week.

Mr. MONTGOMERY. I thank the gentleman.

Mr. MYERS. Mr. Chairman, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from Indiana.

Mr. MYERS. The gentleman from Illinois expressed concern with the fact that the States would have to pay a part of the expanded program. I believe he has ignored the fact that this open-ended program will assume feeding a greater proportion of welfare recipients in each State. A much greater number of people would have to be paid for under this new program. The States are going to be relieved under this program, because it will be assisting in feeding more and more people.

The administrator, the man who stands there at home and hands out the food stamps, is a State official. I believe those people will be much more alert and much more careful of the use of that money, how it is spent, if they are paying a part of it. That is the reason why it is in there.

Mr. MONTGOMERY. I am glad the gentleman brings that point forward. In the field investigation report which each Member received, on the investigation of the food stamps, it is pointed out that States needed to supervise this program more.

(By unanimous consent, at the request of Mr. ABBITT, Mr. MONTGOMERY was allowed to proceed for 1 additional minute.)

Mr. MONTGOMERY. I yield to the gentleman from Virginia.

Mr. ABBITT. As the gentleman pointed out, this committee bill we have before us and the substitute simply require a start of 2½ percent for the next fiscal year and 5 percent for the fiscal year ending in 1973 and only 7½ percent in fiscal year 1974. It never gets beyond 10 percent. Is that correct?

Mr. MONTGOMERY. The gentleman is correct.

Mr. ABBITT. That is all in the committee bill.

Mr. MONTGOMERY. And I think in the gentleman's substitute there is a provision that would give the State legislatures almost a year and a half to enact these provisions, starting with the 2½ percent in fiscal year 1972. Is that correct?

Mr. ABBITT. That is exactly right. I thank the gentleman for yielding.

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the amendment to the substitute to the substitute to the committee bill which has just been offered by the gentleman from Illinois (Mr. RAILSBACK) really only does one thing. It takes out the so-called Montgomery amendment. That is one of the features, of course, of the substitute bill itself. The substitute bill has that effect, the same effect as the Railsback amendment, but it does many other things as well. The remaining Abbitt substitute offered by the gentleman from Virginia would bar all food stamp eligibility by strikers and

their families. The Committee on Agriculture is not generally reputed in this House to be a wildly liberal or left-leaning committee. It is by general consensus considered perhaps the most conservative committee in the Congress. The specific amendment to bar strikers was offered and considered by the Committee on Agriculture and was later removed from the committee bill. It is now neither in the committee bill nor in the substitute. The reason it is not in either bill is that both the committee bill and the substitute contain work requirements. For the first time eligibility for this program depends upon able-bodied adults registering and accepting employment—not just training but employment. The bill comprehends that strikers as well as others would be required to register and accept employment with a single limitation, namely, that no striking member could be required to accept employment at a struck plant or site.

In view of the fact that that requirement of registering and accepting work is in both the bill and the substitute, it seemed to the committee unnecessary and undesirable. I think it is also unjust.

There are many reasons why strikes occur. Strikes are still legal instrumentalities for the settling of economic disputes in this country. Many striking families are headed by members of the family who voted against the strike in the strike vote required by the Landrum-Griffin Act. Many locals have voted against strikes to find themselves on strike despite their position. These families would be caught in the antistrike provision as well as any family of a member who voted for the strike.

I think we have to ask ourselves the question, Whose fault is the strike? It is true it might be the union's fault. It may be making unjustified and excessive demands. But is it not just as possible that the failure and the breakdown of collective bargaining occurred on the other side?

Arguments are made that the Federal Government should be neutral in strikes. Well, I say that if we are going to have complete neutrality, would it not be appropriate that the Federal Government should be forbidden to enter into contracts with any company involved in a labor dispute and prohibited from making payments not strictly required by law, because that company is engaged in a labor dispute, and barred from claiming tax deductions for strike losses involved in labor disputes?

Earlier, Mr. Chairman, the gentleman from Pennsylvania (Mr. GOODLING) said that the companies do not get any strike benefits. Struck companies always write all strike losses and expenses off their taxes. We should eliminate that if strikers are to be denied food stamps.

So, I urge all members of the committee to oppose the Abbott amendment. The Abbott amendment is an unfair, unjustified selecting out of American working families for special discrimination. This bill, the committee substitute, and the committee bill, both require the work requirement to be met by strikers as well as any other person.

Mr. Chairman, there is no justification for the Abbott substitute. It should

be voted down and the adoption of the substitute which has been offered by the gentleman from Minnesota (Mr. QUIE) and this will accomplish the purposes which we are seeking to cover in this legislation.

Mr. CONYERS. Mr. Chairman, I move to strike the requisite number of words.

(Mr. CONYERS asked and was given permission to revise and extend his remarks.)

Mr. CONYERS. Mr. Chairman, before expressing my sentiments in behalf of the Quie-Foley substitute before us, I would like to congratulate those Members from both sides of the aisle who have given the measure its bipartisan support. Of their number, I want especially to commend Mr. FOLEY, Mr. QUIE, Mr. ANDERSON of Tennessee, Mr. ANDERSON of Illinois, Mr. STEIGER of Wisconsin, Mr. BISTER, Mr. O'NEILL of Massachusetts, Mr. SMITH of Iowa, Mr. ROBISON, and Mr. FRASER for their joint introduction of the Family Nutrition Act.

These men have been convinced, as I would hope most of us have, that the basic premise of a national welfare system is one of simple humanity—that every person is entitled to survival and to an income adequate for purchasing food, clothing, and shelter for himself and his family. Adequate welfare benefits offer a way of guaranteeing these rights to all Americans. Indeed, the intent of promoting the general welfare was the rationale behind the creation of our Constitution.

Yet, as meager as the allotments are, the welfare system in the United States today is under an escalating attack, for as rising costs and taxes entrap us in an inflationary spiral, we naturally look about us for scapegoats. And I must admit that at first glance the welfare system appears to be an obvious one. We are told that welfare is the major sieve for our tax dollars, when in fact all public assistance programs operate on only 1.9 percent of all Federal taxes—\$4.2 billion out of \$201 billion. And welfare is just one of many Government subsidies. Last year 415 farm owners received subsidies of over \$100,000 each from the Department of Agriculture. These are not small, poor farmers; they include corporations, banks, and large landholders. Standard Oil of California received \$127,995. A notable Member of the U.S. Senate collected \$146,792. The 10 largest Defense Department contractors collectively secured \$10.7 billion in 1969. Lockheed led that list with \$2.04 billion, while the company's total sales for that year were only \$2.09 billion.

In addition we are told that many of the poor abuse the system by purchasing luxury items with their checks. In reality, the average welfare grant for a family of four is \$2,460 a year, \$3,000 less than the Federal Government's surveys show a family of four needs in order to live at a minimum standard of health and comfort. Welfare simply does not allow enough money for adequate food, rent, clothing, and other necessities. It certainly does not make any allowances for transportation, reading, and recreation. The welfare family subsists in substandard housing; its children attend inferior schools; they often eat unhealthy

unnourishing food—all at the cost of 56 cents per person per day.

The welfare system is surely in desperate need of change—but it must be a change generated by information and understanding, not by ignorance and myths. Before we can hope effectively to devise farsighted, responsive legislation, we must dispel from our minds, or rather our emotions, the damaging stereotypes and misconceptions that have hindered solutions to the ills of poverty, while further adding to the demoralization and even cynicism of the poor. Having confronted some of the mistruths concerning the general impressions of welfare and its recipients, let us undertake an enlightened examination of the issue at hand—a critical and responsible rewriting of the food stamp laws. And let us do so with the valuable understanding that for an overwhelming number of the Nation's poor, welfare is the final resort.

THE NEED FOR A NEW LAW

But if the acceptance of welfare is the last step of the poor toward warding off starvation, this meeting today is far from Congress' first step at devising cures for hunger in America. Was it not only 6 years ago that this body met for the same purpose of dealing meaningfully and lastingly with the lack of adequate levels of nutrition for all of the Nation's people? Out of that meeting, and the hearings and politicking that preceded it, was born the Food Stamp Act of 1964, another "comprehensive" measure intended to satisfy the poor. The bill was signed into law, commemorative pens were distributed, and the Nation's impoverished were told that though they lacked money in the bank, they would have meat on the table.

And now, 6 years following the inception of the food stamp program, we are told by the National Council on Hunger that only 8.8 million out of 25.4 million needy Americans receive the stamps which they urgently require. Of these 8.8 million, many of them living on a limited or negligible income find themselves hampered by the fact that the stamps are not really substitutes for money. They are good only for specific groceries at certain stores and they come in either 50 cents or \$2 denominations. In other words, a purchase of \$1.75 in food supplies will not return 25 cents in change. The buyer must pay the clerk \$1.50 in stamps and a quarter in cash. And let us be mindful of the fact that thousands of American families receive absolutely no income at all.

Clearly there is dramatic evidence calling for a significant revamping of the present system governing food stamps. What is demanded is legislation that would expand coverage to reach all in need. Stamps must be made more accessible, with more offices for issuance and certification, or better still, we should employ a method of self-certification to decrease drastically the redtape and unnecessary expense of the current program. Purchase price and bonus value of the stamps must be low enough and high enough, respectively, to enable the neediest persons to participate. The purchase schedule—now fixed at once or twice a month—should be made available to all who require them, and a vigorous public

information program ought to be operated to reach potential participants.

The Family Nutrition Act includes or offer incentives for all of these points except one, that being the inclusion of household supplies as eligible purchases. But if this single oversight is recognized by the Members as being significant, then let us make the addition to the substitute. Our purpose must not be to select the best of two or three food stamp plans now before us, but to devise the finest possible instrument for blotting out the suffering that currently exists among so many millions of our citizens.

For this reason, let us here take note of the McGovern-Javits bill, S. 2547, which passed overwhelmingly in the Senate in September of 1969. I mention this bill because I believe it goes further than the Foley-Quie measure. Containing all of the benefits of the latter document, S. 2547 adds several constructive innovations:

To begin with, S. 2547 requires that families pay no more than 25 percent of their income for food stamps. Households whose income is less than one-half the amount necessary to buy food alone would receive their food stamps free of charge. At present food prices this would mean that any family of four having a total income—including welfare payments, if any—of less than \$62.50 per month or \$750 per year would receive its food stamps without cost.

Under S. 2547, every food stamp family would be provided stamps sufficient in value to enable them to purchase an adequate diet. S. 2547 would change the present act by requiring that the Secretary use the Department of Agriculture's low-cost food plan in determining the cost of an adequate diet. That food plan now sets diet costs for a family of four at \$125 a month. Thus, each family of four would receive \$125 worth of food stamps each month under this act.

S. 2547 would also permit households to purchase their stamps in installments and in amounts less than the full allotment. This variable purchase requirement would mean that any household, if it does not have the full purchase price at any particular time, could purchase part of its stamps, and if it does not have the full purchase price during the month it could purchase part of its full allotment. This would prevent families faced by temporary financial crisis from being completely cut out, or even dropped from the food stamp program.

Under the terms of S. 2547 a family on welfare could have the purchase price of its stamps deducted from its monthly welfare check and have its stamps mailed to it with its welfare check.

Very significantly, S. 2547 would permit families to purchase with their stamps those products determined by the Secretary to be necessary "for personal cleanliness, hygiene, and home sanitation." The present act permits only the purchase of food by defining food as a product for human consumption.

Having served in a Congress which has allocated the means for conquering outer space, fighting a continuous war halfway around the world, and placing oil wells in the Arctic and TV transmitters in the sky, I am confident that this body has the

capacity for delivering to the American public a bill dynamic enough to equal the McGovern-Javits example. But until we produce such a bill, the Family Nutrition Act remains the most responsive legislation we have before us to offer the Nation's poor.

Although it is by no means a cure-all for the deplorable level of poverty or for the social factors that maintain that level, the Quie-Foley substitute amendment is the best attempt at eliminating "hunger and malnutrition in America itself, for all time—Nixon, May of last year." I believe that this is in fact a good bill; it seeks to:

First, clearly define an adequate national standard of eligibility that would include, for instance, all needy families of four receiving \$4,000 a year or less;

Second, allow a total coupon allotment of at least 35 cents per meal per person;

Third, simplify expensive and time-consuming certification procedures;

Fourth, provide free food stamps to needy families with an income of under \$30 per month.

I feel that this bill offers a substantial improvement over the committee bill. Indeed, it has been estimated that should the tenets of H.R. 18582 become law, less than one half of those persons now buying stamps would find it possible to continue to do so. And let us remember that these are projected decreases from a program that is already failing to administer to the needs of approximately 60 percent of all who should be benefiting from it.

Among the committee's proposals are a tax on the States requiring them to finance a portion—10 percent—of the bonus value of the coupons, this at a time when the States are looking to the Federal Government for increasing financial assistance. Included as well is a work requirement that represents an additional administrative burden which, even if proven workable, will in many instances create unwanted social effects. The bill's uncertain eligibility standards and cumbersome certification procedures have been mentioned. But if they are not adequate evidence of the failure of this bill, consider the grossly inadequate 29 cents per person per meal value of the coupon allotment and the fact that absolutely no free stamps are to be issued. Consequently, if a recipient happens to have some level of personal income, he must supply 10.5 cents of each coupon, while if he is totally destitute—the very condition most clearing warranting the stamps—he is simply out of luck unless he can manage to beg, borrow, or steal enough to afford the price of welfare stamps.

I am further disturbed by the apparent anti-strike aspect of the committee bill. By the terms of H.R. 18582, it would become considerably harder for a striker to gain eligibility for food stamps than is presently the case. A worker would be ineligible for food stamps if he refused another job at the \$1.60 minimum wage. It would seem to me that the very purpose of the food stamp program—"to safeguard health and wellbeing" of Americans who need the program—would be defeated. There can be no possible moral justification to deny needed food to men, women, and children no matter what the circumstances.

Again, I cannot understand how in the past few days we have passed a number of measures and different kinds of legislation, the latest of which was a \$10 million subsidy to perpetuate a riverboat. This was done only yesterday. Yet some of our Members are now coming back here examining whether or not working people and their families should have the benefit of legislation that applies to everybody.

Yet regardless of our ultimate decision as to which piece of legislation most merits passage by this body, our labor would still be in vain if it is not done with one vital acknowledgement: that the food stamp program is merely a stop-gap measure designed to alleviate suffering here and now. In the long run, however, our task is not finished until America resolves to mount the comprehensive attack on poverty which so many of us have been urging for so long. The choice we must soon make, in determining a just and meaningful family food stamp plan, seems to me to be whether or not we will remember and heed the lessons that history has told of oligarchies, monarchies, and dictatorships that answered the anguished cries for bread with callous repartee—like the "let them eat cake" implications of the committee bill—and with guns instead of butter, as reflected in our present sense of national priorities.

If we fail today to reach permanent solutions to the paradox of hunger in America without both a historical perspective and a sense of common humanity, we will have recommitted the 18th century error of punishing the poor for their poverty. Twenty million American poor cannot long be denied the sustenance it takes to thrive, develop, and eventually return to the Nation whatever harvest the Nation has sown.

Mrs. SULLIVAN. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentlewoman from Missouri.

Mrs. SULLIVAN. Mr. Chairman, I have asked the gentleman from Michigan to yield just for a moment for a correction of the RECORD. He referred to a bill that passed the House yesterday, with a \$10 million appropriation or subsidy for a river boat. There was not one penny asked for, nor given—not ever—in the bill which we considered yesterday, and sent to conference, extending time for the riverboat *Delta Queen* under the Safety at Sea Act. No funds were included in that bill and I do not think we would ever give any money for that purpose.

Mr. CONYERS. Mr. Chairman, I beg the gentlewoman's pardon because I recall in the debate, and I have not looked at the RECORD, but among the arguments that were presented was one that this was going to—and I think it was one of the Members from Missouri who made the statement—that there was going to be money involved, and it was going to private enterprise to perfect this boat. If that was not the case, I will with pleasure stand corrected.

Mrs. SULLIVAN. There is a bill that has been introduced in Congress, but that was not the bill we considered yesterday. All the *Delta Queen* amendment

would do is permit no boat to continue to operate.

Mr. CONYERS. Mr. Chairman, I yield back the balance of my time.

On further reflection the gentlelady is entirely correct, the subsidy involved is in another piece of legislation concerning the *Delta Queen*. I stand corrected and ask the Members to disregard any previous reference to that legislation.

Mr. BELCHER. Mr. Chairman, I ask unanimous consent that all debate on the Railsback amendment do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. RAILSBACK) to the substitute amendment offered by the gentleman from Virginia (Mr. ABBITT) for the amendment in the nature of a substitute offered by the gentleman from Washington (Mr. FOLEY).

The amendment to the substitute amendment was rejected.

Mr. PUCINSKI. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in opposition to the Abbitt substitute amendment, and particularly to that part which would deny benefits of the food stamp program to members of a family whose breadwinner happens to be on strike. I would hope that the House would carefully consider what we are being asked to do here.

The food stamp program, first of all, is a program that has been designed to help those families or those individuals whose earning capacity has been severely curtailed for whatever the reason may be. It may be they are on social security, or senior citizens in retirement, there may be any number of reasons why a person needs the supplemental help of these food stamp programs.

But one of the problems that we have with this amendment is that, as has already been said, in a labor dispute you never have unanimity of action. What about the 49 or the 38, or the 40 percent of those workers who voted against the strike? Are we saying to those who vote against the strike, and who had nothing to say about it, that they are not going to get supplemental help, that their kids will not get help with any such program even though they have nothing to do with the strike?

Let me ask another question: What about the people who are locked out? They are not on strike.

Now, when the auto workers announced the strike recently against General Motors, there was some question as

to whether or not Chrysler and Ford were going to lock out their workers in order to bring economic pressure. Thank God, that did not happen, but it could have happened, and it has happened on many, many occasions, where a number of companies will lock out their employees to bring economic pressure, workers who have nothing to do with the strike, people who are not involved in any way. They are locked out; denied an opportunity to earn a living even though they are not directly involved in a labor dispute.

Are you saying that under this amendment those people may not benefit from the food stamp program?

So, as was stated earlier when I asked this question during debate on the rule, I said does this include lockouts as well as strikes? The gentleman said "Well, they will have to make local rules."

Well, are you then saying that you want some local official to make a determination whether it is a strike, a lockout, or both a strike and a lockout?

Are you going to have different standards all over the country for determining what constitutes a lockout and what constitutes a strike to determine eligibility for food stamps? You would in effect be saying that when an employer locks out his employees, they can get stamps but if they strike they cannot qualify.

But more important—what do you think your employer groups are going to say if an employer can be accused by some official from the Department of Agriculture, that the employer has locked out his workers; ergo, his workers are entitled to food stamps. What do you think the employer is going to say to that procedure?

So I say to you—you are opening up a real can of worms. You are hurting a lot of people who should not be hurt.

Finally, I ask anyone to give me an iota of evidence—because I do not have any and I would love to see it—which would indicate that there is a relationship between extending or prolonging strikes and the accessibility of food stamps to strikers.

I am on the Labor Committee and I have studied this subject very carefully as a member of that committee, and a conscientious member—and yet I have not an iota of evidence to show that there is any correlation between the length of a strike and the accessibility of members on strike to have access to food stamps.

So I tell you this—there are problems with the food program and I believe this legislation as offered by the substi-

tute bill addresses itself to that problem.

Your quarrel is not with the children of people whose work has been interrupted temporarily because of a work stoppage. Your problem with this food stamp program—if there is a problem—is with all of these hippies and yuppies down there in the Southwest who are getting food stamps, down in the communes and whatnot. This legislation clears that up. It addresses itself to that problem. I say to you that you have a good bill here in the Foley-Quie substitute bill, and I hope you will reject the Abbitt substitute.

Mr. MEEDS. Mr. Chairman, will the gentleman yield?

Mr. PUCINSKI. I yield to the gentleman.

Mr. MEEDS. Is it not true that the work requirement of both the Foley substitute and the committee bill would require strikers to seek employment if they want to receive food stamps, with the exception that they would not be required to seek employment at struck places; is that not true?

Mr. PUCINSKI. That is true. I would ask you this, What do you suppose the employer of a struck plant who wants to get his force back to work as quickly as possible—what do you think he is going to say when he sees the government taking his people who are on strike and placing them on another job?

Mr. Chairman, we should look at the broader aspects of this bill. Today we are considering measures to provide a more equitable distribution of food stamp assistance for the deserving poor in our Nation. Above all, our purpose is to make this assistance available to all who need help, however eloquent the arguments for fiscal responsibility that basically are intended to deny this assistance to hungry American children and their parents and grandparents.

We are charged with determining a series of criteria and standards that will permit the Federal Government, acting with the States, to reach people who virtually have no representation.

There have been inequities in the food stamp and commodity distribution programs in the past. Today we have an opportunity to correct those inequities and to give the Secretary of Agriculture authority to set more flexible standards that will save not only time, but untold sums of money.

The Foley-Quie Family Nutrition Act, which I am supporting, makes several important modifications to existing legislation. I will not mention all of them, as time is pressing. But several of them are

highly significant and, to my mind, eminently worthy of discussion.

The Family Nutrition Act provides for 100 percent certification verification of students who apply for food stamps. It is important to point out that this is intended neither to harass students nor invade their privacy.

Rather, it is an attempt by the Government to uphold the trust and faith of the taxpayers who support this program. Students, after all, are a national investment. The days, months, and years they spend in class and in independent study will ultimately benefit the Nation. Regrettably, however, in too many communities throughout the Nation, certification procedures with regard to students have been either vague or poorly enforced. This substitute measure before us corrects this situation and at the same time insures that deserving students will continue to benefit fully from the food stamp program.

In April of 1969, I remarked on the floor of this Chamber that a crisis in welfare programs throughout the country could no longer be avoided. News reports earlier this week indicate that more than 10 percent of our States face a fiscal crisis of monumental proportion owing to the unbelievable increase in welfare caseloads.

More than 9 million people in the United States receive some form of welfare assistance today. Between 1959 and 1968, the increase in welfare caseloads nationally was a phenomenal 74.9 percent. But the 10 States with the highest welfare benefits increased 148.7 percent. We can attribute these caseloads to lack of proper job training, education, medical attention, day care, and so forth. But we must take action to correct this situation. Eradicating hunger is one of the most important actions we can take to restore health and goals to poor Americans.

I believe the solution to this problem, as I said in my speech in 1969, lies in national eligibility standards. H.R. 18582—the committee bill—provides no language establishing an income floor for determining eligibility.

However, the substitute proposal authorizes the Secretary of Agriculture to set national standards. It also specifically establishes an income floor of \$4,000 for a family of four. By permitting the Secretary to determine eligibility on the basis of national standards, we give him urgently needed flexibility to adjust to periodic increases in the cost of living and wage and price fluctuations. This saves time; it assists hungry people who literally cannot await the actions of a

lengthy legislative process; and it saves the taxpayers untold dollars.

As for elderly Americans, the substitute proposal expands food stamp coverage to individuals over the age of 60 regardless of whether they are housebound or disabled. It further expands coverage to persons under 60 who are unable to prepare their own meals because of physical or mental handicaps.

Elderly Americans account for more than 25 percent of our population. Too many of them are totally dependent on small annuities or social security benefits to shield them against the caprices of age, climate, and economics.

I have attended numerous committee hearings describing in detail the frightening specter of poverty that haunts older Americans daily—men and women who have worked all their lives for company pensions only to find upon retirement that there are no pension funds available. Reliable estimates state that this situation affects more than 40 percent of the workers in the American labor force.

Older Americans are people who are neither invisible nor silent. But in too many cases their lives of fearful poverty are ignored by the media in order to spotlight more dramatic issues. Older people seldom demonstrate on their own behalf.

One of the proudest responsibilities of the Members of this Congress is to see to it that all Americans are represented here—those who can speak for themselves and those who, in the silent desperation of their need, are eloquent reminders of the true test of civilization.

I endorse the language of the Foley-Quie Family Nutrition Act and I urge my colleagues to lend their support to this measure, as well. I hope the Abbitt substitute will be voted down and urge a vote against it.

Mr. POAGE. Mr. Chairman, I believe everybody has his mind well made up and everybody understands what the issues are. I wonder if we cannot agree on a time limit on the discussion here. Certainly, I would not want to cut any Members off.

Mr. BELCHER. If the gentleman will yield, I am the ranking Member on this side and I have not said a word either during general debate or on this amendment.

Mr. POAGE. Then I will not make any request to limit time.

Mr. BELCHER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, if I really wanted to kill the food stamp bill, I would want every striker in the United States to get

food stamps from two different places, which a lot of them did.

Another thing—if I wanted to kill the bill, I would just let it go clear out through the ceiling.

In 1967 we appropriated \$115 million.

In 1968 we appropriated \$187 million.

In 1969 we appropriated \$251 million.

In 1970 we appropriated \$610 million.

In 1972 the appropriation will be \$1,420,000,000.

Mr. Chairman, the committee bill provides for \$2 billion for the food stamp plan.

The gentlewoman, who has sponsored this legislation for a long time, has said that there are going to be some abuses that are going to handicap a fine program. I agree with her. We find people all over the United States in letters to newspapers expressing themselves. They are writing of the 200,000 strikers at the General Motors plant who were getting food stamps. We hear the letters that were read by the gentleman from Michigan. The Foley bill would provide \$4.5 billion. The Senate bill provides \$7 billion. If we are able to get only a split between the Foley bill and the other bill it would still be \$5.5 billion.

If you really want to kill the food stamp program, just jack it up so high that the taxpayers will completely revolt. Keep all of these gadgets in the bill, keep the students, the hippies, the strikers, and everybody else, enabling all of them to get on the food stamp plan, and it will not take very long for those people who want to kill the food stamp plan to get the job done.

The administration is for the committee bill. You have all received a letter to that effect. In that letter the reason why they did not like the Foley-Quie amendment was pointed out.

So if those who really want a food stamp plan do not get too selfish and too greedy, you might keep a food stamp plan for a long time. But if you just keep spending too much money, in 1 or 2 years you are going to get the whole bill killed.

The first thing the gentlewoman said was that this was not for poverty. It was intended as a supplement to nutrition. People who earned money and were spending money for groceries would spend that money and then the Government would supplement that, so that workers receiving a low income would get the proper diet for their families. It was never intended for a complete relief program. We have it at 50 cents a month at the present time we are trying to push the food stamp plan completely into general welfare.

The gentleman from Illinois (Mr. RAILSBACK) said in relation to the "State" amendment that a certain State would have to spend \$4 million. Well, the Government is going to have to spend 40 times \$4 million in order to operate this program.

So I say to you, Mr. Chairman, who would really like to have a good, efficient food stamp plan, I think you ought to trim your sights a little bit and keep the program sound.

Mr. QUIE. Mr. Chairman, I rise in support of the amendment in the nature of a substitute, and I move to strike the last word.

The CHAIRMAN. The gentleman from Minnesota is recognized.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the chairman of the committee.

Mr. POAGE. I would again like to try to bring this debate to a close. I know that many Members have engagements that they would like to fill. I do not like to cut anybody off. I would like to find out how many Members wish to speak. I observe 15 Members standing. That would be about an hour and 15 minutes, would it not?

Mr. Chairman, I ask unanimous consent that all debate on the Foley-Quie amendment in the nature of a substitute and all amendments thereto close at 10 minutes after 8. That gives you an hour and a quarter.

The CHAIRMAN. There is a substitute amendment.

Mr. POAGE. I will restate my request. I ask unanimous consent that all debate on the Foley-Quie amendment in the nature of a substitute and all amendments thereto close at 10 minutes after 8 o'clock.

Mr. BELCHER. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Oklahoma.

Mr. BELCHER. I would suggest that the gentleman ask unanimous consent for about 30 minutes on the Abbitt substitute rather than on the whole bill.

Mr. POAGE. Mr. Chairman, if the gentleman does not want to close the debate, I will not push the request, and the gentleman can debate it until midnight as far as I am concerned.

Mr. Chairman, I withdraw my request.

Mr. QUIE. Mr. Chairman, I ask unanimous consent that I may proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

Mr. HALL. Mr. Chairman, reserving the right to object, I shall not object

because of the way this gentleman lost his time, but I want to serve notice that because of the late hour and the lateness of the session, I shall object to further extensions of time.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

(Mr. QUIE asked and was given permission to revise and extend his remarks.)

Mr. CRANE. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Illinois.

(Mr. CRANE asked and was given permission to revise and extend his remarks at this point in the RECORD.)

Mr. CRANE. Mr. Chairman, when the Food Stamp Act of 1964 was debated before this body, some Members warned against the loosely worded bill which did not guarantee against a perversion from its original purpose of providing sustenance for those incapable, through no fault of their own, of providing for themselves. Now we have seen the fruition of that warning in the reported widespread use of food stamps by UAW members in their economy-cripping strike against General Motors. The Department of Agriculture reports that the value of stamps made available to the strikers in the 2-month period of October and November was between \$12 and \$14 million, with the total cost possibly running even higher. Big labor is now calling for a plan designed to loosen even further the method of distributing food stamps. With strike activity having climbed to a 10-year high, now is no time for the Federal Government through its offices to bolster any further loss of man-hours.

Recently we have witnessed nearly constant labor-management turmoil, beginning with the General Electric strike more than a year ago. At that time, in the fall of 1969, a Gallup poll showed more than two-thirds of the people—including a majority of labor union families—favoring some method of prohibiting strikes lasting more than 2 weeks.

The recent use of food stamps by those voluntarily unemployed provides a picture of a grotesque twisting of the humanitarian concept envisioned in the 1964 law. More important, however, is the total abandonment of the traditional role of Government in providing equal protection. Such a development is inevitable when strikers enjoy what are, in effect, Government strike subsidies. For in permitting striking workers to pay, say, \$26 a month for \$180 worth of groceries, the difference between the figures being charged to the taxpayer—in-

cluding the corporate taxpayer—the Government provides an inducement against collective bargaining and to the detriment of industry.

With the auto strike alone costing more than 7 million lost man-days of production, and the threat of further strike activity looming ahead in 1971, it is incumbent upon Congress to insure that the actions of this body do not promote further economic losses. With many UAW strikers reporting that the food stamp program provided them with major support, it is time to consider seriously ways of insuring that occurrences of this nature are not repeated. In early November, at a time when the GM strike was a month and a half old, and still several weeks away from settlement, one striker reported that he could hold out till February. We must see that the Government does not encourage the sort of situation in which one housewife reported that though she was embarrassed the first time she used food stamps that she now was "used to it."

Without arguing the merits of the strikers' demands, it is readily noticeable that what has occurred is surely not the intention of the law. Funds allotted to the food stamp program which then go to the highest paid workers in the world must also, necessarily, work to the detriment of those "low-income households" for which the 1964 Food Stamp Act provided.

Mr. QUIE. Mr. Chairman, in the 5 minutes I would just like to say a little bit about the Foley-Quie substitute, and the substitute to it offered by the gentleman from Virginia (Mr. ABBITT).

The way it is now, the Abbitt substitute to our substitute has only three differences, but only two that count. One was the deferral of the State buy-in which would require the State to assume a part of the cost of the food stamp program.

The second was the striker amendment.

The food stamp debate this year is similar to what I believe we had 4 years ago, when most of the debate turned on the striker amendment. I have gotten the pressures from home, as most of my colleagues have. The pressure from home does not stem only from the managers of business, but also from the rank and file of people who are upset, because strikers have gotten food stamps. Now if the strikers in your mind and my mind were just the union leaders who were out on strike, and who urged their employees to vote for a strike, I think then we would all feel they should be prevented from getting food stamps. So often the assumption is made that a

strike stems from unreasonable inflationary demands greater than productivity increases and increased cost of living. But under the amendment which is in the Abitt substitute, anybody who is on strike, no matter how long that strike would run, would be prevented from getting food stamps. However, if there were a strike operating at the time this bill was enacted, all those strikers could continue to get food stamps. We all remember when there have been times when strikes ran on for more than a year and some of the employees and their families suffered very much during the lengthy strike. We must remember it is not always the strikers' fault when an agreement is not reached. Also, there is many a person out on strike who did not even vote for the strike. He voted against the strike and did not want to go on strike, but he is stuck with being out on strike. He undoubtedly suffers as badly as a person who is out of work for another reason and is just as innocent of the work stoppage.

However, the Foley-Quie substitute provides a work requirement. Whether the person is on strike or not, he has to go to work. He has first to register, and as soon as employment is found for him, he has to go to work. Otherwise there is a penalty against him. Those of us who put together our substitute felt the restrictions were developed by the Agriculture Committee.

We followed pretty closely the fraud provisions and other restrictions to penalize individuals who would abuse the food stamp program. The Committee on Agriculture has had ample opportunity to study any abuses to the food stamp program, has conducted a field investigation, and one would assume that no further punitive measures would be needed. We tried to improve on these measures in the substitute, not add additional ones.

We did not offer an amendment as a part of our substitute to absolutely prohibit strikers from receiving food stamps. There may be some circumstances when even strikers might be suffering, and I do not believe that anyone in this country would want another individual to go in hunger for any reason. Nor do I believe the Federal Government ought to subsidize a strike, but certainly greater thought ought to be given to an amendment to eliminate abuses that exist, and that had better be done with some time and thought in committee rather than here on the floor tonight.

The Committee on Agriculture does not have a reputation of being an ultra-liberal committee, or anything of that nature, as some other committees might have. We felt the Committee on Agriculture would have advocated a no-strike amendment if the committee felt it to be wise. The Abitt amendment was never reported from the Committee on Agriculture.

I would also like to make a comment or two about the State buy-in. I had even offered such an amendment when I was on the Committee on Agriculture. However, at that time there was no move to change the State share in welfare programs. Now the Nixon administration

has moved to shift a national standard welfare program to the Federal Government. I have supported the family assistance program and the Nixon move in this regard, so it seems inconsistent to require hard-pressed States now to assume a share which they never bore before. For that reason for the first time I am opposing the state buy-in.

I believe that our substitute is superior in other ways. I hope to mention a few of those.

One is that it is an inducement to have food stamps at about \$126 to \$128 per month for a family of four level, rather than the \$106 to \$108 level of the administration. It seemed wise to move from the economy food plan to the low-cost food plan if possible.

The substitute offered by Mr. FOLEY provides that if there is insufficient money it would be better if the Secretary of Agriculture estimated that before the fiscal year began and then based the level of the stamps on his estimate. That is why we provided in the substitute if there is not sufficient money, as is expected now with the \$1,420,000,000 for fiscal year 1971, the Secretary would stay at the level where he is now \$106 per month. That is provided in the substitute which we offer. The substitute would not require the administration to go above where they are now till adequate money was authorized.

We set an authorization maximum in 1972 and 1973, so the Secretary can base his estimate on that authorization level. However, he would need to appear before the Committee on Appropriations and advocate appropriations up to the authorization level. If there were an insufficiency of funds, as the administration suggests, then it would be up to the Congress to increase the authorization. They could not expend more than authorized. That is the figure we have in our proposal, \$2 billion for 1971, which we have already decided on, and \$2.5 billion for 1972 and 1973.

In answer to criticisms of our substitute bill made by the committee and the Department of Agriculture, Congressman FOLEY and I respond to them in the following manner.

The first criticism is:

"The substitute would cost more money than it authorizes." The administration has previously admitted in court that its food stamp cost estimates are unreliable because the costs are impossible to predict. They have no basis in fact for any of their projections. In estimating the cost of the substitute they assume full participation of 19.5 million persons. This level of participation in the next fiscal year is extremely unlikely. In predicting the cost of the Committee bill, the administration bases its estimates on participation levels of 13.3 million persons which is only 800,000 more individuals than now receive Federal food assistance and less than 60% of the Nation's needy. The substitute provides for reducing the stamp allotment value down to the level recommended by the administration to meet the authorization ceiling and the Congress would have to approve any increase in that ceiling.

The second criticism is:

"The substitute would allow recipients to obtain stamps without an effective work requirement."

The substitute's work test clearly governs all able-bodied adults who have no school age children or invalids to take care of. The substitute requires persons over 15 to register, unless they are students, while the Committee bill requires registration only at age 19. The Committee bill removes the entire family from the program if one person fails to meet the work test. Persons registered for work under the substitute would have to take jobs offered in accordance with their skills and experience or else lose their bonus stamps. The substitute is more compatible with the Family Assistance Plan work requirement than the Committee bill's work test.

The third criticism is:

"The substitute would force commodity distribution counties to switch to food stamps within 180 days."

The substitute mandates a nationwide food stamp program 300 days after enactment. Counties now distributing commodities could continue to do so during the transition to stamps with the Federal Government absorbing all their distribution costs, and indefinitely thereafter if the counties assume distribution costs. The President on May 6, 1969, told the Congress that "our long-range goal should be to replace direct food distribution with the revised Food Stamp Program." The substitute merely implements this goal.

The fourth criticism is:

"The substitute would determine eligibility on the basis of undefined, 'disposable income'."

Eligibility is already determined in each of the 46 participating states and the District of Columbia on the basis of "disposable income" or "net income," which terms refer to gross income from all sources less mandatory payroll deductions (social security, income tax, insurance, etc.) and special hardship deductions (work expenses, medical bills, excessive rent costs). The substitute merely reaffirms present practice.

The fifth criticism is:

"The substitute would authorize persons with incomes up to \$5,120 to receive food stamps."

The substitute specifically sets an eligibility floor for the nation at no less than \$4,000 for a family of four. The Secretary and individual states could go higher if they so chose, but they are not compelled to. Nowhere is \$5,120 mentioned in the substitute. No matter at what point eligibility cuts off, persons who earn more will lose their stamp entitlements. Both the work test and the normal desire for cash rather than stamps will operate practically to eradicate this theoretical disincentive.

The sixth criticism is:

"The substitute would require the Secretary to absorb more local administrative costs."

The Secretary could be required to absorb more administrative costs only if the county and the Governor failed to institute a food stamp program in an area after an elapsed time of 300 days. More costs would be absorbed for programs that performed well in reaching the poor. Certain administrative costs would actually be reduced under the substitute measure. Certification costs would be lowered by the self-declaration procedure; issuance costs would be reduced by instituting the check-off for recipients of payments under the Social Security Act.

I also submit a comparison between the present program, the committee bill, the substitute and the Senate-passed bill.

Item	Present program (Public Law 88-520)	House Agriculture Committee (H.R. 18582)	Family Nutrition Act of 1970 (H.R. 19889)	Senate (S. 2547)
1. Term of program and level of funding.	Authorization: Fiscal 1971 (through Dec. 31, 1970 only)—\$170,000,000. Sec. 16(a).	Fiscal 1971-73—such sums as Congress may appropriate. Sec. 10.	Authorizations: Fiscal 1971—\$2,000,000,000. Fiscal 1972—\$2,500,000,000. Fiscal 1973—\$3,000,000,000. Sec. 10.	Fiscal 1971—\$2,000,000,000. Fiscal 1972—\$2,500,000,000.
2. Carryover of unexpended funds.	None. Unspent funds automatically revert to the Treasury.	Unspent funds continue to remain available until expended. Sec. 10.	Same as in House Agriculture Committee bill. Sec. 10.	Same as in House Agriculture Committee bill. Sec. 19.
3. Territorial coverage.	50 States only and the District of Columbia. Sec. 3(j)	50 States, District of Columbia, Puerto Rico, Virgin Islands, Guam. Secretary to establish special standards of eligibility and allotment schedules for Puerto Rico, Guam, and the Virgin Islands which reflect average per capita income and cost of obtaining a nutritionally adequate diet. Maximum standards and allotment schedules set at those of the 50 States and District of Columbia—no minimums specified. Sec. 2(b) and 4(b).	50 States, District of Columbia, and, after July 1, 1971, Puerto Rico, the Virgin Islands, Guam, and, if the Secretary after consultation with the Secretary of Interior determines, America Samoa. Secretary may establish coupon allotments and proportionate charges that reflect the cost of obtaining a nutritionally adequate diet. Sets minimum level at 80 percent of allotment value and charges for the 50 States and the District of Columbia. Sec. 3(j).	50 States, District of Columbia, Puerto Rico, Virgin Islands, Guam, Pacific Trust Territory.
4. Individual coverage.	Group of related or nonrelated individuals living as 1 economic unit sharing cooking facilities and for whom food is customarily purchased in common. Not residents of institutions or boarding houses. Also individuals with cooking facilities. Sec. 3(e).	Present program extends coverage to persons 60 years or over who are housebound, physically handicapped, or otherwise disabled to the extent that they are unable adequately to prepare all of their meals. Sec. 2(c) and 6(b).	Present program plus (1) all persons 60 years or over regardless of availability of facilities or whether they can or do prepare their own meals, or are handicapped and (2) those under 60 who are unable adequately to prepare their meals because they are physically or mentally handicapped. Specific exclusion of communes. Sec. 3(e).	Present program plus persons 65 years or over who do not have food preparation facilities or reasonable access to such facilities in their living quarters or who are housebound, physically handicapped, feeble, or otherwise disabled to the extent that they cannot prepare nutritious meals for themselves.
5. Product coverage.	Any food or food product except alcoholic beverages, tobacco, imported package foods and imported meats or meat products. Sec. 3(b).	Present program plus meals which are prepared by political subdivisions or private nonprofit institutions, which do not receive federally donated foods, and which are delivered to the homes of person over 60 years who are housebound, handicapped, or disabled so as to be unable to adequately prepare all their meals. Sec. 6(b).	Any food or food product regularly available in domestic supply except alcoholic beverages and tobacco; also meals prepared by public agencies or private nonprofit organizations for consumption at any location other than an institution or boarding house by handicapped or persons 60 years or over. Sec. 3 (b) and (f).	Present program plus items necessary for personal cleanliness, hygiene, and home sanitation as well as meals served by private nonprofit institutions or schools to the elderly either in a common dining room (to those without facilities) or at home (for the disabled).
6. Household income eligibility.	States set standard of maximum income consistent with income standards used by State in its federally aided public assistance programs. Present range extends from \$2,160 for a family of 4 in South Carolina to \$4,320 in New Jersey.	Secretary of Agriculture (in consultation with HEW Secretary) to establish uniform national standards of eligibility, with a planned maximum income slightly over \$4,000 for a family of 4. Sec. 4(b).	Secretary of Agriculture (in consultation with HEW Secretary) to establish uniform national standards annually at no less than \$4,000 per year for a family of 4 or the equivalent. Sec. 5(b)	Secretary of Agriculture to set minimum income level for purchasing a nutritionally adequate diet at no less than \$4,000 for a household of 4.
7. Other eligibility qualifications.	Requires that States shall place a limitation on the resources to be allowed eligible households. Sec. 5(b).	Standards set by the Secretary, at a minimum, shall prescribe the amounts of household income and other financial resources, including both liquid and non-liquid assets to be used as criteria of eligibility. Also excludes, for a 2-year period, any household which includes a member over 18 who is claimed as an income tax dependent by another taxpayer not in the household. Sec. 4(b).	National resource standards exclude home, household goods, personal effects, or other property essential to household's means of self-support. Sec. 5(b).	None, national resource tests.
8. Work test.	No statutory requirement but many States impose one.	Excludes from eligibility and denies stamps to any household with any able-bodied adult between 18 and 65 (except mother of dependent children under 18 or bona-fide students or persons caring for incapacitated adults or dependent children) who fails to register for employment or refuses to accept employment or public work at the higher of State, Federal, or regulatory wage or no wage floor at all, if none applicable.	Reduces household's coupon bonus according to share attributable to individuals in household (other than mothers of children under 16, bona-fide students, the ill and incapacitated, persons caring for incapacitated adults, children under 16, or persons employed 35 hours or more per week or earning at least \$56 per week) who either fail to register or accept suitable employment at no lower than the Federal minimum wage. Sec. 5(c)-(g)	None, but States could continue to impose.
9. Certification procedure.	In accordance with the general procedures and personnel standards used for certification for federally aided public assistance programs. Sec. 10 (e)(2).	Same as under present program. Sec. 6(a) (2).	Solely on basis of simplified statement conforming to standards prescribed by Secretary coupled with subsequent verification through sampling and other scientific techniques, except 100 percent verification for college students. Sec. 7 (b)(1).	Solely by execution of affidavit prescribed by Secretary of Agriculture plus 60-day validity of certification for those who move to another jurisdiction.
10. Coupon issuance location and frequency.	State agency responsible for making issuance arrangements; may delegate to other agencies of local governmental units. Regulation requires at least semi-monthly issuance. Sec. 10(b).	Same as under present program.	Purchase through post offices, banks, credit unions, community action agencies, other public or private nonprofit organizations subject to such regulations as the Secretary may prescribe. Coupons to be issued on a weekly schedule. Sec. 7(b)(2).	Purchase through post offices, participating retail food stores, banks, credit unions, other convenient places—at least weekly issuance.
11. Maximum purchase price of coupons.	Equivalent to household's normal expenditure for food (in practice up to 33½ percent of net income). Sec. 7(b).	Reasonable investment test—not to exceed 30 percent of income. Sec. 5(b)(2).	Not to exceed 30 percent of income, except maximum of 25 percent of income for those households with annual income equal to or less than the equivalent of \$167 per month for a family of 4. Sec. 6(b).	Reasonable investment—not to exceed 25 percent of income.
12. Free stamps.	Only in experiment in 2 counties in South Carolina. No statutory provision permits.	Prohibited—minimum charge of 50 cents per person per month (household of 5 or less) or \$3 per household (6 or more) with State, local, and charitable sources to help insure participation at minimum level. Sec. 5(b)(1).	Only for households of 4 with incomes equal to or less than \$30 per month for a family of 4, or, in 1972 and 1973, such higher sum as the Secretary shall prescribe. Sec. 6(b).	To households with income less than ½ low-cost food plan (\$67 a month for a family of 4).

Item	Present program (Public Law 88-520)	House Agriculture Committee (H.R. 18582)	Family Nutrition Act of 1970 (H.R. 19889)	Senate (S. 2547)
13. Partial purchase and simplified purchase for Federal assistance recipients.	No special provisions (coupon issuance schedules permit, but do not require, weekly purchase of portion of allotment at fractional price)—No simplified purchase.	Secretary to provide reasonable opportunity to purchase less than full allotment. States may permit households receiving federally aided public assistance to authorize withholding of purchase price from assistance payments upon joint approval of Secretaries on USDA and HEW. Sec 5(b) and 6(a).	Secretary to establish schedules for variable purchase with regular participation not required. Authority to withhold payments for coupons from payments made to household under the Social Security Act if household requests such withholding. Sec. 7 (b)(2).	States may permit households receiving federally aided public assistance to authorize withholding of purchase price from assistance payments (Secretary of Agriculture has indicated willingness to accept House Committee provisions on partial purchase, and the Family Assistance Plan also contains a voluntary deduction system for buying food stamps plus right of household to purchase any portion of allotment at issuance times.
14. Total coupon allotment.	Such amount as will provide household with an opportunity more nearly to obtain a low-cost nutritionally adequate diet. (Defined by regulations as economy food plan—\$106 a month for a family of 4). Sec. 7(a)	Amount which Secretary determines is necessary to obtain a nutritionally adequate diet. (USDA has indicated that this would be the economy food plan). Sec. 5 (a)	Equivalent of 35 cents per person per meal in 1971 adjusted thereafter to reflect the cumulative change in the consumer price index for food; provided that if the Secretary determines that the appropriation for fiscal year 1971 or authorization levels for fiscal years 1972 and 1973 are insufficient for the entire fiscal year, he may reduce the value of the coupon allotment not less than the economy food plan or 30 cents per person per meal whichever is higher. The Secretary shall review such decision quarterly and advise Congress 30 days prior to instituting a reduction in the value of coupon allotment. Sec. 6 (a)	Cost of a nutritionally adequate diet, but not less than low-cost food plan—(\$134.60 a month on Sept. 1970).
15. Administrative responsibility.	State welfare agency is responsible for intrastate administration and must request program for each subdivision, sec. 10 (b) and (e).	Same as under present program.	Secretary shall operate directly through any appropriate Federal, State, county, public or private nonprofit agency if (1) Governor or State fails to administer program in area without an operating program 210 days after enactment, or (2) State or other operating agency fails to comply with law after reasonable period. Secretary may so operate if Governor of State fails to administer program in area in which, 180 days after program has begun to operate, less than one-third of poor in the area participate over a 3-month period. Sec. 7(g) (1) and (2).	Secretary may operate program directly or assign to private nonprofit organizations if (1) State fails to comply with law after reasonable period or (2) Secretary of Agriculture determines that there is a need for the program and there is no State request, despite offer of Federal payment of administrative costs, or (3) no program is in operation in area after Jan. 1, 1971 or (4) Secretary determines that participation rate of poor is inadequate to effectuate act's purposes.
16. Program cost-sharing.	Secretary to finance cost of bonus coupons and 62.5 percent of travel and salaries of State personnel engaged in certifying nonpublic assistance households. State and local governments pay for 100 percent of issuance costs. Sec. 15(b).	States required to finance a maximum of 10 percent of bonus costs by fiscal year 1974, starting at 2½ percent in fiscal year 1971 and climbing to 2½ percent every fiscal year thereafter. Secretary to pay same administrative costs as under present law plus 62.5 percent of travel and salaries of State hearing officials and outreach personnel. Sec. 15 (b) and (c).	Same as present program plus Secretary to pay 62.5 percent of salary and travel of State and local hearing officials and outreach and nutrition education workers. Secretary to pay 50 percent of issuance cost if program serves 50 percent or more of poor in area. Secretary would pay 100 percent of all costs of public agencies or private nonprofit organizations operating the program or engaged in outreach or nutrition education of program participation. Sec. 9(b).	Secretary permitted to pay State agencies 100 percent of issuance costs as well as 62.5 percent of certain certification costs. Secretary would pay 100 percent of all costs of private nonprofit agencies operating the program.
17. Concurrent food stamp program and commodity distribution.	Not unless emergency situation caused by a national or other disaster as determined by Secretary; interpreted to exclude long-term non-natural disaster, but not short-term economic disaster. Sec. 4(b).	Authorized in the case of: (1) temporary emergency situations; (2) during transitions from commodity distribution to food stamp programs; and (3) on request of the State agency if State agency pays for distribution costs, subject only to prohibition that individual participating shall not benefit from both programs simultaneously. Sec. 4(b).	Authorized in the case of: (1) temporary emergency situations; (2) during transition from commodity distribution to food stamp program until the number of food stamp participants in county exceeds the average number of commodity participants in the 3 most recent prefood stamp months; and (3) at request of State agency if State agrees to pay distribution costs and at request of any public agency or private nonprofit organization that agrees to pay distribution costs. No simultaneous participation. Sec. 4(b).	Permitted during temporary emergency; in any county during the transition period from commodity distribution to stamps until food stamp participants exceeds average of commodity participants in 3 most recent prestamp months; and at request of State agency, if State agrees to pay distribution costs.
18. Penalties for misuse of program.	Criminal offense knowingly to use, transfer, acquire, or possess coupons in unauthorized manner (over \$100 felony) Sec. 14(b) and (c)	Same as under present program plus extends provision to include illegal possession or use of "authorization to purchase" cards. Sec. 14(b)	Same as under House Agriculture Committee bill plus criminal offense for knowingly making a false declaration. Contains administrative provisions to control fraud resulting in participation by ineligible households or receipt of excessive coupon allotments. Sec. 8(b) and 9(h)	Same as under present program but no prosecution on basis of any information contained in affidavit except for fraud

Note.—The Family Nutrition Act of 1970, unlike the House Agriculture Committee bill, would make changes in the commodity distribution program to provide uniform national income and resource eligibility tests, certification by declaration, guaranteed access to foods of sufficient caloric quantity (with other foods necessary to provide a nutritionally adequate diet available in so far as possible), and fortified foods in areas with known nutritional deficiencies. Sec. 4(c). The Family Nutrition Act would also authorize the Secretary to conduct, or to contract for the services of public agencies or private nonprofit organizations for the purpose of research, demonstration, or evaluation projects designed to test or assist in the development of new approaches or methods to achieve the purpose of the act, including fortification of staple foods. Sec. 10(a).

Mr. ABBITT. Mr. Chairman, I ask unanimous consent that all debate on the Abbitt substitute amendment and all amendments thereto close at 7:30 p.m.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

Mr. GONZALEZ. Mr. Chairman, reserving the right to object, what was the time cutoff?

The CHAIRMAN. It will be 7:30 p.m. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The CHAIRMAN. Members standing at the time of limitation of debate will be recognized for approximately 1½ minutes each.

The Chair recognizes the gentleman from Texas (Mr. WHITE).

AMENDMENT OFFERED BY MR. WHITE TO THE SUBSTITUTE AMENDMENT OFFERED BY MR. ABBITT FOR THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. FOLEY

Mr. WHITE. Mr. Chairman, I offer an amendment to the Abbitt substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITE to the substitute amendment offered by Mr. ABBITT

for the amendment in the nature of a substitute offered by Mr. FOLEY: Page 3, line 12: Subsection (e) of section 3 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(e) The term 'household' shall mean a group of related or nonrelated individuals, who are bona fide residents of one of the political subdivisions described in section 3 (j) and who are not residents of an institution or boarding house, but are living as one economic unit sharing common cooking facilities and for whom food is customarily purchased in common. The term 'household' shall also mean a single individual living alone who has cooking facilities and who purchases and prepares food for home consumption."

Mr. WHITE (during the reading). Mr. Chairman, I ask unanimous consent to dispense with further reading of the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. WHITE. Mr. Chairman, the purpose of this amendment is to clarify a point. This amendment says that a person has to be a bona fide resident of the political subdivision before he is entitled to food stamps.

We have had a problem along the border with those who have lived in Mexico and came over to the United States and are not bona fide residents.

Mr. ABBITT. Will the gentleman yield?

Mr. WHITE. Yes. I yield to the gentleman.

Mr. ABBITT. I may say for myself I have no objection whatever to the amendment offered by the gentleman.

Mr. WHITE. Thank you very much. It was cleared on both sides. It does not intend to cut out migratory workers at all but only those who are not bona fide residents. A migratory worker can be a bona fide resident where he is.

Mr. BELCHER. Mr. Chairman, I see no objection to the amendment, and we will accept it.

Mr. POAGE. Mr. Chairman, we have no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. WHITE) to the substitute amendment offered by the gentleman from Virginia (Mr. ABBITT) for the amendment in the nature of a substitute offered by the gentleman from Washington (Mr. FOLEY).

The amendment to the substitute amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts (Mr. CONTE).

(Mr. CONTE asked and was given permission to revise and extend his remarks.)

Mr. CONTE. Mr. Chairman, I rise in support of the substitute bill introduced by the distinguished gentlemen from Washington and Minnesota which I am proud to have cosponsored.

It is indeed a tragic commentary on the Nation's priorities that we are considering such vital legislation in the waning days of this Congress. It was nearly a year and a half ago that Agriculture Secretary Hardin himself said it was "crucial" to adopt such legislation im-

mediately. More than a year ago, after the other body had passed its version of the bill by a vote of 78 to 14, the President praised that prompt action, and urged this Chamber to follow suit. Yet, it was not until August of this year that this bill was reported out, and its appearance here on the floor another 4 months later tells us a good deal about the importance its sponsors attach to it.

How can I even suggest such a lack of concern for the poor? The committee report assures us that all this time was well spent in extensive deliberations designed to improve the nutritional needs of deserving poor and at the same time to exclude the undeserving.

Well, let us take a look at some of the features of the committee bill. I submit that first they make a very feeble effort to expand this program—an effort that is greatly undercut by other regressive provisions—and second, they take a shotgun approach to exclude the undeserving that will, in fact, cruelly deprive many others who desperately need this assistance.

The committee tells us that this bill will permit food stamp allotments "sufficient to purchase an adequate diet." The fact is that the bill does not require this, and, although Secretary Hardin has indicated he will issue stamps to reach the nutritional level of what is called the "economy food plan," his own Department has admitted that "the cost of this plan is not a reasonable measure of basic money needs for a good diet."

In contrast, this substitute will provide for minimum nutritional needs.

The committee bill directs the Secretary to establish uniform national eligibility standards, but provides no specific and adequate income level below which States cannot go in determining eligibility. Our substitute bill does this.

The committee tells us its bill will help the elderly by enabling them to buy meals as well as food. The fact is their bill requires all such meals to be delivered to the home. In contrast, the substitute bill will cover meals served in community dining halls. It makes no sense to deny to many of our senior citizens, who can get around, the opportunity to have meals with their friends simply because they have no cooking facilities.

But, Mr. Chairman, the committee bill does not merely fail to live up to its own claims of expanding the food stamp program. It also takes some major steps backward. The bill would prevent the issuance of any free stamps even to those with no income. The administration has made clear that such a provision is unacceptable. To require the payment of at least 50 cents per person for stamps would not merely create a ridiculous administrative nightmare; it would be an unconscionable, heartless action, unworthy of this great body.

The committee bill will also force the States to pay 10 percent of the cost of the stamps—a step this House already rejected in 1967. It is a mockery to claim we are going to expand this program by creating further obstacles to its acceptance by the States.

As the distinguished gentlemen from Washington (Mr. FOLEY) and New York

(Mr. LOWENSTEIN) noted in their dissent to this report, such provisions as these will drive away more than half of those now in the program. As it is, food stamps now reach only about one-fourth of those in need.

In some ways the most surprising deficiency in the committee bill is its total failure to deal effectively with those who do not deserve food stamps benefits. It attempts to do this by denying stamps to many students and by imposing a work provision. Both of these, however, will hurt many innocent and deserving members of such households. And the bill does practically nothing to deal with the serious problem of fraud.

The committee claims that its so-called work provision—and I quote—"Is the result of long and arduous debate and deliberation," designed to exclude "free-loaders" while insuring all aid possible to those who, through no fault of their own, need food stamp assistance." Let us take a look at that result.

Under the committee bill an entire household will be denied stamps if one able-bodied adult fails to register for or take almost any job. This can happen too even if the father and mother are working, if, for example, one son fails to work.

I submit, Mr. Chairman, that a 10-year-old child could have come up with a better way to achieve the committee's goal. The administration has also rejected it.

In contrast, our substitute will also require able-bodied adults to take suitable work under the penalty of losing stamps for himself alone.

As I mentioned, the committee bill does virtually nothing about the very serious problem of fraud. There can be no doubt, Mr. Chairman, that we must take all possible firm measures to prevent fraud. The American taxpayer is entitled to nothing less.

Under present law, not changed by the committee bill, the only means for dealing with fraud is through criminal prosecution—a method that has not worked in the past. Our substitute, however, goes beyond this, and provides an expeditious administrative procedure which will deny food stamps or reduce the amount to anyone who willfully misrepresents the facts.

In short, Mr. Chairman, this substitute is far more effective and realistic in dealing with the fraudulent and the malingering without visiting the sins of these chiselers on their families. Moreover, our bill will move decisively toward the goal which the President so eloquently stated 18 months ago—"to put an end to hunger in America for all times."

Let me say one final word about costs. There can be no question that this effort will be expensive. But, when we consider the gigantic sums we have voted for farm subsidies, for military assistance and defense spending, there can be little question that we cannot in conscience deny adequate funds to this humanitarian effort.

It has been said that the other body's version of this bill is far too expensive and that the only way to reach realistic cost levels is for the House to pass this

inadequate bill and let our conferees reach the right result.

I reject such an argument, Mr. Chairman, I submit it is the duty of this House to pass the best possible bill. And beyond that, I, for one, am not prepared to leave the fate of millions of hungry Americans to the tender mercies of those who have presented us with this wretched bill. This substitute must be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. REID).

(Mr. REID of New York asked and was given permission to revise and extend his remarks.)

Mr. REID of New York. Mr. Chairman, I rise in strong support of the substitute bill being offered by the gentleman from Washington (Mr. FOLEY) and the gentleman from Minnesota (Mr. QUIE) and in opposition to the Abbott amendment.

According to recent estimates by the National Council on Hunger, only 8.8 million of the 25.4 million impoverished Americans now receive food stamps. In my judgment, it is unconscionable for the Agriculture Committee to have prohibited the issuance of free food stamps, even for the destitute, and included an unenforceable and unjust work provision in the bill at a time when the food stamp program reaches only one-third of the eligible participants.

The Foley-Quie substitute would expand and improve the food stamp program so that it would reach all Americans who need it, by extending eligibility to every person from a household of four—or the equivalent—with an income of \$4,000 or less; making free food stamps available to the completely destitute; enabling the elderly to buy meals from nonprofit groups, and thus free them from the burden of food preparation; allowing food stamp and commodity distribution programs to operate concurrently in a given area; and authorizing the Secretary of Agriculture to establish food stamp programs in any State that fails to initiate its own program within 300 days after the bill is passed.

The substitute measure would authorize expenditures of \$2 billion in fiscal year 1971; \$2.5 billion in fiscal year 1972; and \$3 billion for fiscal year 1973. This represents a large increase over the \$610 million authorization for fiscal year 1970, but we must be willing to pay the price if we are to eradicate hunger from this Nation of plenty. Certainly it will be worth this price to eliminate the present cost to society of hunger, malnutrition, and the illnesses associated with hunger.

Administration of the food stamp program would be improved in a number of important respects. For example, the substitute would replace the present time-consuming certification procedure with certification by declaration, with verification of certification done through sampling techniques. Weekly distribution of food stamps would be authorized, to better comply with the cash flow of low-income families. While the substitute does contain a work provision, it would reduce a household's coupon bonus only in proportion to the share of the indi-

vidual in the household who fails to register or accept suitable employment—instead of excluding the entire household from the food stamp program if any one adult fails to register or accept work, as provided in the committee bill. Clearly, this is a more equitable approach.

Perhaps most important in assuring the availability of the food stamp program to all those who need it, the substitute would eliminate the committee requirement that the States pay, by 1974, up to 10 percent of the bonus costs of the stamps, plus some additional administrative costs now borne by the Federal Government. Such a requirement would impose an impossible burden on States which are already finding it difficult to keep up with rising welfare and education costs, and might force some of them to drop out of the program.

I strongly support the adoption of the Foley-Quie substitute, which should lead to a more effective and far-reaching food stamp program.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan (Mr. O'HARA).

(Mr. O'HARA asked and was given permission to revise and extend his remarks.)

Mr. O'HARA. Mr. Chairman, I rise in opposition to the substitute offered by the distinguished gentleman from Virginia and I want to state my particular concern over the concept that we are told underlies section 4(d) of the substitute—the provision which would bar food stamps to anyone who is involved in a labor dispute.

In an earlier statement to Members of this body, explaining the rationale behind such an amendment, one of our able colleagues said:

It is a doctrine basic to our American system that the Federal Government should not play favorites. Under this program where food stamps are being handed out to strikers, the Federal Government is abandoning the theme of equal treatment and is being partial to the strikers over the employers.

We are asked, Mr. Chairman, to come to the rescue of the poor employers, who are crippled in their pathetic efforts to match the massive economic power of the men who work for them. The sponsors of this "neutrality" amendment seek to conjure up in our minds the spectacle of striking employees driving to the picketline in their Cadillacs, while their poor employer is barely able to make ends meet by moonlighting—perhaps as a poverty consultant to the Nixon administration.

We are asked to weep over the thought of corporate officials of General Motors or the railroads forced to leave their humble homes in Grosse Pointe and Westchester County, and to take refuge in a poorly heated shack near Key Biscayne, or a tumbledown old castle in the south of France, while strikers remain close to home, reveling in the warmth of a bonfire outside a plant gate.

The distinguished gentleman from Virginia and his associates ask us to protect, by a fine impartiality, the poor corporate president, who is reduced by a labor dispute to living on his salary,

and his stock options, and his dividends, and his expense account, and his other outside income, while the striker is growing fat on food stamps.

Mr. Chairman, the arguments for neutrality in these circumstances are a splendid reaffirmation of the concept so well stated some years ago by Anatole France, who said, of a similar argument:

The law, in its majestic equality, forbids the rich as well as the poor to sleep under bridges, to beg in the streets and to steal bread.

(By unanimous consent, Mr. O'HARA yielded his remaining time to Mr. MEEDS.)

(Mr. MEEDS asked and was given permission to revise and extend his remarks.)

Mr. MEEDS. Mr. Chairman, I rise in opposition to the substitute offered by the gentleman from Virginia (Mr. ABBITT) and in support of the Foley-Quie substitute.

Directing my attention specifically to the striker amendment, it seems to me that we have historically taken a position in this House that we ought not to intersect the Federal Government into strikes.

I submit to you that under the conditions of this bill, under the conditions of the committee bill or the Foley-Quie substitute, that the substitute offered by the gentleman from Virginia will have exactly that effect. Because of the work requirement provisions of both the committee bill and the Quie-Foley substitute strikers would be required, to be eligible for food stamps, to go out and seek employment. If we turn our backs on them and say to them that they are in a special category, then we are indeed injecting ourselves into a labor dispute and we are putting the imprimatur of the Federal Government against the people who may have legitimate grievances and are using a totally legal method, one which has been adopted by this Congress, to exert their grievances in labor disputes. We are then putting the power of the Federal Government behind the use of hunger as a coercive force in settling strikes.

I do not think any Member of this House wants to be in the position of utilizing the factor of hunger to settle a labor dispute.

I feel very much like the gentleman from Illinois. I do not believe that the utilization of food stamps has any effect on lengthening or lessening the time of the strike. These matters are matters which are to be settled by collective bargaining. I do not think the Federal Government should inject itself into this by in effect singling them out and saying that even though they are looking for a job someplace else when they are on strike that they should not be entitled to receive food stamps.

Mr. Chairman, this amendment would constitute a major step backward in labor relations.

The proponents of this measure argue that the Federal Government should not take sides in a strike situation. But that is exactly what they propose to do.

We hand to management, through this mechanism, the weapon of hunger. Use it, we say, to end your strike. This is too

cynical of an attitude for most of us to swallow.

It is not insignificant that this amendment follows the General Motors strike. And so, I submit, we will be taking sides—saying, in effect, we agree with General Motors—if we approve this amendment.

While I heard arguments for cutting strikers off from food stamps during the GM strike, I did not hear a single proponent of this measure advocate cutting GM off from Government contracts.

We are told, with a straight face, that corporation taxes pay for this program and to give strikers the right to receive food stamps when they need them would constitute "taking sides." What is it that all those strikers pay every April 15? They are taxpayers, too.

Why do we not do what these corporations really want us to do? Repeal the National Labor Relations Act. The act guarantees workers the right to strike. This amendment guarantees them the right to starve.

The proponents act as though workers like to strike. That has never been the case.

The proponents want the bitterness, the conflict of strike situations to continue, rather than end. Sooner or later, all strikes end, and this Congress should not want to have on its conscience the knowledge that it prolonged the bitterness.

We would not be declaring war on strikers by this amendment. We would be declaring war on children. Should the families of strikers go hungry? Is there any Representative in this Congress who thinks hunger is a just weapon?

I do not believe that this Congress should turn its back on the purpose of this legislation: "to safeguard the health and well-being of the Nation's population and raise levels of nutrition among low-income households."

Are we going to change the purpose of this legislation? Are we going to insert the words "so long as they are not the families of strikers?"

We must reject the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Utah (Mr. LLOYD).

(Mr. LLOYD asked and was given permission to revise and extend his remarks.)

Mr. LLOYD. Mr. Chairman, the question is presented to Congress now as to whether strikers should be permitted to use food stamps. I say "yes."

The right to organize to negotiate labor contracts is inherent to the concept of freedom, and laborers should have the right to strike in pursuit of their demands. I believe the right to strike carries with it a responsibility to the public interest and we in Congress must give long overdue attention to that public interest, but those who strike should not be punished by denial of food stamps and those who engage in a lawful strike should not be smeared in their efforts to improve their conditions of life.

The difference between a free society and a slave society is the right to personal opinion and individual freedom, including freedom to join a labor union. I

do not support legislation which says to an American on strike for better conditions that he must either return to his job or be left with his family to go hungry. We cannot starve free men into submission and we should not try. It is enough that we have required the striker to register for a job and accept work outside the struck plant if work is available.

American labor must be free to the same extent that American industry must be free. Both should yield when there is a clear violation of the public interest. Public interest is not served, however, by telling the union member that he must work or go hungry. That is not the mark of a free society; that is the mark of totalitarianism.

(By unanimous consent, Mr. LLOYD yielded his remaining time to Mr. DENNIS.)

Mr. DENNIS. Mr. Chairman, I come from an area where a great many people were affected either directly or indirectly by the General Motors strike. People who were working for General Motors were making very good money when they went out on strike. They were making better money when they came back in. The strike was not basically about wages, although that was involved. It was basically about fringe benefits such as retirement after 30 years at the age of approximately 50.

Mr. Chairman, there were a lot of people in that community who were making a lot less money than the people who were working for General Motors, people whose wages were a great deal smaller. However, those same people were paying taxes in order to pay for food stamps to help support the higher paid people who were out on strike.

I can assure you, Mr. Chairman, and members of the Committee, that there was a good deal of resentment by a good many people because of that situation. In my judgment the resentment was quite justified.

Mr. Chairman, the gentleman from Michigan, my friend over here, said a moment ago that this House was on trial. I am inclined to agree with the gentleman. I submit that if this House decides to spend Government money; that is, the taxpayers' money—your money and my money—in support of one side of a labor dispute, that the House ought to be tried and found guilty of maudlin irresponsibility.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. GAYDOS).

(Mr. GAYDOS asked and was given permission to revise and extend his remarks.)

Mr. GAYDOS. Mr. Chairman, I strongly oppose the amendment, identified by its sponsor as no-food-stamps-for-strikers, to H.R. 18582 which amends the 1964 Food Stamp Act.

It is argued the Federal Government should not play favorites and assist a striker with food stamps and that a taxpayer who is by choice gainfully employed should not be forced to subsidize another taxpayer who is, by choice, unemployed as a striker. Underlying these arguments is the suggestion that food stamps for strikers tend to prolong a

strike and thus affect the total commercial structure.

Mr. Chairman, my first reaction to this far-reaching and heartless amendment is sincere resentment. Resentment because I cannot conceive there are those who would callously separate a striker and his family from their existing legal rights to such a basic need as food. The Congress has regularly voted billions of dollars to provide food for the underprivileged and impoverished families of the world. As a nation we have no hesitation to airlift food to the needy wherever they are and particularly when disaster strikes. In fact, between 1964 and 1969, Congress appropriated \$15.9 billion worth of food to feed the needy of various foreign countries. Malnutrition and inadequate diets have been the subject of numerous and continuous hearings in and out of Congress and I suggest that my resentment is well founded when one understands that this amendment clearly provides that an American striker and his family be denied these same rights to qualify for food assistance. This amendment is clear—it tells him because he exercises his legal right to dissent he forfeits his family's right to eat under the food stamp program.

My resentment is further aggravated when the full effects of this amendment are projected in relation to forthcoming contract negotiations in the basic steel industry which contract expires August 1, 1971. The basic agreement of the can industry expires February 14, 1971, and the aluminum industry expiration date is May 31, 1971. It is no secret that serious problems loom in the forthcoming basic steel negotiations. Added to the administration's constant pressure to curb wage increases the basic steel industry presently is suffering from a deep and persistent penetration by foreign imports. It is quite possible that the steelworkers' problems may not be resolved in forthcoming contract negotiations which may result in a nationwide work stoppage. Then is when the true danger and fundamental unfairness of the proposed amendment would be exposed and do its designed mischief. It is under these circumstances that the steelworker would be the butt of discrimination by being denied food stamp assistance to his family. This possibility could occur if this amendment were left unchallenged and by some inexplicable reason be enacted into law. It is significant that during the United Auto Workers recent work stoppage, the east coast longshoremen and the transportation workers strike, all strikers who qualified were permitted family food assistance. To deny the steelworkers this same right in their forthcoming hour of need is to obviously discriminate without sound justification.

In response to those who question who will "foot the bill" for food stamps to strikers, the answer is obvious—the striker himself since he has paid, is paying and will continue to pay for the billions of dollars that Congress has voted to provide food for the hungry of this Nation and the world. The Cuban refugee, our native Indians, the ghetto poor, the Appalachian victims, and the

hungry generally, have under the American system been provided for because the striker pays the bill through taxes at all levels.

In response to the proposition that the Federal Government should not play favorite and help a striker and his family, the response is obvious—it is too late to hide behind this argument since the Federal Government is committed to continue to attack poverty and malnutrition wherever it is found and regardless of its source. The Federal Government has involved itself in so-called privileged sanctuaries and participated with Federal funds in many areas of need too numerous to mention. Our farm support and subsidy programs; transportation subsidies, including railroads; Government aid of all kinds to schools and private enterprise and generally to all kinds of activities both national and foreign are a few examples; all these things clearly identify our Government and its philosophy during the past 100 years. Should it now be proper to deny fundamental food stamp aid to a dedicated American worker simply because he is involved in a temporary work stoppage initiated under Federal statute and presumably for a just cause? If this is proper, then sound reasoning dictates that the Federal Government to be fair, is obligated to prohibit a company from deducting any loss during such work stoppage under the IRS statutes; furthermore, production equipment depreciation schedules should be revised since production machinery should not qualify for depreciation during a work stoppage, and all Government contracts should be canceled forthwith.

That a Detroit autoworker received \$162 worth of groceries by paying \$18 for food stamps has been cited as a prime example of the cost and abuse of the program and illustrative of the way the Federal Government would be assisting a striker. The possibility of such a situation does exist; however, the cited example pertains to a family of seven and the striker must further qualify by having nominal income, nominal savings, and so forth. It is obvious that the proponents of the amendment cite the exceptional case. On the other hand, more complete statistics reveal the true situation in Wayne County, Mich., wherein the city of Detroit is located. Statistics provided by the Wayne County Department of Social Services reveal of the 60,000 auto strikers in Wayne County, less than a third; that is, 18,461 strikers qualified for food stamps. It is significant that 2,095 strikers received general assistance, 3,892 families qualified for aid to dependent children—unemployed—and 36 cases of ADC were authorized. It is obvious that should the auto striker be denied food stamp assistance all those that qualified for such assistance would have been added to the general assistance welfare rolls. Again, it is important to notice that over two-thirds of the auto strikers did not receive food stamp assistance. These statistics are significant since Detroit, Mich., contains the most highly concentrated and compact area of autoworkers and it appears accurate to project that other areas would proportionately

have a reduced number of auto strikers that qualify for food stamp assistance.

There are no reliable statistics regarding the total cost of the food stamp program during the recent autoworkers' strike. Regardless of the final computation of such costs, I am confident they would not compare with the billions upon billions of dollars being spent by Congress on the needy and the hungry in this country and in the world.

If the present food stamp program is considered advantageous to the striker then conversely, any change excluding him must then be considered advantageous to management. Management, being an abstract thing, cannot be starved into submission. This amendment, if adopted, could be used to bludgeon a striker more effectively than if he were struck by a club. Nothing brings a man to his knees faster than threats to his wife and family. This amendment threatens a striker, ordering him to give up or go hungry.

If we free Americans, under our free system of government, have a right to freedom of speech, press, and assembly, we also have the right to engage in a work stoppage. Through difficult periods in our history the right to withhold one's labor was finally recognized and is now protected by statute.

A good bit of the misunderstanding regarding the right to strike comes from those who have never labored in a factory, never experienced substandard working conditions or inadequate wages, never assumed the financial responsibility of raising and adequately providing for a family. Strikers are workers—fathers and mothers who are first, human beings. Their strike is an action of last resort. They strike because they are free men and women who refuse to labor for what they collectively regard as inadequate wages, hours, or working conditions. It is fundamental that a striker is no different from the day before he became engaged in a strike. The sinister implications of the proposed amendment have a Jekyll-Hyde connotation; the oft-lauded respectable and highly acclaimed American production worker, because of a work stoppage, is suddenly transformed into a persona non grata and denied his existing legal right to sup at the table of need which he has labored to provide for his fellow man.

Does this courage to stand on his rights justify an amendment which attempts to take another right from him? I say "No." Understanding and charitable men say "No." I urge that my colleagues say "No." This amendment must be defeated with a resounding "No."

The CHAIRMAN. The Chair recognizes the gentleman from Montana (Mr. MELCHER).

(Mr. MELCHER asked and was given permission to revise and extend his remarks.)

Mr. MELCHER. Mr. Chairman, I rise in support of the Foley-Quie substitute.

Mr. Chairman, it seems odd to me that with hogs selling at 15 cents a pound and the parity price ratio at 68 percent, the lowest since 1933, and that despite the fact that food costs only requires 16 percent of our disposable in-

come to feed all of our families, that with all of this cheap food we have, that according to our best estimates 25 million Americans are underfed, malnourished, and in a state of hunger.

The Foley-Quie substitute bill does a much better job than the committee bill. I voted for the committee bill to bring it out, to bring it onto the floor of the House. It is time now that we do the best we can to end hunger in America, and the Foley-Quie bill does the best job, particularly in broadening and simplifying the program. In addition the Foley-Quie bill is far superior in providing access to food stamps for our elderly.

All in all the Foley-Quie substitute is a better bill to bring adequate nourishment to the hungry of America.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana (Mr. MYERS).

Mr. MYERS. Mr. Chairman, the discussion this afternoon seems to be that the use or the denial of the use of food stamps could be used as a prolonger or breaker of strikes. I think we are escaping the intent of this provision entirely. The intent here is not to discriminate against strikers, nor is it to use these to aid in negotiations to assist management or to hurt labor in their labor disputes. We are escaping the intent of the food stamp program itself. The intent of the food stamp program, as I see it, and I think as it should be, is to help poor people to eat better. And who are the poor people? We have further here defined poor people as people who are unable to provide for themselves, people who need assistance because they are unable either mentally, physically, or because of age, to provide the nutritious, adequate diet that they need.

There is just so much money that this Nation has to spend on this program, or any program. If we start spending it for people who strike or others who do not want to work, then we must deny an adequate diet to those people who are unable to work. The intent is not to discriminate against striking workers, nor discriminate against poor people, as the gentleman from Michigan alleged earlier. In fact, the poor people of this country pay the majority of the taxes and the money for this program comes from taxpayers. And unless someone starts concerning themselves about how much taxes we pay, and starts to redirect priorities on how much money we can spend, we just are not going to have enough money to spend on the poor people. It seems to me that the Members here who have been proposing that this is a strikebreaker, or that the strikers should get nothing, have failed to see the intent of the program, or else they have a different idea about what the true intent of the food stamp program is. It must continue to provide for the helpless who need help.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Chairman, I rise primarily to ask two questions:

First, does anybody have any statistics about how many of these strikers that

were supposed to have been on strike actually received food stamps? The closest I heard was what the gentleman said a while ago, but he just said the percentage that were eligible, he did not state that they had actually received food stamps. Apparently no one knows.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. GONZALEZ. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. I have already put in the RECORD in my remarks, the amount involved in the General Motors strike.

Mr. GONZALEZ. What was the figure?

Mr. GOODLING. As I recall, it was 300,000.

Mr. GONZALEZ. Does the gentleman means he does not know his own figures?

Mr. GOODLING. I did know it at that time. I do not have them up here. They are not my figures, they are figures from the Department of Agriculture.

Mr. ABBITT. Mr. Chairman, if the gentleman will yield, the Department of Agriculture estimates that approximately \$10 million to \$14 million was spent in food stamps to strikers, and there were a number of them, there were a huge number, I do not know the estimate, but who got them illegally. I do not know the number.

Mr. GONZALEZ. Well, that is the old principle of an unsubstantiated estimated projection.

But let me ask the gentleman this question on our present system. In my State of Texas, for example, a striking worker could not receive food stamps; is that correct?

Mr. ABBITT. No; it is not. Under the present law he could receive it.

Mr. GONZALEZ. As I understand it, I thought this was on a State-by-State basis.

Mr. ABBITT. No, it is a Federal provision.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. TEAGUE).

Mr. TEAGUE of California. Mr. Chairman, I rise in strong support of the Abbitt amendment for many reasons.

We have discussed the strike feature of it, but beyond that this is a bill which significantly and importantly increases the present program, but still stays within some reasonable limits of fiscal responsibility. It does not go as far as the Foley-Quie substitute by any means.

It does not go as far as the Senate bill does. All these factors were very carefully considered by the Committee on Agriculture.

The Abbitt substitute is close to the committee bill and I think it deserves the support of the House.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi (Mr. MONTGOMERY).

Mr. O'NEILL of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman.

(Mr. O'NEILL of Massachusetts asked and was given permission to revise and extend his remarks.)

Mr. O'NEILL of Massachusetts. Mr. Chairman, I rise as one of the cosponsors of the substitute Foley-Quie bill, the Family Nutrition Act of 1970.

The Food Stamp Act of 1964 was passed to end hunger and malnutrition in America. It has not yet done this, and I do not believe the committee bill will do this.

It is estimated that two-thirds of the Nation's hungry are not benefiting from the provisions of the food stamp bill. That is—almost 17 million people are underfed in this Nation.

The committee bill extends the Food Stamp Act of 1964, with certain changes, among these a requirement that able-bodied adults register for and accept employment as a condition precedent to obtaining stamps, and requires payment of at least 50 cents per person per month for participation in the food stamp program.

The committee can include these provisions because it believes that food stamps should be used to supplement, not substitute for, the normal buying power of low income families.

What many Americans do not understand is that there is a large number of American citizens who have no income, that are dying from malnutrition and outright starvation.

When we think in terms of poor people, we often think of people who do not have enough. But there are people in this Nation who have nothing. There are people in the United States who live on beans and rice, just like the downtrodden of Asia. We must realize this. Even token payments, for people with no cash income, are impossible.

What we are saying, if we demand some token from everyone, is that if you have something, you can get more—if you have nothing, you get nothing.

The free food stamp provision for the most destitute of families is, therefore, one of the most important provisions of our substitute.

The substitute authorizes \$2 billion for fiscal 1971. Critics say this is too high and inflationary. It seems to me that funds for hunger programs, social security, health care, and education are always labeled inflationary, but subsidies for rich farmers and big business are called economic necessities. Consider the end to hunger and economic necessity.

We have seen sufficient studies by physiologists, geneticists, and educators to know that poor nutrition can ruin a child's life and made him incapable of functioning fully as an adult. There is just no doubt about this at all. Yet we are missing the opportunity to avoid that destruction of lives if we do not guarantee that everyone can obtain an adequate nutritional diet. We are going to continue to need a million remedial programs in the future if we do not act now to avoid the lethargy and retardation that poor nutrition can produce.

Anyone who is cost-conscious can see the worth of expanding this program.

The other provisions of the substitute are also along this line—eligibility standards, extension of coverage to the elderly and disabled, to the citizens of the territories.

The deletion of the State tax, the easing of certification procedures, the weekly distribution of the stamps, are

all designed to make it possible for the poor to obtain stamps. There is no other purpose and there will be no other effect. The antifraud provisions are strengthened so that abusers of the program can be eliminated from the roles. At the same time the innocent are not punished.

If an adult in a household refuses to accept suitable work or register for it, he loses his food stamp allotment. His family is not punished. In the United States we do not punish the child for the sins, crimes, or omissions of the father. That is not an American tradition, and it should not be an American policy.

The substitute which I support and which I urge my colleagues to support is a decent bill. It fulfills the intention of the food stamp program and will help eliminate the tragedy of malnutrition and starvation. This substitute is worthy of your support. There can be no excuse for not making every effort to feed the hungry—all the hungry.

(By unanimous consent, Mr. MONTGOMERY yielded the remainder of his time to Mr. POAGE.)

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. POAGE).

Mr. POAGE. Mr. Chairman, I think there is one point which should be made real clear and that is we are not now voting as to whether we prefer the committee bill or either one of the substitutes. What we are voting on is the question of which one of these substitutes we prefer—and then we will make the decision as to whether we will substitute anything for the committee bill or not.

As I pointed out, I think the committee brought out a real good bill. But as between these two substitutes—and that is what we have before us—there is in my mind absolutely no question but what the Abbitt substitute is far superior to the Quie-Foley substitute.

As I pointed out in my original remarks, there is a basic philosophy in the committee bill without which I could not support legislation of this kind, and I doubt if many of our colleagues could—and that is we should require of every man who is to receive charity at the hands of the Government, that he should make such contribution as he himself can make in trying to assist the Government in supporting him.

I do not think any man has the right to call upon his neighbors to work and to provide food for him through the instrumentality of taxation if he, himself, refuses to work.

The committee bill and the Abbitt amendment both contain that provision.

The Quie-Foley substitute contains a provision that has so many exemptions in it that I do not think you could ever stop anyone from getting food stamps because he refuses to work.

I will go back to the third chapter of Genesis, the 19th verse which states—and on a good deal higher authority than this Congress: "In the sweat of thy face shalt thou eat bread."

There is no other way prescribed by the Holy Writ for man to provide his sustenance other than by work when he has the opportunity to work. That, my

friends, is the great thing that has to be determined now. The Abbitt substitute provides for work—and the other one does not.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Chairman, I will not take my minute and one-half, but I simply rise in support of the Abbitt substitute, which has incorporated in it the amendment I had proposed to offer at a proper time.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan (Mr. CONYERS).

(Mr. CONYERS asked and was given permission to revise and extend his remarks.)

Mr. CONYERS. Mr. Chairman and Members, we now have had Biblical injunction quotation cited to us as a reason for not feeding the children of people who might be out on strike, through no fault of their own but a more appropriate thought from the Bible might be "Suffer the little Children." About 2 weeks ago, a group called Citizens for Welfare Reform arrived in Washington to petition foreign countries and anyone else who might assist their plight because State and Federal authorities had not been responsive to their calls for aid. To supplement a callously inadequate budget for America's poor, these citizens were actively seeking foreign aid from various nations including Russia, Sweden, Canada, and England. I consider it to be a tragedy and a major sign of national failure when people of the United States feel that they must look beyond their borders for responsive answers to their impoverished condition.

Mrs. SULLIVAN. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman.

(Mrs. SULLIVAN asked and was given permission to revise and extend her remarks.)

Mrs. SULLIVAN. Mr. Chairman, the food stamp law is not the Taft-Hartley Labor-Management Relations Act. It is, and should be neutral in industrial disputes leading to strikes, lockouts, or other industrial discord. There is only one real test of eligibility for food stamps—and that is, can you afford a decent, minimum diet?

The committee bill wants to make people sell their homes, and their cars, in order to get enough to eat—a paupers oath. This proposed amendment goes further and seeks to make sure no one who is out of work because of the existence of a labor dispute can be helped to get enough to eat. The sponsors say that the amendment is being neutral between management and labor. I would see some possible justice in that position if losses to industry attributable to a company's failure to reach agreement on a labor contract, or refusal to bargain, were made not deductible for tax purposes. But no one is proposing that kind of "neutrality."

There are some Members here who seem to think workers go out on strike in order to enjoy better diets through food

stamps. Are those Members aware of the seriousness of the strike weapon to those who feel they have to use it? Does anyone go out on strike for fun? It is usually a terrible hardship for those who are idled by a strike. This amendment would add to that hardship the ultimate in punishment—the possibility of hunger for the children in a country which feeds poor people all over the world—and no questions asked.

I would have far more respect for an amendment which attempted to outlaw strikes by providing effective machinery for settling industrial disputes without strikes than I do for an amendment which says to a striker: By law, you must go hungry until you are ready to give in.

I reject this cruelty to human beings—to children.

Please remember, Mr. Chairman, that if any striker—or any person—obtains food stamps under false pretense, or by falsifying his eligibility, he can be and should be prosecuted and punished.

No one qualifies for food stamps by going on strike. Applicants must prove eligibility. And, if they do so, they are as much entitled to food stamps for their children as the convicted felon's children or the drunkard's children or the children of married students attending school under the GI bill struggling to get through college or graduate school.

If Secretary Hardin and the Secretary of Health, Education, and Welfare cannot devise tight enough requirements on eligibility to prevent cheating under this program, they should come in here and say in all frankness that so many Americans are cheats and crooks the administration cannot handle the problem.

But I do not believe it. I do not believe that all families or most families in my district who, from time to time, are put through the economic wringer of a strike or lockout for me to be willing to see this Congress write them off as deadbeats and crooks and chislers, who should go hungry if they cannot afford to buy food during a long and bitter strike.

Is there compassion here for human beings—or concern only for the anti-labor position of the U.S. Chamber of Commerce?

A vote for this amendment is a vote against every citizen who belongs to me, and believe in, labor unions. It would be as clear-cut an anti-labor vote as any which any Member could cast in a career in the Congress. It would never be forgotten, either.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma (Mr. BELCHER).

Mr. BELCHER. Mr. Chairman, I rise in support of the Abbitt substitute. We have had a lot of hearings. We had a lot of discussion in the committee. We came out with a bill that we thought we could get passed, a bill that was sound enough that we could get enough votes for in the House and get passed. As I said awhile ago, if you get to greedy, you are probably going to wind up with not getting a bill, or you are going to get a bill that will completely ruin the food stamp program.

(Mr. BELCHER asked and was given

permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Virginia (Mr. ABBITT) to close the debate.

Mr. ABBITT. Mr. Chairman, I think we ought to realize what the situation is. We shall vote first on the Abbitt substitute. The Abbitt substitute is the committee bill, except that it provides that strikers going out voluntarily shall be ineligible for stamps unless they were eligible at the time they went out on strike.

In addition, the Foley substitute would increase the outlay by nearly \$2 billion. It is that simple.

The question is whether you want the committee bill as amended by my substitute, or whether you want to increase the amount through the Foley-Quie substitute by approximately \$2 billion.

I might add that if the Abbitt substitute carries, we will rise, vote, and go back to our offices. It seems to me that might be an inducement.

Mr. BRINKLEY. Mr. Chairman, will the gentleman yield?

Mr. ABBITT. I yield to the gentleman from Georgia.

Mr. BRINKLEY. Mr. Chairman, I rise in support of the Abbitt amendment which would prohibit issuance of food stamps to striking workers.

The Gentleman from Texas (Mr. POAGE) put it very well when he quoted the verse from Genesis. A man who can work but will not, is not entitled to share in the tax dollar set aside for those who are in genuine need.

Work is the mantle of respectability. There should be no incentives provided which would encourage people not to work.

Mr. ABBITT. Mr. Chairman, if my amendment is defeated, we will start all over again.

Mr. MATSUNAGA. Mr. Chairman, as a cosponsor of H.R. 19889, the Family Nutrition Act of 1970 and as one, who, as a member of the Committee on Agriculture in 1964, played a role, however small, in the enactment of the original Food Stamp Act, I rise in support of the Foley amendment.

The food stamp program has proven to be a very important means of providing a more equitable share of our food abundance to low-income families throughout the Nation. However, as it is true in the case of many other welfare programs, experience has shown that the food stamp program needs to be expanded and strengthened better to achieve its goals. Over a 6-year period, Congress has done little more than to provide increases in authorized expenditures for the program. Today, we are informed that the program is still reaching less than 50 percent of its intended beneficiaries—the impoverished Americans. Other shortcomings of the program are being brought to our attention. Indeed, the hour is late for Congress to strengthen the program in order that it can meet the needs that experience has indicated are not being met.

It is clear that the committee bill, while suggesting the existence of these unmet needs, does not go far enough. The bill, H.R. 19889, which is now of-

ferred as a substitute for the Committee bill, goes much further in that it provides for greater participation on the part of impoverished Americans in the program to stamp out hunger and malnutrition. On a comparative basis, the proposed substitute bill would keep the many good features of the committee measure, add a few others, and remove certain objectionable provisions, such as the one which would require the States to share the costs of the food stamp program.

I strongly oppose the committee proposal which would compel every State either to finance, by fiscal year 1974, 10 percent of the bonus value of the coupons issued to participants or else abandon the program. The bonus value, of course, refers to the total coupon allotment value less the coupon purchase price. If this change is made in the program, many States will likely be compelled to end their present participation. This requirement would mean, then, not a furtherance of the purposes of the program, but a long step backward.

Many of the States now participating in the program continue to have serious difficulty providing sufficient funds to support their own public welfare programs. Some States—particularly the lower income States—are not now taking full advantage of available Federal public assistance programs because they have not been able to raise the matching funds required. The committee proposal, therefore, would limit still further their ability to assist their needy families. It would constitute, perhaps more than any other provision in the committee bill, an effective bar to keep many States from participating in the program.

Another disturbing fact about the committee bill is that it does not expand coverage sufficiently to provide for the elderly and the handicapped in various ordinary living situations. If we are to recognize as fact, as we must, that there are unmet needs of elderly indigent Americans not only for food but for a better balanced and a more nutritious diet as well, then we must also accept the responsibility of providing them with such diet. To expand coverage of the present program from households to include individuals over 60 only if they are housebound or disabled, as the committee bill provides, therefore, is to offer only half a loaf. There are countless elderly Americans, who, though neither housebound nor disabled, do need the assistance of the food stamp program. The substitute bill meets the need for this extended coverage. We ought to offer the whole loaf.

The substitute measure contains other provisions which would make the food stamp program a truly humanitarian and effective means of eradicating hunger and malnutrition in the United States. Particularly noteworthy are the provisions which would:

Authorize the Secretary of Agriculture to establish food stamp programs in any State that fails to initiate its own program within 300 days after the bill is passed. Hunger is no respecter of State lines. In order to combat it effectively, therefore, we must provide relief irrespective of the State in which an impoverished American happens to live.

Establish a floor for determining eligibility. A family of four with \$4,000 a year income or less would be covered.

Allow free food stamps for households of four with incomes of \$30 or less per month. The provision in the committee bill requiring a token minimum charge of 50 cents per person per month for a household of five or less, or \$3 per household where six or more persons reside, is unrealistic and self-defeating. It is not so much the amount that makes this provision objectionable, but the fact that almost any charge would exclude from the program over 1 million poor who have no cash income.

Mr. Chairman, the enactment of the Family Nutrition Act of 1970 is necessary to insure that the benefits of the food stamp program will reach all intended beneficiaries. In our land of plenty, there is no reason why our Nation's food abundance should not be utilized to the maximum extent practicable to safeguard the health and well-being of our Nation's needy, who today face the scourge of malnutrition. In age, as well as in youth, needy Americans must be provided with a better balanced and more nutritious diet if we are to continue to take rightful pride in the greatness of this Nation of ours.

I strongly urge a favorable vote for the substitute measure.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Virginia (Mr. ABBITT), as amended for the amendment in the nature of a substitute, offered by the gentleman from Washington, (Mr. FOLEY).

The question was taken; and the Chairman being in doubt, the Committee divided, and there were—ayes 57, noes 58.

Mr. POAGE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. ABBITT and Mr. FOLEY.

The Committee again divided, and the tellers reported that there were—ayes 119, noes 116.

So the substitute for the amendment in the nature of a substitute was agreed to.

The CHAIRMAN. The question now occurs on the amendment in the nature of a substitute offered by the gentleman from Washington (Mr. FOLEY), as amended by the substitute amendment offered by the gentleman from Virginia (Mr. ABBITT).

PARLIAMENTARY INQUIRY

Mr. HALL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HALL. The amendment was a substitute amendment for the Foley committee amendment, and therefore the question does not arise, does it?

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from Washington (Mr. FOLEY), as amended by the substitute amendment offered by the gentleman from Virginia (Mr. ABBITT).

Mr. O'HARA. Mr. Chairman, I demand a division.

The CHAIRMAN. A division is demanded. Those in favor will rise and remain standing until counted.

PARLIAMENTARY INQUIRIES

Mr. GERALD R. FORD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. GERALD R. FORD. Will the Chair restate the question on which the Committee now is to act?

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from Washington (Mr. FOLEY), as amended by the substitute amendment offered by the gentleman from Virginia (Mr. ABBITT).

Mr. GERALD R. FORD. A further parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. GERALD R. FORD. If the "ayes" prevail, then the bill will be substituted for by the amendment offered by the gentleman from Virginia (Mr. ABBITT) as an amendment to the amendment in the nature of a substitute offered by the gentleman from Washington (Mr. FOLEY).

The CHAIRMAN. If the Foley amendment in the nature of a substitute as amended by the Abbott substitute prevails, the Committee will then rise.

Mr. ABERNETHY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ABERNETHY. Is the Committee dividing on the issue now, or is the Chair going to make a determination as to whether there will be tellers?

The CHAIRMAN. The Committee is dividing on the question of the amendment in the nature of a substitute offered by the gentleman from Washington (Mr. FOLEY) as amended by the substitute amendment offered by the gentleman from Virginia (Mr. ABBITT).

The question was taken; and on a division (demanded by Mr. O'HARA) there were—ayes 106, noes 79.

Mr. FOLEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. ABBITT and Mr. FOLEY.

The Committee again divided, and the tellers reported that there were—ayes 133, noes 116.

So the amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MATSUNAGA, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 18582) to amend the Food Stamp Act of 1964, as amended, pursuant to House Resolution 1291, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

Mr. FOLEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 172, nays 183, not voting 78, as follows:

[Roll No. 418]

YEAS—172

Abbutt	Forsythe	Nelsen
Abernethy	Fountain	O'Neal, Ga.
Alexander	Frelinghuysen	Passman
Andrews, Ala.	Frey	Pelly
Arends	Fuqua	Pettis
Ashbrook	Galifianakis	Pickle
Baring	Gettys	Pirnie
Belcher	Goldwater	Poff
Bennett	Goodling	Pollock
Betts	Griffin	Preyer, N.C.
Bow	Gross	Price, Tex.
Bray	Grover	Quillen
Brinkley	Gubser	Rarick
Brock	Hagan	Reid, Ill.
Broomfield	Haley	Rhodes
Brotzman	Hall	Roberts
Brown, Ohio	Hammer-	Rogers, Fla.
Broyhill, N.C.	schmidt	Roth
Broyhill, Va.	Hansen, Idaho	Roudebush
Buchanan	Harsha	Roussetot
Burleson, Tex.	Harvey	Ruth
Burlison, Mo.	Hastings	Sandman
Byrnes, Wis.	Henderson	Satterfield
Cabell	Hogan	Scherle
Caffery	Hosmer	Schmitz
Camp	Hunt	Schneebeli
Carter	Hutchinson	Schwengel
Cederberg	Jarman	Scott
Chamberlain	Johnson, Pa.	Shriver
Clausen,	Jonas	Skubitz
Don H.	Jones, N.C.	Smith, Calif.
Clawson, Del.	Jones, Tenn.	Snyder
Collier	Kazen	Springer
Collins, Tex.	Kleppe	Stafford
Colmer	Kuykendall	Stanton
Conable	Kyl	Steiger, Ariz.
Corbett	Landgrebe	Stevens
Crane	Landrum	Stubblefield
Daniel, Va.	Latta	Stuckey
Davis, Ga.	Lennon	Talcott
Davis, Wis.	McClory	Taylor
de la Garza	McClure	Teague, Calif.
Dellenback	McDonald,	Thompson, Ga.
Denney	Mich.	Thomson, Wis.
Dennis	McEwen	Waggoner
Derwinski	McMillan	Wampler
Devine	Mahon	Ware
Dickinson	Mailliard	Watson
Dorn	Mann	Watts
Downing	Marsh	Whalley
Duncan	Martin	Whitten
Edwards, Ala.	Mathias	Widnall
Erlenborn	Mayne	Wiggins
Esch	Miller, Ohio	Williams
Eshleman	Mills	Wilson, Bob
Evins, Tenn.	Minshall	Wylie
Fisher	Mizell	Zion
Flowers	Montgomery	
Ford, Gerald R.	Myers	

NAYS—183

Adams	Conte	Hanley
Addabbo	Conyers	Hanna
Albert	Corman	Hansen, Wash.
Anderson,	Coughlin	Harrington
Calif.	Cowger	Hathaway
Anderson,	Culver	Hawkins
Tenn.	Daniels, N.J.	Hays
Andrews,	Delaney	Hechler, W. Va.
N. Dak.	Dent	Heckler, Mass.
Annunzio	Diggs	Helstoski
Ashley	Dingell	Hicks
Barrett	Donohue	Holifield
Beall, Md.	Dulski	Howard
Bell, Calif.	Eckhardt	Hungate
Bevill	Edmondson	Jacobs
Biaggi	Edwards, Calif.	Johnson, Calif.
Blester	Ellberg	Jones, Ala.
Bingham	Fascell	Karth
Blatnik	Feighan	Kastenmeier
Boggs	Fish	Keith
Boland	Flood	Koch
Brademas	Foley	Kyros
Brasco	Fraser	Leggett
Brown, Calif.	Friedel	Lloyd
Burke, Mass.	Fulton, Pa.	Long, Md.
Burton, Calif.	Fulton, Tenn.	Lowenstein
Byrne, Pa.	Garmatz	McCarthy
Carey	Gaydos	McCloskey
Carney	Giamo	McDade
Casey	Gibbons	McFall
Celler	Gonzalez	Madden
Chisholm	Gray	Matsunaga
Clark	Green, Oreg.	Meeds
Clay	Green, Pa.	Melcher
Cleveland	Griffiths	Mikva
Cohelan	Gude	Minish
Collins, Ill.	Hamilton	Mink

Mollohan	Pucinski	Staggers
Monagan	Quie	Steele
Moorhead	Rallsback	Steiger, Wis.
Morgan	Randall	Stokes
Morse	Rees	Stratton
Mosher	Reid, N.Y.	Sullivan
Murphy, Ill.	Reuss	Symington
Murphy, N.Y.	Riegle	Taft
Natcher	Robison	Thompson, N.J.
Nedzi	Rodino	Tiernan
Nix	Roe	Udall
Obey	Rooney, N.Y.	Ullman
O'Hara	Rooney, Pa.	Van Deerlin
Olsen	Rosenthal	Vanik
O'Neill, Mass.	Roybal	Vigorito
Ottlinger	Ruppe	Waldie
Pepper	Ryan	Whalen
Perkins	St Germain	White
Philbin	Saylor	Wydler
Pike	Scheuer	Wyman
Poage	Shipley	Yates
Podell	Sisk	Yatron
Price, Ill.	Slack	Young
Pryor, Ark.	Smith, Iowa	Zablocki
	Smith, N.Y.	Zwach

NOT VOTING—78

Adair	Ford,	Morton
Anderson, Ill.	William D.	Moss
Aspinall	Foreman	Nichols
Ayres	Gallagher	O'Konski
Berry	Gilbert	Patman
Blackburn	Halpern	Powell
Blanton	Hébert	Purcell
Bolling	Horton	Reifel
Brooks	Hull	Rivers
Brown, Mich.	Ichord	Rogers, Colo.
Burke, Fla.	Kee	Rostenkowski
Burton, Utah	King	Schadeberg
Bush	Kluczynski	Sebelius
Button	Langen	Sikes
Chappell	Long, La.	Steed
Clancy	Lujan	Teague, Tex.
Cramer	Lukens	Tunney
Cunningham	McCulloch	Vander Jagt
Daddario	McKneally	Weicker
Dowdy	Macdonald,	Whitehurst
Dwyer	Mass.	Wilson,
Edwards, La.	MacGregor	Charles H.
Evans, Colo.	May	Winn
Fallon	Meskill	Wold
Farbstein	Michel	Wolff
Findley	Miller, Calif.	Wright
Flynt	Mize	Wyatt

So the amendment was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. William D. Ford against.

Mr. Edwards of Louisiana for, with Mr. Wolff against.

Mr. Nichols for, with Mr. Moss against.

Mr. Teague of Texas for, with Mr. Gallagher against.

Mr. Flynt for, with Mr. Rostenkowski against.

Mr. Sikes for, with Mr. Macdonald of Massachusetts against.

Mr. Chappell for, with Mr. Charles H. Wilson against.

Mr. Dowdy for, with Mr. Kluczynski against.

Mr. Berry for, with Mr. Halpern against.

Mr. King for, with Mr. Miller of California against.

Mr. Lukens for, with Mr. Horton against.

Mr. Morton for, with Mr. Kee against.

Mr. Schadeberg for, with Mr. Aspinall against.

Mr. Sebelius for, with Mr. Rogers of Colorado against.

Mrs. May for, with Mr. Daddario against.

Mr. Rivers for, with Mr. Gilbert against.

Mr. Blackburn for, with Mr. Fallon against.

Until further notice:

Mr. Blanton with Mr. Adair.

Mr. Hull with Mr. Langen.

Mr. Wright with Mr. O'Konski.

Mr. Long of Louisiana with Mr. Wyatt.

Mr. Brooks with Mr. Findley.

Mr. Evans of Colorado with Mr. Burke of Florida.

Mr. Purcell with Mr. Brown of Michigan.

Mr. Steed with Mr. Michel.

Mr. Patman with Mr. Vander Jagt.

Mr. Farbstein with Mrs. Dwyer.

Mr. Ichord with Mr. Lujan.

Mr. Tunney with Mr. Weicker.

Mr. McKneally with Mr. Reifel.

Mr. Ayres with Mr. Clancy.

Mr. Bush with Mr. Anderson of Illinois.

Mr. Button with Mr. Burton of Utah.

Mr. Cramer with Mr. Mize.

Mr. Foreman with Mr. Meskill.

Mr. Winn with Mr. Whitehurst.

Mr. McCulloch with Mr. Cunningham.

Mr. Wold with Mr. MacGregor.

Messrs. STEIGER of Arizona and BOB WILSON changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The text of the bill is as follows:

SECTION 1. Section 2 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"It is hereby declared to be the policy of Congress, in order to promote the general welfare, that the Nation's abundance of food should be utilized cooperatively by the States, the Federal Government, local governmental units, and other agencies to safeguard the health and well-being of the Nation's population and raise levels of nutrition among low-income households. The Congress hereby finds that the limited food purchasing power of low-income households contributes to hunger and malnutrition among members of such households. The Congress further finds that increased utilization of food in establishing and maintaining adequate national levels of nutrition will promote the distribution in a beneficial manner of our agricultural abundances and will strengthen our agricultural economy, as well as result in more orderly marketing and distribution of food. To alleviate such hunger and malnutrition, a food stamp program is herein authorized which will permit low-income households to purchase a nutritionally adequate diet through normal channels of trade."

SEC. 2. (a) Add the following sentence at the end of subsection '3(f) of the Food Stamp Act of 1964, as amended: "It shall also mean a political subdivision or a private nonprofit organization that meets the requirements of section 10(h) of this Act."

(b) Subsection (j) of section 3 of the Food Stamp Act of 1964, as amended, is amended to read as follows: "The term 'State' means the fifty States and the District of Columbia, Guam, Puerto Rico, and the Virgin Islands of the United States."

(c) Add the following new subsection at the end of section 3 of the Food Stamp Act of 1964, as amended:

"(1) The term 'elderly person' shall mean a person sixty years of age or over who is not a resident of an institution or boarding house, and who is living alone, or with spouse, whether or not he has cooking facilities in his home."

(d) Section 3 of the Food Stamp Act of 1964, as amended, is amended by adding the following new subsection:

"(m) The term 'authorization to purchase card' means any document issued by the State agency to an eligible household which shows the face value of the coupon allotment the household is entitled to be issued on presentation of such document and the amount to be paid by such household for such allotment."

SEC. 3. Subsections (a) and (b) of section 4 of the Food Stamp Act of 1964, as amended, are amended to read as follows:

"(a) The Secretary is authorized to formulate and administer a food stamp program under which, at the request of the State agency, eligible households within the State shall be provided with an opportunity to obtain a nutritionally adequate diet through the issuance to them of a coupon allotment which shall have a greater monetary value than the charge to be paid for such allotment by eligible households. The coupons so received by such households shall be used only to purchase food from retail food stores which have been approved for participation in the food stamp program. Coupons issued and used as provided in this Act shall be redeemable at face value by the Secretary through the facilities of the Treasury of the United States.

"(b) In areas where the food stamp program is in operation, there shall be no distribution of federally donated foods to households under the authority of any other law except that distribution thereunder may be made: (1) during temporary emergency situations when the Secretary determines that commercial channels of food distribution have been disrupted; (2) for such period of time as the Secretary determines necessary, to effect an orderly transition in an area in which the distribution of federally donated foods to households is being replaced by a food stamp program; or (3) on request of the State agency: *Provided*, That the Secretary shall not approve any plan established under this Act which permits any household to simultaneously participate in both the food stamp program and the distribution of federally donated foods under this clause (3)."

SEC. 4. Section 5 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(a) Except for the temporary participation of households that are victims of a disaster as provided in subsection (b) of this section, participation in the food stamp program shall be limited to those households whose income and other financial resources are determined to be substantial limiting factors in permitting them to purchase a nutritionally adequate diet.

"(b) The Secretary, in consultation with the Secretary of Health, Education, and Welfare, shall establish uniform national standards of eligibility for participation by households in the food stamp program and no plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary. The standards established by the Secretary, at a minimum, shall prescribe the amounts of household income and other financial resources, including both liquid and nonliquid assets, to be used as criteria of eligibility. Any household which includes a member who has reached his eighteenth birthday and who is claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household, shall be ineligible to participate in any food stamp program established pursuant to this Act during the tax period such dependency is claimed and for a period of one year after expiration of such tax period. The Secretary may also establish temporary emergency standards of eligibility, without regard to income and other financial resources, for households that are victims of a disaster which disrupted commercial channels of food distribution when he determines that such households are in need of temporary food assistance, and that commercial channels of food distribution have again become available to meet the temporary food needs of such households: *Provided*, That the Secretary shall in the case of Puerto Rico, Guam, and the Virgin Islands, establish special standards of eligibility and coupon allotment schedules which reflect the average per capita income and cost of obtaining a nutritionally adequate diet in Puerto Rico and the respective territories; except that in

no event shall the standards of eligibility or coupon allotment schedules so used exceed those in the fifty States.

"(c) Notwithstanding any other provisions of law, the Secretary shall include in the uniform national standards of eligibility to be prescribed under subsection (b) of this section a provision that each State agency shall provide that a household shall not be eligible for assistance under this Act if it includes an able-bodied adult person between the ages of eighteen and sixty-five (except mothers or other members of the household who have the responsibility of care of dependent children or of incapacitated adults or who are bona fide students in any accredited school or training program) who either (a) fails to register for employment at a State or Federal employment office or, when impractical, at such other appropriate State or Federal office designated by the Secretary, or (b) has refused to accept employment or public work at not less than the higher of State or Federal minimum wage or the wage established by a valid regulation of any agency of the Federal Government authorized by existing law to establish such regulation. Refusal to work at a struck plant or site for the duration of a strike shall not be deemed to be a refusal to accept employment."

SEC. 5. Subsections (a) and (b) of section 7 of the Food Stamp Act of 1964, as amended, are amended to read as follows:

"(a) The face value of the coupon allotment which State agencies shall be authorized to issue to any households certified as eligible to participate in the food stamp program shall be in such amount as the Secretary determines to be the cost of a nutritionally adequate diet.

"(b) Notwithstanding any other provision of law, households shall be charged for the coupon allotment issued to them, and the amount of such charge shall represent a reasonable investment on the part of the household, but in no event—

"(1) less than 50 cents per person per month for a household of five or less persons, or \$3 per household per month for a household of six or more persons; or

"(2) more than 30 per centum of the household's income.

The State agency may arrange for payment from State or local sources, including sums made available by charitable and similar organizations, of such portion of the minimum charge as may be necessary to insure the participation of all households certified for participation at the minimum charge: *Provided*, That the Secretary shall provide a reasonable opportunity for any eligible household to elect to be issued a coupon allotment having a face value which is less than the face value of the coupon allotment authorized to be issued to them under subsection (a) of this section. The charge to be paid by eligible households electing to exercise the option set forth in this subsection shall be an amount which bears the same ratio to the amount which would have been charged under subsection (b) of this section as the face value of the coupon allotment actually issued to them bears to the face value of the coupon allotment that would have been issued to them under subsection (a) of this section."

SEC. 6. (a) Subsection (e) of section 10 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"The State agency of each State desiring to participate in the food stamp program shall submit for approval a plan of operation specifying the manner in which such program will be conducted within the State, the political subdivisions within the State in which the State desires to conduct the program, and the effective dates of participation by each such political subdivision. In addition, such plan of operation shall pro-

vide, among such other provisions as may be required, the following: (1) the specific standards to be used in determining the eligibility of applicant households; (2) that the State agency shall undertake the certification of applicant households in accordance with the general procedures and personnel standards used by them in the certification of applicants for benefits under the federally aided public assistance programs; (3) safeguards which restrict the use or disclosure of information obtained from applicant households to persons directly connected with the administration or enforcement of the provisions of this Act or the regulations issued pursuant to this Act; (4) for the submission of such reports and other information as from time to time may be required; (5) that the State agency shall undertake effective action, including the use of services provided by other federally funded agencies and organizations, to inform low-income households concerning the availability and benefits of the food stamp program and insure the participation of eligible households; and (6) for the granting of a fair hearing and a prompt determination thereafter to any household aggrieved by the action of a State agency under any provision of its plan of operation as it affects the participation of such household in the food stamp program. Upon the joint approval of the Secretary and the Secretary of Health, Education, and Welfare the State plan may provide for withholding the amount to be paid by a household for its coupon allotment from any payment made by the State agency to such household under a federally aided public assistance program, if such withholding is authorized by such household. In approving the participation of the subdivisions requested by each State in its plan of operation, the Secretary shall provide for an equitable and orderly expansion among the several States in accordance with their relative need and readiness to meet their requested effective dates of participation."

(b) Add the following new subsection to section 10 of the Food Stamp Act of 1964, as amended:

"(h) Subject to such terms and conditions as may be prescribed by the Secretary in the regulations issued pursuant to this Act, members of an eligible household who are sixty years of age or over or an elderly person and his spouse may use coupons issued to them to purchase meals prepared for and delivered to them by a political subdivision or by a private nonprofit organization which: (1) is not receiving federally donated foods from the United States Department of Agriculture for use in the preparation of such meals; (2) is operated in a manner consistent with the purposes of this Act; and (3) is recognized as a tax exempt organization by the Internal Revenue Service: *Provided*, That household members or elderly persons to whom meals are delivered are housebound, feeble, physically handicapped, or otherwise disabled, to the extent that they are unable to adequately prepare all of their meals. Meals served pursuant to this subsection shall be deemed 'food' for the purposes of this Act."

SEC. 7. Subsections (a) and (b) of section 14 of the Food Stamp Act of 1964, as amended, are amended as follows:

"(a) Notwithstanding any other provisions of this Act, the Secretary may provide for the purchase, issuance or presentment for redemption of coupons to such person or persons, and at such times and in such manner, as he deems necessary or appropriate to protect the interests of the United States or to insure enforcement of the provisions of this Act or the regulations issued pursuant to this Act.

"(b) Whoever knowingly uses, transfer, acquires, alters, or possesses coupons or authorization to purchase cards in any manner not authorized by this Act or the regula-

tions issued pursuant to this Act shall, if such coupons or authorization to purchase cards are of the value of \$100 or more, be guilty of a felony and shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than five years or both, or, if such coupons of authorization to purchase cards are of a value of less than \$100, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned for not more than one year, or both."

SEC. 8. Subsection (b) of section 15 of the Food Stamp Act of 1964 as amended, is amended to read as follows:

"(b) The Secretary is authorized to pay to each State agency an amount equal to 62½ per centum of the sum of (1) the direct salary, travel, and travel-related cost (including such fringe benefits as are normally paid) of personnel, including the immediate supervisors of such personnel, for such time as they are employed in taking the action required under the provisions of subsection 10(e)(5) of this Act and in making certification determinations for households other than those which consist solely of recipients of welfare assistance; (2) the direct salary, travel, and travel-related costs (including such fringe benefits as are normally paid) of personnel for such time as they are employed as hearing officials under section 10 (e) of the Act."

SEC. 9. Section 15 of the Food Stamp Act of 1964 is further amended by adding the following subsection:

"(c) Notwithstanding any other provision of law, each State shall be responsible for financing, from funds available to the State or political subdivision thereof, 10 per centum of the value of the coupon allotment issued to eligible households which is in excess of the charges paid by such households for such allotments: *Provided*, That such State financing shall be 2½ per centum for the fiscal year ending June 30, 1971; 5 per centum for the fiscal year ending June 30, 1972; 7½ per centum for the fiscal year ending June 30, 1973; 10 per centum for the fiscal year ending June 30, 1974; and 10 per centum for each fiscal year thereafter. Each State shall transfer such sums to, and they shall be made a part of, the separate account created under section 7(d) of this Act. Each State shall transfer such sums to such account within one calendar month following the calendar month in which the coupon allotments are issued to eligible households: *Provided further*, That the provisions of this subsection shall not be effective for any coupon allotments issued prior to July 1, 1970 (or July 1, 1971, in the case of a State wherein the State legislature has not held a session prior to July 1, 1970) to enable each State to take such action as is necessary under the statutes of the States to comply with the provisions of this subsection."

SEC. 10. Section 16(a) of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"To carry out the provisions of this Act, there is hereby authorized to be appropriated not in excess of \$610,000,000 for the fiscal year ending June 30, 1970, and such sums as the Congress may appropriate for the fiscal years ending June 30, 1971, June 30, 1972, and June 30, 1973, and not in excess of such sum as may hereafter be authorized by Congress for any subsequent fiscal year. Sums appropriated under this section shall, notwithstanding the provisions of any other law, continue to remain available for the purposes of this Act until expended. Such portion of any such appropriation as may be required to pay for the value of the coupon allotments issued to eligible households which is in excess of the charges paid by such households for such allotment shall be transferred to and made a part of the separate account created under section 7(d) of this Act. This Act shall be carried out

only with funds appropriated from the general fund of the Treasury for that specific purpose and in no event shall it be carried out with funds derived from permanent appropriations."

SEC. 11. State plans of operation approved by the Secretary of Agriculture under the Food Stamp Act of 1964, as amended, prior to the date of the enactment of amendments thereto by this Act shall continue in effect until such plans are changed to accord with such amendments: *Provided*, That no such previously approved plan shall remain unchanged for more than one hundred and eighty days after the enactment of such amendments.

MOTION TO RECOMMIT OFFERED BY MR. GOODLING

Mr. GOODLING. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. GOODLING. I am, Mr. Speaker, in its present form.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. GOODLING moves to recommit the bill H.R. 18582 to the Committee on Agriculture.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. GERALD R. FORD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 290, nays 68, not voting 75, as follows:

[Roll No. 419]

YEAS—290

Adams	Chamberlain	Friedel
Addabbo	Chisholm	Fulton, Pa.
Albert	Clark	Fulton, Tenn.
Alexander	Clausen,	Galifianakis
Anderson,	Don H.	Gallagher
Calif.	Clay	Garmatz
Anderson,	Cleveland	Gaydos
Tenn.	Cohelan	Gettys
Andrews,	Collier	Gialmo
N. Dak.	Collins, Ill.	Gibbons
Arends	Conte	Gonzalez
Ashley	Conyers	Gray
Barrett	Corbett	Green, Oreg.
Beall, Md.	Corman	Green, Pa.
Belcher	Coughlin	Griffin
Bell, Calif.	Cowger	Griffiths
Betts	Culver	Grover
Bevill	Daniels, N.J.	Gude
Biaggi	Davis, Ga.	Hall
Bieber	Davis, Wis.	Hamilton
Blatnik	de la Garza	Hammer-
Boggs	Delaney	schmidt
Boland	Dellenback	Hanley
Brademas	Dent	Hanna
Brasco	Derwinski	Hansen, Idaho
Bray	Diggs	Hansen, Wash.
Brooks	Dingell	Harrington
Broomfield	Donohue	Harsha
Brotzman	Downing	Harvey
Brown, Calif.	Dulski	Hathaway
Brown, Ohio	Duncan	Hawkins
Broyhill, N.C.	Eckhardt	Hays
Broyhill, Va.	Edmondson	Hechler, W. Va.
Buchanan	Edwards, Calif.	Heckler, Mass.
Burke, Mass.	Eilberg	Helstoski
Burlison, Mo.	Erlenborn	Hicks
Burton, Calif.	Esch	Hogan
Byrne, Pa.	Evins, Tenn.	Holifield
Byrnes, Wis.	Fascell	Hosmer
Cabell	Feighan	Howard
Caffery	Fish	Hungate
Carey	Flood	Hunt
Carney	Foley	Jacobs
Carter	Ford, Gerald R.	Jarman
Casey	Forsythe	Johnson, Calif.
Cederberg	Fraser	Johnson, Pa.
Celler	Frelinghuysen	Jones, Ala.

Jones, Tenn.
Karth
Kastenmeier
Kazen
Keith
Kleppe
Koch
Kuykendall
Kyl
Kyros
Landgrebe
Landrum
Latta
Leggett
Lloyd
Long, Md.
Lowenstein
McCarthy
McClory
McCloskey
McDade
McDonald,
Mich.
McEwen
McFall
Macdonald,
Mass.
Madden
Mahon
Mailliard
Mann
Martin
Mathias
Matsunaga
Mayne
Meeds
Melcher
Mikva
Miller, Ohio
Mills
Minish
Mink
Minshall
Mizell
Mollohan
Monagan
Montgomery
Moorhead
Morgan
Morse
Mosher
Murphy, Ill.

Murphy, N.Y.
Natcher
Nedzi
Nelsen
Nix
Obey
O'Hara
Olsen
O'Neill, Mass.
Ottinger
Patten
Pelly
Pepper
Perkins
Pettis
Philbin
Pickle
Pike
Pirnie
Poage
Podell
Poff
Pollock
Preyer, N.C.
Price, Ill.
Pryor, Ark.
Pucinski
Quie
Rallsback
Randall
Rees
Reid, Ill.
Reid, N.Y.
Reifel
Reuss
Rhodes
Riegle
Roberts
Robison
Rodino
Roe
Rogers, Fla.
Rooney, N.Y.
Rooney, Pa.
Rosenthal
Roth
Roudebush
Roybal
Ruppe
Ryan
St Germain
Sandman

NAYS—68

Abbitt	Eshleman	Passman
Abernethy	Fisher	Price, Tex.
Andrews, Ala.	Flowers	Quillen
Annuizio	Fountain	Rarick
Ashbrook	Frey	Rousselot
Baring	Fuqua	Ruth
Bennett	Goldwater	Satterfield
Bow	Goodling	Saylor
Brinkley	Gross	Scherle
Brock	Gubser	Schmitz
Burleson, Tex.	Hagan	Scott
Chappell	Haley	Smith, Calif.
Clawson, Del	Hastings	Snyder
Collins, Tex.	Henderson	Steiger, Ariz.
Colmer	Hutchinson	Sullivan
Conable	Jonas	Talcott
Daniel, Va.	Jones, N.C.	Waggonner
Denney	Lennon	Watson
Dennis	McClure	Whitten
Devine	McMillan	Wiggins
Dickinson	Marsh	Wilson, Bob
Dorn	Myers	Zion
Edwards, Ala.	O'Neal, Ga.	

NOT VOTING—75

Adair	Findley	Morton
Anderson, Ill.	Flynt	Moss
Aspinall	Ford,	Nichols
Ayres	William D.	O'Konski
Berry	Foreman	Patman
Bingham	Gilbert	Powell
Blackburn	Halpern	Purcell
Blanton	Hébert	Rivers
Bolling	Horton	Rogers, Colo.
Brown, Mich.	Hull	Rostenkowski
Burke, Fla.	Ichord	Schadeberg
Burton, Utah	Kee	Sebelius
Bush	King	Sikes
Button	Kluczynski	Steed
Camp	Langen	Teague, Tex.
Clancy	Long, La.	Tunney
Cramer	Lujan	Vander Jagt
Crane	Lukens	Weicker
Cunningham	McCulloch	Whitehurst
Daddario	McKneally	Wilson,
Dowdy	MacGregor	Charles H.
Dwyer	May	Winn
Edwards, La.	Meskill	Wolff
Evans, Colo.	Michel	Wright
Fallon	Miller, Calif.	Wydler
Farbstein	Mize	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Teague of Texas against.

Mr. Edwards of Louisiana for, with Mr. Nichols against.

Mr. Rostenkowski for, with Mr. Sikes against.

Mr. Blanton for, with Mr. Flynt against.

Mr. Wolff for, with Mr. Dowdy against.

Until further notice:

Mr. Aspinall with Mr. Adair.

Mr. Miller of California with Mr. McCulloch.

Mr. Long of Louisiana with Mr. Horton.

Mr. Kluczynski with Mr. Blackburn.

Mr. Hull with Mr. Schadeberg.

Mr. Tunney with Mr. Findley.

Mr. Charles H. Wilson with Mr. Wydler.

Mr. Evans of Colorado with Mr. Sebelius.

Mr. William D. Ford with Mr. Michel.

Mr. Patman with Mr. King.

Mr. Rogers of Colorado with Mr. Powell.

Mr. Rivers with Mr. Anderson of Illinois.

Mr. Steed with Mr. Brown of Michigan.

Mr. Moss with Mr. O'Konski.

Mr. Kee with Mr. Clahcy.

Mr. Wright with Mr. Camp.

Mr. Ichord with Mr. Vander Jagt.

Mr. Bingham with Mr. Winn.

Mr. Daddario with Mr. Langen.

Mr. Purcell with Mr. Ayres.

Mr. Gilbert with Mr. Mize.

Mr. Fallon with Mr. MacGregor.

Mrs. Dwyer with Mr. Farbstein.

Mr. Lujan with Mr. Cunningham.

Mr. Burke of Florida with Mr. Morton.

Mr. Weicker with Mr. Berry.

Mr. Cramer with Mr. Foreman.

Mr. Whitehurst with Mr. Crane.

Mr. Lukens with Mr. Burton of Utah.

Mrs. May with Mr. Bush.

Mr. Meskill with Mr. Button.

Mr. Halpern with Mr. McKneally.

Messrs. FLOWERS and HASTINGS changed their votes from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. POAGE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2547) to amend the Food Stamp Act of 1964, and to strike out all after the enacting clause and insert in lieu thereof the text of H.R. 18582, as just passed.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. HALL. Mr. Speaker, I object.

The SPEAKER pro tempore (Mr. Boggs). Objection is heard.

GENERAL LEAVE

Mr. POAGE. Mr. Speaker, I ask unanimous consent that all Members may have 3 legislative days in which to revise and extend their remarks with respect to the bill just passed, the amendments to the Food Stamp Act of 1964.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate insists upon its amendments to the bill (H.R. 6114) entitled "An act for the relief of Elmer M. Grade," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. EASTLAND, Mr. McCLELLAN, Mr. ERVIN, Mr. HRUSKA, and Mr. COOK to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2193) entitled "An act to authorize the Secretary of Labor to set standards to assure safe and healthful working conditions for working men and women; to assist and encourage States to participate in efforts to assure such working conditions; to provide for research, information, education, and training in the field of occupational safety and health, and for other purposes."

The message also announced that Mr. JORDAN of Idaho be appointed a conferee on the joint resolution (H.J. Res. 1117) entitled "Joint resolution to establish a Joint Committee on the Environment" in lieu of Mr. ALLOTT, excused.

RELATING TO ELMER M. GRADE AND THE "DELTA QUEEN"

Mr. CELLER submitted the following conference report and statement on the bill (H.R. 6114) for the relief of Elmer M. Grade:

CONFERENCE REPORT (H. REPT. No. 97-1769)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 6114) for the relief of Elmer M. Grade, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

EMANUEL CELLER,
HAROLD D. DONOHUE,
WILLIAM M. MCCULLOCH,

Managers on the Part of the House.

JAMES O. EASTLAND,
JOHN L. MCCLELLAN,
SAM J. ERVIN, Jr.,
ROMAN L. HRUSKA,
M. W. COOK,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6114) for the relief of Elmer M. Grade, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment contained a provision, not included in the House bill, amending section 5(b) of the Act of May 27, 1936 (49 Stat. 1384), to permit the historic

steamboat, the *Delta Queen*, to operate until November 1, 1973.

The Senate amendment also contained a provision amending the title of the House bill by adding at the end thereof the following: ", and for other purposes".

The conference agreement adopts the Senate provisions.

The Senate amendment does not involve any expenditure of Federal funds. Permitting the *Delta Queen* to operate until November 1, 1973, will give the Congress time to hear and decide how to assist in saving the last symbol of a bygone era. Furthermore, the conferees recommend early and expedited hearings on the feasibility of applying recent NASA technological developments to the vessel's wooden superstructure to determine their effect in reducing the combustibility and flame-spread characteristics of these surfaces.

In a letter which Representative William M. McCulloch received from the President of the Greene Line Steamers, Inc., dated November 25, 1970, it is pointed out that the company which operates the *Delta Queen* has an unblemished 80-year safety record, and if Congress grants a three-year extension they have assured Congress that they will voluntarily take extra safety precautions in excess of Coast Guard requirements.

EMANUEL CELLER,
HAROLD D. DONOHUE,
WILLIAM M. MCCULLOCH

Managers on the Part of the House.

REQUEST FOR ADJOURNMENT UNTIL TOMORROW AT 11 O'CLOCK A.M.

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

Mr. HALL. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

OMNIBUS CRIME CONTROL ACT OF 1970—CONFERENCE REPORT

Mr. CELLER submitted the following conference report and statement on the bill (H.R. 17825) to amend the Omnibus Crime Control and Safe Streets Act of 1968, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 91-1768)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 17825) to amend the Omnibus Crime Control and Safe Streets Act of 1968, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That this Act may be cited as the "Omnibus Crime Control Act of 1970".

TITLE I—OMNIBUS CRIME CONTROL AND SAFE STREETS ACT AMENDMENTS

LAW ENFORCEMENT ASSISTANCE ADMINISTRATION

SEC. 2. Section 101 of the Omnibus Crime Control and Safe Streets Act of 1968 is amended to read as follows:

"SEC. 101. (a) There is hereby established within the Department of Justice under the general authority of the Attorney General, a Law Enforcement Assistance Administration (hereinafter referred to in this title as 'Administration') composed of an Administrator of Law Enforcement Assistance and two Associate Administrators of Law Enforcement Assistance, who shall be appointed by the President, by and with the advice and consent of the Senate. Beginning after the end of the term of either of the present incumbents, one of the Associate Administrators shall be a member of a political party other than that of the President.

"(b) The Administrator shall be the executive head of the agency and shall exercise all administrative powers, including the appointment and supervision of Administration personnel. All of the other functions, powers, and duties created and established by this title shall be exercised by the Administrator with the concurrence of either one or both of the two Associate Administrators."

PLANNING GRANTS

SEC. 3. (a) The third sentence of section 203(a) of the Omnibus Crime Control and Safe Streets Act of 1968 is amended to read as follows: "The State planning agency and any regional planning units within the State shall, within their respective jurisdictions, be representative of the law enforcement agencies, units of general local government, and public agencies maintaining programs to reduce and control crime."

(b) Subsection (c) of section 203 of such Act is amended by inserting the following after the period at the end of the first sentence: "The Administration may waive this requirement, in whole or in part, upon a finding that the requirement is inappropriate in view of the respective law enforcement planning responsibilities exercised by the State and its units of general local government and that adherence to the requirement would not contribute to the efficient development of the State plan required under this part. In allocating funds under this subsection, the State planning agency shall assure that major cities and counties within the State receive planning funds to develop comprehensive plans and coordinate functions at the local level."

(c) Subsection (c) of section 203 is amended further by striking out the word "the preceding sentence" and inserting in lieu thereof "this subsection".

(d) Section 204 of such Act is amended by striking the second sentence.

GRANTS FOR LAW ENFORCEMENT PURPOSES

SEC. 4. Part C of title I of the Omnibus Crime Control and Safe Streets Act of 1968 is amended as follows:

(1) Section 301(b) (4) is amended to read as follows:

"(4) Constructing buildings or other physical facilities which would fulfill or implement the purpose of this section, including local correctional facilities, centers for the treatment of narcotic addicts, and temporary courtroom facilities in areas of high crime incidence."

(2) Subsection (b) of section 301 is amended by adding at the end thereof the following new paragraphs:

"(8) The establishment of a Criminal Justice Coordinating Council for any unit of general local government or any combination of such units within the State, having a population of two hundred and fifty thousand or more, to assure improved planning and coordination of all law enforcement activities.

"(9) The development and operation of community-based delinquent prevention and correctional programs, emphasizing halfway houses and other community based rehabilitation centers for initial preconviction of postconviction referral of offenders; expanded probationary programs, including paraprofessional and volunteer participation;

and community service centers for the guidance and supervision of potential repeat youthful offenders."

(3) Subsection (c) of section 301 is amended to read as follows:

"(c) The portion of any Federal grant made under this section for the purposes of paragraph (5) or (6) of subsection (b) of this section may be up to 75 per centum of the cost of the program or project specified in the application for such grant. The portion of any Federal grant made under this section for the purposes of paragraph (4) of subsection (b) of this section may be up to 50 per centum of the cost of the program or project specified in the application for such grant. The portion of any Federal grant made under this section to be used for any other purpose set forth in this section may be up to 75 per centum of the cost of the program or project specified in the application for such grant. No part of any grant made under this section for the purpose of renting, leasing facilities shall be used for land acquisition, or constructing buildings or other physical facilities shall be used for land acquisition. In the case of a grant under this section to an Indian tribe or other aboriginal group, if the Administration determines that the tribe or group does not have sufficient funds available to meet the local share of the cost of any program or project to be funded under the grant, the Administration may increase the Federal share of the cost thereof to the extent it deems necessary. Effective July 1, 1972, at least 40 per centum of the non-Federal funding of the cost of any program or project to be funded by a grant under this section shall be of money appropriated in the aggregate, by State or individual unit of government, for the purpose of the shared funding of such programs or projects."

(4) Subsection (d) of section 301 is amended to read as follows:

"(d) Not more than one-third of any grant made under this section may be expended for the compensation of police and other regular law enforcement personnel. The amount of any such grant expended for the compensation of such personnel shall not exceed the amount of State or local funds made available to increase such compensation. The limitations contained in this subsection shall not apply to the compensation of personnel for time engaged in conducting or undergoing training programs or to the compensation of personnel engaged in research, development, demonstration or other short-term programs."

(5) Section 303 is amended by inserting immediately after the first sentence the following new sentence: "No State plan shall be approved as comprehensive unless the Administration finds that the plan provides for the allocation of adequate assistance to deal with law enforcement problems in areas characterized by both high crime incidence and high law enforcement activity."

(6) Paragraph (2) of Section 303 is amended by striking out the semicolon and inserting in lieu thereof the following: ", except that each such plan shall provide that beginning July 1, 1972, at least the per centum of Federal assistance granted to the State planning agency under this part for any fiscal year which corresponds to the per centum of the State and local law enforcement expenditures funded and expended in the immediately preceding fiscal year by units of general local government will be made available to such units or combinations of such units in the immediately following fiscal year for the development and implementation of programs and projects for the improvement of law enforcement, and that with respect to such programs or projects the State will provide in the aggregate not less than one-fourth of the non-Federal funding. Per centum determinations under this paragraph for law enforcement funding and expenditures for such immediately pre-

ceding fiscal year shall be based upon the most accurate and complete data available for such fiscal year or for the last fiscal year for which such data are available. The Administration shall have the authority to approve such determinations and to review the accuracy and completeness of such data."

(7) Section 305 is amended to read as follows:

"SEC. 305. Where a State has failed to have a comprehensive State plan approved under this title within the period specified by the Administration for such purpose, the funds allocated for such State under paragraph (1) of section 306(a) of this title shall be available for reallocation by the Administration under paragraph (2) of section 306(a)."

(8) Section 306 is amended to read as follows:

"SEC. 306. (a) The funds appropriated each fiscal year to make grants under this part shall be allocated by the Administration as follows:

"(1) Eighty-five per centum of such funds shall be allocated among the States according to their respective populations for grants to State planning agencies.

"(2) Fifteen per centum of such funds, plus any additional amounts made available by virtue of the application of the provisions of sections 305 and 509 of this title to the grant of any State, may, in the discretion of the Administration, be allocated among the States for grants to State planning agencies, units of general local government, or combinations of such units, according to the criteria and on the terms and conditions the Administration determines consistent with this title.

Any grant made from funds available under paragraph (2) of this subsection may be up to 75 per centum of the cost of the program or project for which such grant is made. No part of any grant under such paragraph for the purpose of renting, leasing, or constructing buildings or other physical facilities shall be used for land acquisition. In the case of a grant under such paragraph to an Indian tribe or other aboriginal group, if the Administration determines that the tribe or group does not have sufficient funds available to meet the local share of the costs of any program or project to be funded under the grant, the Administration may increase the Federal share of the cost thereof to the extent it deems necessary. The limitations on the expenditure of portions of grants for the compensation of personnel in subsection (d) of section 301 of this title shall apply to a grant under such paragraph. Effective July 1, 1972, at least 40 per centum of the non-Federal funding of the cost of any program or project to be funded by a grant under such paragraph shall be of money appropriated in the aggregate, by State or individual unit of government, for the purpose of the shared funding of such programs or projects.

"(b) If the Administration determines, on the basis of information available to it during any fiscal year, that a portion of the funds allocated to a State for that fiscal year for grants to the State planning agency of the State will not be required by the State, or that the State will be unable to qualify to receive any portion of the funds under the requirements of this part, that portion shall be available for reallocation to other States under paragraph (1) of subsection (a) of this section."

TRAINING, EDUCATION, RESEARCH, DEMONSTRATION, AND SPECIAL GRANTS

SEC. 5. Part D of title I of the Omnibus Crime Control and Safe Streets Act of 1968 is amended as follows:

(1) Section 406 is amended—

(A) by striking "in areas directly related to law enforcement or preparing for employment in law enforcement" in the first sentence of subsection (b) and inserting in lieu thereof "in areas related to law enforce-

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

For actions of December 17, 1970
91st 2nd; No. 203

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HIGHLIGHTS: Conferees filed reports on Federal-Aid Highway Act and HUD act.
House agreed to motion to send potato and tomato promotion bill to conference.
House agreed to conference report on disaster relief bill.
Senate passed food stamp amendments, with amendment, and requested conference.
Senate passed NAL gifts act.
Senate passed bill removing export restrictions on wine with amendment providing land-grant status for College of Virgin Islands and University of Guam.

SENATE

1. **FOOD STAMPS.** Passed H.R. 18582 after amendment by striking all after the enacting clause and substituting the language of S. 2547 to extend and revise the food stamp program; conference requested and conferees appointed.
pp. S20446-7

2. NAL. Passed H.R. 19402 to authorize the receipt of gifts for the National Agricultural Library. This bill now goes to the President. p. S20446
3. WINE; COLLEGE OF V.I. AND UNIVERSITY OF GUAM. Passed H.R. 14169, to remove export restrictions against domestic wines under Title I of P.L. 480, after adopting Moss amendment granting land-grant status to the College of the Virgin Islands and the University of Guam. pp. S20468-9
4. RELOCATION ASSISTANCE AND LAND ACQUISITION. Agreed to House amendment with amendments to S. 1, proposed Uniform Relocation Assistance and Acquisition Policies Act. pp. S20458-66
5. ANIMALS. Committee on Commerce reported with an amendment H.R. 15188 to prohibit the shooting of certain wildlife from aircraft (S. Rept. 91-1482). p. S20482.
6. TUNA CONTAMINATION. Sen. Nelson commented on the danger of mercury in Tuna and placed in the Record articles and reports on the effects of mercury poisoning from Tuna. pp. S20427-8
7. CARNATION FARMS. Sen. Jackson saluted the 60th anniversary of one of "the best known agricultural institutions in the world" and reviewed the history of the Carnation Farms. p. S20498
8. TRADE LEGISLATION. Sen. Pearson expressed his opposition to the proposed Trade Act of 1970 and his displeasure that the Administration lent its support to the introduction of the bill as an amendment to the Social Security Amendments legislation. pp. S20504-6

HOUSE

9. COMMITTEE ACTION.

Conferees filed reports on:

H.R. 19504, authorizing appropriations for the construction of certain highways (H. Rept. 91-1780). pp. H11949-67, H12011; and

H.R. 19436, providing for the establishment of a national urban growth policy. A provision extending the restriction on log exports was retained in the bill (H. Rept. 91-1784). pp. H11992-12010, H12011; and

H.R. 19877, Rivers, Harbors, and Flood Control Act of 1970 (H. Rept. 91-1782). pp. H11967-75, H12011; and

H.R. 17255, providing for a more effective program to improve the Nation's air quality (H. Rept. 91-1783). pp. H11975-92, H12011.



91ST CONGRESS
2D SESSION

H. R. 18582

IN THE SENATE OF THE UNITED STATES

DECEMBER 17 (legislative day, DECEMBER 15), 1970

Received; read twice, considered, amended, read the third time, and passed

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To amend the Food Stamp Act of 1964, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 ~~SECTION 1. Section 2 of the Food Stamp Act of 1964,~~
4 ~~as amended, is amended to read as follows:~~
5 “It is hereby declared to be the policy of Congress, in
6 order to promote the general welfare, that the Nation’s abun-
7 dance of food should be utilized cooperatively by the States,
8 the Federal Government, local governmental units, and other
9 agencies to safeguard the health and well-being of the
10 Nation’s population and raise levels of nutrition among low-
11 income households. The Congress hereby finds that the

1 limited food purchasing power of low-income households
2 contributes to hunger and malnutrition among members
3 of such households. The Congress further finds that increased
4 utilization of food in establishing and maintaining adequate
5 national levels of nutrition will promote the distribution in
6 a beneficial manner of our agricultural abundances and will
7 strengthen our agricultural economy, as well as result in
8 more orderly marketing and distribution of food. To alleviate
9 such hunger and malnutrition, a food stamp program is
10 herein authorized which will permit low-income households
11 to purchase a nutritionally adequate diet through normal
12 channels of trade."

13 SEC. 2. ~~(a)~~ Add the following sentence at the end of
14 subsection ~~3(f)~~ of the Food Stamp Act of 1964, as amended:
15 "It shall also mean a political subdivision or a private non-
16 profit organization that meets the requirements of section
17 ~~10(h)~~ of this Act."

18 ~~(b)~~ Subsection ~~(j)~~ of section 3 of the Food Stamp Act
19 of 1964, as amended, is amended to read as follows: "The
20 term 'State' means the fifty States and the District of Colum-
21 bia, Guam, Puerto Rico, and the Virgin Islands of the
22 United States."

23 ~~(c)~~ Add the following new subsection at the end of
24 section 3 of the Food Stamp Act of 1964, as amended:

25 "~~(1)~~ The term 'elderly person' shall mean a person

1 sixty years of age or over who is not a resident of an insti-
2 tution or boarding house, and who is living alone, or with
3 spouse, whether or not he has cooking facilities in his home."

4 ~~(d)~~ Section 3 of the Food Stamp Act of 1964, as
5 amended, is amended by adding the following new sub-
6 section:

7 ~~"(m)~~ The term 'authorization to purchase card' means
8 any document issued by the State agency to an eligible
9 household which shows the face value of the coupon allot-
10 ment the household is entitled to be issued on presentment of
11 such document and the amount to be paid by such household
12 for such allotment."

13 SEC. 3. Subsections ~~(a)~~ and ~~(b)~~ of section 4 of the
14 Food Stamp Act of 1964, as amended, are amended to read
15 as follows:

16 ~~"(a)~~ The Secretary is authorized to formulate and ad-
17 minister a food stamp program under which, at the request
18 of the State agency, eligible households within the State
19 shall be provided with an opportunity to obtain a nutrition-
20 ally adequate diet through the issuance to them of a coupon
21 allotment which shall have a greater monetary value than the
22 charge to be paid for such allotment by eligible households.
23 The coupons so received by such households shall be used
24 only to purchase food from retail food stores which have
25 been approved for participation in the food stamp program.

1 Coupons issued and used as provided in this Act shall be re-
2 deemable at face value by the Secretary through the facili-
3 ties of the Treasury of the United States.

4 “(b) In areas where the food stamp program is in
5 operation, there shall be no distribution of federally donated
6 foods to households under the authority of any other law
7 except that distribution thereunder may be made: (1) dur-
8 ing temporary emergency situations when the Secretary
9 determines that commercial channels of food distribution
10 have been disrupted; (2) for such period of time as the
11 Secretary determines necessary, to effect an orderly transi-
12 tion in an area in which the distribution of federally donated
13 foods to households is beings replaced by a food stamp pro-
14 gram; or (3) on request of the State agency: *Provided*, That
15 the Secretary shall not approve any plan established under
16 this Act which permits any household to simultaneously
17 participate in both the food stamp program and the distri-
18 bution of federally donated foods under this clause (3).”

19 SEC. 4. Section 5 of the Food Stamp Act of 1964, as
20 amended, is amended to read as follows:

21 “(a) Except for the temporary participation of house-
22 holds that are victims of a disaster as provided in subsection
23 (b) of this section, participation in the food stamp program
24 shall be limited to those households whose income and other
25 financial resources are determined to be substantial limiting

1 factors in permitting them to purchase a nutritionally ade-
2 quate diet.

3 “(b) The Secretary, in consultation with the Secre-
4 tary of Health, Education, and Welfare, shall establish uni-
5 form national standards of eligibility for participation by
6 households in the food stamp program and no plan of opera-
7 tion submitted by a State agency shall be approved unless
8 the standards of eligibility meet those established by the Sec-
9 retary. The standards established by the Secretary, at a mini-
10 mum, shall prescribe the amounts of household income and
11 other financial resources, including both liquid and nonliquid
12 assets, to be used as criteria of eligibility. Any household
13 which includes a member who has reached his eighteenth
14 birthday and who is claimed as a dependent child for Fed-
15 eral income tax purposes by a taxpayer who is not a mem-
16 ber of an eligible household, shall be ineligible to participate
17 in any food stamp program established pursuant to this Act
18 during the tax period such dependency is claimed and for a
19 period of one year after expiration of such tax period. The
20 Secretary may also establish temporary emergency standards
21 of eligibility, without regard to income and other financial
22 resources, for households that are victims of a disaster which
23 disrupted commercial channels of food distribution when he
24 determines that such households are in need of temporary
25 food assistance, and that commercial channels of food dis-

1 tribution have again become available to meet the temporary
2 food needs of such households: *Provided*, That the Secretary
3 shall in the case of Puerto Rico, Guam, and the Virgin
4 Islands, establish special standards of eligibility and coupon
5 allotment schedules which reflect the average per capita in-
6 come and cost of obtaining a nutritionally adequate diet in
7 Puerto Rico and the respective territories; except that in no
8 event shall the standards of eligibility or coupon allotment
9 schedules so used exceed those in the fifty States.

10 “(c) Notwithstanding any other provisions of law, the
11 Secretary shall include in the uniform national standards of
12 eligibility to be prescribed under subsection (b) of this
13 section a provision that each State agency shall provide
14 that a household shall not be eligible for assistance under
15 this Act if it includes an able-bodied adult person between
16 the ages of eighteen and sixty-five (except mothers or other
17 members of the household who have the responsibility of
18 care of dependent children or of incapacitated adults or who
19 are bona fide students in any accredited school or training
20 program) who either (a) fails to register for employment
21 at a State or Federal employment office or, when imprae-
22 tial, at such other appropriate State or Federal office desig-
23 nated by the Secretary, or (b) has refused to accept em-
24 ployment or public work at not less than the higher of State
25 or Federal minimum wage or the wage established by a

1 valid regulation of any agency of the Federal Government
2 authorized by existing law to establish such regulation. Re-
3 fusal to work at a struck plant or site for the duration of
4 a strike shall not be deemed to be a refusal to accept em-
5 ployment."

6 SEC. 5. Subsections (a) and (b) of section 7 of the
7 Food Stamp Act of 1964, as amended, are amended to
8 read as follows:

9 "(a) The face value of the coupon allotment which
10 State agencies shall be authorized to issue to any households
11 certified as eligible to participate in the food stamp program
12 shall be in such amount as the Secretary determines to be
13 the cost of a nutritionally adequate diet.

14 "(b) Notwithstanding any other provision of law,
15 households shall be charged for the coupon allotment issued
16 to them, and the amount of such charge shall represent a
17 reasonable investment on the part of the household, but in
18 no event—

19 "(1) less than 50 cents per person per month for a
20 household of five or less persons, or \$3 per household
21 per month for a household of six or more persons; or
22 "(2) more than 30 per centum of the household's
23 income.

24 The State agency may arrange for payment from State or
25 local sources, including sums made available by charitable

1 and similar organizations, of such portion of the minimum
2 charge as may be necessary to insure the participation of all
3 households certified for participation at the minimum charge:
4 *Provided*, That the Secretary shall provide a reasonable
5 opportunity for any eligible household to elect to be issued
6 a coupon allotment having a face value which is less than
7 the face value of the coupon allotment authorized to be issued
8 to them under subsection (a) of this section. The charge to
9 be paid by eligible households electing to exercise the option
10 set forth in this subsection shall be an amount which bears
11 the same ratio to the amount which would have been charged
12 under subsection (b) of this section as the face value of the
13 coupon allotment actually issued to them bears to the face
14 value of the coupon allotment that would have been issued
15 to them under subsection (a) of this section."

16 SEC. 6. (a) Subsection (c) of section 10 of the Food
17 Stamp Act of 1964, as amended, is amended to read as
18 follows:

19 "The State agency of each State desiring to participate
20 in the food stamp program shall submit for approval a plan
21 of operation specifying the manner in which such program
22 will be conducted within the State, the political subdivisions
23 within the State in which the State desires to conduct the
24 program, and the effective dates of participation by each
25 such political subdivision. In addition, such plan of operation

1 shall provide, among such other provisions as may by regu-
2 lations be required, the following: ~~(1)~~ the specific standards
3 to be used in determining the eligibility of applicant house-
4 holds; ~~(2)~~ that the State agency shall undertake the certifi-
5 cation of applicant households in accordance with the general
6 procedures and personnel standards used by them in the
7 certification of applicants for benefits under the federally
8 aided public assistance programs; ~~(3)~~ safeguards which
9 restrict the use or disclosure of information obtained from
10 applicant households to persons directly connected with the
11 administration or enforcement of the provisions of this Act
12 or the regulations issued pursuant to this Act; ~~(4)~~ for the
13 submission of such reports and other information as from
14 time to time may be required; ~~(5)~~ that the State agency
15 shall undertake effective action, including the use of services
16 provided by other federally funded agencies and organiza-
17 tions, to inform low-income households concerning the avail-
18 ability and benefits of the food stamp program and insure the
19 participation of eligible households; and ~~(6)~~ for the granting
20 of a fair hearing and a prompt determination thereafter to
21 any household aggrieved by the action of a State agency
22 under any provision of its plan of operation as it affects the
23 participation of such household in the food stamp program.
24 Upon the joint approval of the Secretary and the Secretary

1 of Health, Education, and Welfare the State plan may pro-
2 vide for withholding the amount to be paid by a household
3 for its coupon allotment from any payment made by the
4 State agency to such household under a federally aided public
5 assistance program, if such withholding is authorized by such
6 household. In approving the participation of the subdivisions
7 requested by each State in its plan of operation, the Secretary
8 shall provide for an equitable and orderly expansion among
9 the several States in accordance with their relative need
10 and readiness to meet their requested effective dates of
11 participation.”

12 ~~(b)~~ Add the following new subsection to section 10 of
13 the Food Stamp Act of 1964, as amended:

14 “~~(h)~~ Subject to such terms and conditions as may be
15 prescribed by the Secretary in the regulations issued pursu-
16 ant to this Act, members of an eligible household who are
17 sixty years of age or over or an elderly person and his
18 spouse may use coupons issued to them to purchase meals
19 prepared for and delivered to them by a political subdivision
20 or by a private nonprofit organization which: ~~(1)~~ is not
21 receiving federally donated foods from the United States
22 Department of Agriculture for use in the preparation of such
23 meals; ~~(2)~~ is operated in a manner consistent with the pur-
24 poses of this Act; and ~~(3)~~ is recognized as a tax exempt
25 organization by the Internal Revenue Service: *Provided,*

1 That household members or elderly persons to whom meals
2 are delivered are housebound, feeble, physically handi-
3 capped, or otherwise disabled, to the extent that they are un-
4 able to adequately prepare all of their meals. Meals served
5 pursuant to this subsection shall be deemed 'food' for the pur-
6 poses of this Act."

7 SEC. 7. Subsections (a) and (b) of section 14 of the
8 Food Stamp Act of 1964, as amended, are amended as
9 follows:

10 "(a) Notwithstanding any other provisions of this
11 Act, the Secretary may provide for the purchase, issuance or
12 presentment for redemption of coupons to such person or
13 persons, and at such times and in such manner, as he deems
14 necessary or appropriate to protect the interests of the United
15 States or to insure enforcement of the provisions of this Act
16 or the regulations issued pursuant to this Act.

17 "(b) Whoever knowingly uses, transfers, acquires, al-
18 ters, or possesses coupons or authorization to purchase cards
19 in any manner not authorized by this Act or the regulations
20 issued pursuant to this Act shall, if such coupons or authori-
21 zation to purchase cards are of the value of \$100 or more, be
22 guilty of a felony and shall, upon conviction thereof, be fined
23 not more than \$10,000 or imprisoned for not more than five
24 years or both, or, if such coupons or authorization to purchase
25 cards are of a value of less than \$100, shall be guilty of a mis-

1 demeanor and shall, upon conviction thereof, be fined not
2 more than \$5,000 or imprisoned for not more than one year,
3 or both."

4 SEC. 8. Subsection (b) of section 15 of the Food Stamp
5 Act of 1964, as amended, is amended to read as follows:

6 "(b) The Secretary is authorized to pay to each State
7 agency an amount equal to $62\frac{1}{2}$ per centum of the sum of (1)
8 the direct salary, travel, and travel-related cost (including
9 such fringe benefits as are normally paid) of personnel, in-
10 cluding the immediate supervisors of such personnel, for such
11 time as they are employed in taking the action required under
12 the provisions of subsection 10(e)(5) of this Act and in
13 making certification determinations for households other than
14 those which consist solely of recipients of welfare assistance;
15 (2) the direct salary, travel, and travel-related costs (in-
16 cluding such fringe benefits as are normally paid) of per-
17 sonnel for such time as they are employed as hearing officials
18 under section 10(e) of the Act."

19 SEC. 9. Section 15 of the Food Stamp Act of 1964 is
20 further amended by adding the following subsection:

21 "(c) Notwithstanding any other provision of law, each
22 State shall be responsible for financing, from funds available
23 to the State or political subdivision thereof, 10 per centum
24 of the value of the coupon allotment issued to eligible house-
25 holds which is in excess of the charges paid by such house-

1 holds for such allotments: *Provided*, That such State financ-
 2 ing shall be $2\frac{1}{2}$ per centum for the fiscal year ending June 30,
 3 1971; 5 per centum for the fiscal year ending June 30,
 4 1972; $7\frac{1}{2}$ per centum for the fiscal year ending June 30,
 5 1973; 10 per centum for the fiscal year ending June 30,
 6 1974; and 10 per centum for each fiscal year thereafter.
 7 Each State shall transfer such sums to, and they shall be
 8 made a part of, the separate account created under section
 9 7(d) of this Act. Each State shall transfer such sums to
 10 such account within one calendar month following the cal-
 11 endar month in which the coupon allotments are issued to
 12 eligible households: *Provided further*, That the provisions
 13 of this subsection shall not be effective for any coupon allot-
 14 ments issued prior to July 1, 1970 (or July 1, 1971, in the
 15 case of a State wherein the State legislature has not held a
 16 session prior to July 1, 1970) to enable each State to take
 17 such action as is necessary under the statutes of the States
 18 to comply with the provisions of this subsection."

19 Sec. 10. Section 16(a) of the Food Stamp Act of
 20 1964, as amended, is amended to read as follows:

21 "To carry out the provisions of this Act, there is hereby
 22 authorized to be appropriated not in excess of \$610,000,000
 23 for the fiscal year ending June 30, 1970, and such sums as
 24 the Congress may appropriate for the fiscal years ending

1 June 30, 1971, June 30, 1972, and June 30, 1973, and not
2 in excess of such sums as may hereafter be authorized by Con-
3 gress for any subsequent fiscal year. Sums appropriated
4 under this section shall, notwithstanding the provisions of
5 any other law, continue to remain available for the purposes
6 of this Act until expended. Such portion of any such appro-
7 priation as may be required to pay for the value of the cou-
8 pon allotments issued to eligible households which is in excess
9 of the charges paid by such households for such allotment
10 shall be transferred to and made a part of the separate ac-
11 count created under section 7(d) of this Act. This Act shall
12 be carried out only with funds appropriated from the general
13 fund of the Treasury for that specific purpose and in no event
14 shall it be carried out with funds derived from permanent
15 appropriations."

16 SEC. 11. State plans of operation approved by the See-
17 retary of Agriculture under the Food Stamp Act of 1964, as
18 amended, prior to the date of the enactment of amendments
19 thereto by this Act shall continue in effect until such plans
20 are changed to accord with such amendments: *Provided,*
21 That no such previously approved plan shall remain un-
22 changed for more than one hundred and eighty days after
23 the enactment of such amendments.

24 SECTION 1. *The Food Stamp Act of 1964 is amended*
25 *as follows:*

1 (1) Section 2 is amended to read as follows:

2 “SEC. 2. It is hereby declared to be the policy of Con-
3 gress in order to promote the general welfare, that the Na-
4 tion's abundance of food should be utilized cooperatively by
5 the States, the Federal Government, local governmental units,
6 and other agencies to the maximum extent to safeguard the
7 health and well-being of the Nation's population and provide
8 adequate levels of food consumption and nutrition among low-
9 income households. The Congress hereby finds that increased
10 utilization of foods in establishing and maintaining adequate
11 levels of food consumption and nutrition will tend to cause
12 the distribution in a beneficial manner of our agricultural
13 abundances and will strengthen our agricultural economy,
14 as well as result in more orderly marketing and distribution
15 of food. To effectuate the policy of Congress and the purposes
16 of this Act, a food stamp program, which will permit those
17 households with low incomes to receive a share of the Nation's
18 food abundance sufficient to provide them with adequate levels
19 of food consumption and nutrition, is herein authorized.”

20 (2) Subsection (b) of section 3 is amended by add-
21 ing at the end thereof a new sentence to read as follows:
22 “The term ‘food’ also means such products as the Secre-
23 tary may determine to be necessary for personal cleanli-
24 ness, hygiene, and home sanitation.”

25 (3) The second sentence of subsection (e) of section

1 *3 is amended to read as follows: "The term 'household'*
2 *shall also mean (1) a single individual living alone who*
3 *has cooking facilities and who purchases and prepares*
4 *food for home consumption, or (2) an elderly person*
5 *who meets the requirements of section 10(h) of this Act."*

6 *(4) Subsection (f) of section 3 is amended by add-*
7 *ing at the end thereof a new sentence to read as follows:*
8 *"Such term also means a private nonprofit institution,*
9 *boardinghouse (other than a fraternity, sorority, or*
10 *other social club) or school which provides meals to*
11 *persons of sixty-five years or over who are not residing*
12 *in an institution or boardinghouse; a private nonprofit*
13 *organization that prepares and delivers meals to persons*
14 *of sixty-five years or over in their homes; and commis-*
15 *saries operated by the Department of Defense which*
16 *shall accept coupons in exchange for food for any par-*
17 *ticipating household which otherwise is eligible under*
18 *regulations of the Department of Defense to utilize the*
19 *services of such commissaries."*

20 *(5) Subsection (j) of section 3 is amended to read*
21 *as follows:*

22 *"(j) The term 'State' means the fifty States, the Dis-*
23 *trict of Columbia, the Commonwealth of Puerto Rico, the*
24 *Virgin Islands, Guam, and the Trust Territory of the Pacific*
25 *Islands."*

1 (6) Subsection (a) of section 4 is amended by
2 striking out the first sentence and inserting in lieu thereof
3 the following: "The Secretary is authorized to formulate
4 and administer a food stamp program under which
5 eligible households within a State will be provided with
6 coupon allotments of sufficient monetary value to enable
7 them to purchase a nutritionally adequate diet. Such
8 program shall be carried out in any State at the request
9 of the appropriate State agency of such State or pur-
10 suant to section 10(f) of this Act."

11 (7) Subsection (b) of section 4 is amended to read
12 as follows:

13 "(b) In areas where the food stamp program is in
14 operation, there shall be no distribution of federally donated
15 foods to households under the authority of any other law
16 except that distribution thereunder shall be made: (1) dur-
17 ing temporary emergency situations when the Secretary de-
18 termines that commercial channels of food distribution have
19 been disrupted because of a disaster; (2) in any county
20 where a food stamp program is being initiated and where
21 federally owned foods have been distributed to households
22 during any one of the three months immediately prior to
23 initiation of a food stamp program, until such time as the
24 number of persons participating in a food stamp program

1 exceeds the monthly average number of persons who re-
2 ceived federally owned foods during the three-month period
3 immediately prior to the initiation of a food stamp program;
4 or (3) on request of the State agency if the State agrees to
5 finance, from funds available to the State or political sub-
6 divisions thereof, all of the costs, subsequent to the delivery
7 of such foods within the State, of handling, storing, and
8 issuing federally donated food to eligible households in the
9 area.”

10 (8) Section 5 is amended to read as follows:

11 “SEC. 5. (a) Households whose income is determined,
12 as provided in this section, to be insufficient to permit them
13 to purchase a nutritionally adequate diet shall be eligible
14 to participate in the food stamp program. The Secretary shall
15 prescribe, not less often than once a year, the minimum level
16 of income a household must have in order to purchase a nu-
17 tritionally adequate diet for the members of such household
18 and be financially able to meet the other normal living ex-
19 penses of a household. He shall prescribe such level of in-
20 come for households composed of varying numbers of indi-
21 viduals, but in no case shall the minimum income level pre-
22 scribed by the Secretary be less for any household than the
23 equivalent of \$4,000 per year for a household composed of
24 four persons. In prescribing minimum income levels for
25 households under this section the Secretary may take into

1 *consideration such relevant factors as the regional variations*
2 *in the cost of food described in the low-cost food plan pub-*
3 *lished by the Agricultural Research Service of the United*
4 *States Department of Agriculture or such other relevant*
5 *factors as he deems appropriate but may not consider the*
6 *availability or expected availability of appropriations to carry*
7 *out this Act. The Secretary shall also prescribe the maximum*
8 *level of income for households composed of varying numbers*
9 *of individuals above which households shall be ineligible to*
10 *participate in the food stamp program. Income limitations*
11 *prescribed under this subsection shall be revised annually to*
12 *reflect any increase in the cost of living, as determined on*
13 *the basis of the Consumer Price Index (all items, United*
14 *States city average) published monthly by the Bureau of*
15 *Labor Statistics, Department of Labor.*

16 “(b) *In complying with the limitations on participa-*
17 *tion set forth in subsection (a) above, each State agency*
18 *shall establish standards to determine the eligibility of ap-*
19 *plicant households. Such eligibility standards shall comply*
20 *with the maximum and minimum income levels prescribed*
21 *by the Secretary under subsection (a) of this section and*
22 *shall also place a limitation on the resources to be allowed*
23 *eligible households, but such limitation shall apply to the*
24 *income, if any, realized from such resources and not to any*
25 *income which might be realized through liquidation of such*

1 resources. The standards of eligibility to be used by each
2 State for the food stamp program shall be subject to the ap-
3 proval of the Secretary."

4 (9) Subsections (a) and (b) of section 7 are
5 amended to read as follows:

6 "(a) Except as hereinafter provided in this subsection,
7 the face value of the coupon allotment which is issued to
8 any household certified as eligible to participate in the food
9 stamp program shall be not less than the amount necessary
10 to purchase a nutritionally adequate diet for the members of
11 such household. The amount necessary to purchase a nutri-
12 tionally adequate diet for households composed of varying
13 numbers of individuals shall be determined by the Secretary
14 and shall be revised annually by the Secretary. In determin-
15 ing the amount necessary to purchase a nutritionally adequate
16 diet for any household the Secretary shall take into consid-
17 eration such relevant factors as he deems appropriate but
18 may not consider the availability or expected availability of
19 appropriations to carry out this Act. In no event shall the
20 amount determined by the Secretary to be necessary to pur-
21 chase a nutritionally adequate diet for any household be less
22 than the amount which the Agricultural Research Service
23 of the United States Department of Agriculture determines
24 to be necessary to permit a household of comparable size to
25 purchase the kinds and amounts of food contained in the

1 *low-cost food plan established by the Agricultural Research*
2 *Service of the United States Department of Agriculture and*
3 *published in the 'Family Economics Review'. The Agricul-*
4 *tural Research Service shall revise and publish the amount*
5 *which it determines to be necessary to purchase such food*
6 *at least annually to reflect changes in the prices of food*
7 *published by the Bureau of Labor Statistics in the Depart-*
8 *ment of Labor.*

9 “(b) *Households shall be charged such portion of the*
10 *face value of the coupon allotment issued to them as is*
11 *determined not to exceed a reasonable investment on the*
12 *part of the household: Provided, That (1) any eligible*
13 *household whose income is less than one-half of the current*
14 *amount necessary to purchase a nutritionally adequate diet*
15 *prescribed by the Secretary under section 7(a) of this Act*
16 *shall not be charged any amount for such coupon allotment;*
17 *and (2) in no case shall any eligible household be charged*
18 *an amount greater than an amount equal to 25 per centum*
19 *of the income of such household for such coupon allotment.”*

20 (10) *Subsection (a) of section 10 is amended to*
21 *read as follows:*

22 “SEC. 10. (a) *The food stamp program shall be ad-*
23 *ministered to insure that participants are afforded the oppor-*
24 *tunity to receive at schools, at approved retail food stores, in*
25 *their homes, or at other appropriate places convenient to*

1 participants such instruction and counseling as will best as-
2 sure that they are able to use their increased purchasing
3 power to obtain those nutritious foods most likely to insure
4 that they receive a nutritionally adequate diet. The food
5 stamp program shall also be administered to insure that all
6 households eligible to participate in the program are informed
7 of its existence and given such assistance as may be required
8 to enable them to make application for the benefits of this
9 Act. In addition to such steps as may be taken administra-
10 tively, the voluntary cooperation of existing Federal, State,
11 local, or private agencies which carry out informational and
12 educational programs for consumers shall be enlisted for the
13 purpose of providing nutrition counseling and home eco-
14 nomics services for eligible households using such authorities
15 as may be available to the Secretary, or in cooperation with
16 other agencies of the Federal Government or private agen-
17 cies. The Secretary is authorized to use the educational po-
18 tential of the national school lunch program and its exten-
19 sion to introduce better eating patterns and better nutrition
20 to eligible households under this Act."

21 (11) Subsection (b) of section 10 is amended by
22 striking everything following the colon and inserting in
23 lieu thereof the following: "Provided, That the State
24 agency shall comply with the requirements of clauses
25 (2) and (3) of section 10(e) of this Act. The oper-

1 ating agency may delegate its responsibility for the issu-
2 ance of coupons and the collection of the amounts
3 charged from eligible households to the United States
4 post offices, banks, credit unions, or any other public
5 agency or private nonprofit agency. There shall be kept
6 such records as may be necessary to ascertain whether
7 the program is being conducted in compliance with the
8 provisions of this Act and the regulations issued pursu-
9 ant to this Act. Such records shall be available for
10 inspection and audit at any reasonable time and shall
11 be preserved for such period of time, not in excess of
12 three years, as may be specified in the regulations.”

13 (12) Subsection (c) of section 10 is amended by
14 inserting immediately preceding the first sentence the
15 following: “Any household making application for the
16 benefits of this Act shall be certified for eligibility solely
17 by execution of an affidavit, in such form as the Secre-
18 tary may prescribe, by the member of such household
19 making application. Certification of a household as eli-
20 gible in any political subdivision shall, in the event of
21 removal of such household to another political subdivi-
22 sion in which the food stamp program is operating,
23 remain valid for participation in the food stamp program
24 for a period of sixty days from the date of such removal.”

25 (13) Subsection (d) of section 10 is amended

1 *by inserting immediately preceding the first sentence the*
2 *following: "Notwithstanding any other provision of this*
3 *Act, a household may, if it so elects, purchase any*
4 *amount of coupons less than the full coupon allotment it*
5 *is entitled to purchase. The amount charged any house-*
6 *hold for any portion of a coupon allotment less than the*
7 *full coupon allotment shall be an amount which bears*
8 *the same ratio to the amount which would have been*
9 *charged such household for the full coupon allotment*
10 *as such portion of the full coupon allotment bears to*
11 *the full coupon allotment such household was entitled*
12 *to purchase. The Secretary shall prescribe general guide-*
13 *lines and minimum requirements with respect to the*
14 *quality of certification and issuance services to be pro-*
15 *vided by State agencies to eligible households, including,*
16 *but not limited to, matters relating to the places, times,*
17 *and frequency of coupon issuance services in political*
18 *subdivisions approved for participation in the food stamp*
19 *program. Such general guidelines and minimum require-*
20 *ments shall include at least the following provisions: (1)*
21 *that the issuance of coupons shall take place no less*
22 *often than once per week and (2) that at each issuance*
23 *of coupons any household may purchase the entire*
24 *monthly coupon allotment to which it is entitled or any*
25 *portion of that coupon allotment which it has not pre-*

1 *viously purchased. The State agency shall, notwithstand-*
2 *ing any other provision of law, institute procedures*
3 *under which any household participating in the food*
4 *stamp program shall be entitled, if it so elects, to have*
5 *the charges, if any, for its coupon allotment deducted*
6 *from any grant or payment such household may be en-*
7 *titled to receive under any federally aided public assist-*
8 *ance program and have its coupon allotment distributed*
9 *to it with such grant or payment."*

10 *(14) Subsection (e) of section 10 is amended by*
11 *striking "(3)" and "(4)" and inserting in lieu thereof*
12 *"(4)" and "(5)", respectively, and by striking clause*
13 *(2) and inserting in lieu thereof the following:*

14 *"(2) that the State agency shall make every pos-*
15 *sible effort to insure that all households who meet the*
16 *eligibility requirements set forth in this Act are certi-*
17 *fied to participate in the food stamp program;*

18 *"(3) that the State agency shall arrange for the*
19 *issuance of coupons to eligible households and for the*
20 *collection of sums required from eligible households as*
21 *payment therefor through the facilities of United States*
22 *post offices directly or by mail, through the facilities of*
23 *participating retail food stores or in such other manner*
24 *convenient to participating households as shall best insure*
25 *their participation."*

1 (15) Subsection (f) of section 10 is amended to
2 read as follows:

3 “(f) Notwithstanding any other provision of this Act,
4 the Secretary shall administer a food stamp program through
5 any private nonprofit organization or through any Federal,
6 State, or county agency he deems appropriate in any political
7 subdivision of a State if—

8 “(1) he determines that in the administration of
9 the program in such political subdivision there is a
10 failure by the State agency to comply with the pro-
11 visions of this Act, or with the regulations issued there-
12 under, or with the State plan of operation approved by
13 the Secretary and he has informed such State agency of
14 such failure and such failure has not been corrected
15 after a reasonable period of time; or

16 “(2) he determines that a food stamp program is
17 needed in such political subdivision and the appropriate
18 officials of such political subdivision or the State have
19 not requested a food stamp program for such political
20 subdivision after the Secretary has made an offer of
21 Federal payments as authorized by this section; or

22 “(3) a food stamp program is not being operated,
23 or is not being operated in accordance with the provi-
24 sions of this Act, in such political subdivision on Janu-
25 ary 1, 1971, or thereafter; or

1 “(4) he determines that the ratio of the number
2 of persons participating in the food stamp program in
3 such political subdivision to the number of persons classi-
4 fied by the Office of Economic Opportunity as low in-
5 come in such political subdivision is not adequate to
6 effectuate the policy of Congress and the purposes of
7 this Act.

8 When the Secretary administers a food stamp program under
9 the provisions of this subsection, he shall observe, or require
10 the administering organization or agency to observe, all of
11 the appropriate provisions of this Act and regulations issued
12 pursuant thereto.”

13 (16) Section 10 is amended by adding at the end
14 thereof a new subsection as follows:

15 “(h) Subject to such terms and conditions as may be
16 prescribed by the Secretary, food stamps issued under this
17 Act to any elderly person may be exchanged by such person
18 for meals prepared and served by any group authorized to
19 prepare and serve meals under subsection (f) of section 3
20 of this Act if:

21 “(i) such person does not have facilities for the
22 preparation of food in his living quarters, or does not
23 have reasonable access to such facilities, and the meals
24 served by such organization are served in a common

1 *dining room and are prepared and served primarily for*
2 *the benefit of elderly persons; or*

3 *“(ii) such person is housebound, feeble, physically*
4 *handicapped, or otherwise disabled to the extent that he*
5 *is unable to prepare nutritious meals for himself, and*
6 *such organization prepares and delivers meals to such*
7 *person.”*

8 *(17) Section 14 is amended by adding at the end*
9 *thereof a new subsection as follows:*

10 *“(e) No person shall be charged with a violation of this*
11 *or any other Act, or of any regulation issued under this or*
12 *any other Act, or of any State plan of operation on the basis*
13 *of any statements or information contained in an affidavit*
14 *filed pursuant to section 6(d) of this Act, except for fraud.”*

15 *(18) Section 15 is amended by adding at the end*
16 *thereof the following new subsection:*

17 *“(c) Notwithstanding the provisions of subsection (a) of*
18 *this section, the Secretary shall pay to the State agency of a*
19 *State the costs of issuing coupons for eligible households and*
20 *of collecting the sums required from eligible households as*
21 *payment therefor.”*

22 *(19) Section 16 is amended to read as follows:*

23 *“(a) To carry out the provisions of this Act there is*
24 *hereby authorized to be appropriated not in excess of \$1,250,-*
25 *000,000 for the fiscal year ending June 30, 1970; not in*

1 excess of \$2,000,000,000 for the fiscal year ending June 30,
2 1971; and not in excess of \$2,500,000,000 for the fiscal year
3 ending June 30, 1972. Such portion of any such appro-
4 priation as may be required to pay for the value of the coupon
5 allotments issued to eligible households which is in excess of
6 the charges paid by such households for such allotments shall
7 be transferred to and made a part of the separate account
8 created under section 7(d) of this Act. Sums appropriated
9 under this section shall, notwithstanding the provisions of any
10 other law, continue to remain available for purposes of this
11 Act until expended.

12 “(b) Upon written notification to the Congress of his
13 intent to do so, the Secretary is authorized in any fiscal year
14 to obligate sums in excess of the sums appropriated for such
15 fiscal year pursuant to subsection (a) of this section, if such
16 excess obligations are necessary to meet unanticipated in-
17 creases in participation. In no event shall the amount of excess
18 obligations in any fiscal year exceed an amount equal to 15
19 per centum of the sums appropriated for such fiscal year pur-
20 suant to subsection (a) of this section. The amount of any
21 excess obligation incurred in any fiscal year shall be paid for
22 out of funds appropriated to carry out this Act in the suc-
23 ceeding fiscal year.

24 “(c) If the Secretary determines that any portion of the
25 funds in the separate account created under section 7(d) of

1 *this Act is no longer required to carry out the provisions of*
2 *this Act, such portion of such funds shall be paid into the*
3 *miscellaneous receipts of the Treasury.”*

Passed the House of Representatives December 16,
1970.

Attest:

W. PAT JENNINGS,

Clerk.

Passed the Senate December 17 (legislative day, De-
cember 15), 1970.

Attest:

FRANCIS R. VALEO,

Secretary.

91ST CONGRESS
2^D SESSION

H. R. 18582

AN ACT

To amend the Food Stamp Act of 1964, as amended.

DECEMBER 17 (legislative day, DECEMBER 15), 1970
Received; read twice, considered, amended, read the
third time, and passed

tunnel would cave in, such authority would not be given.

"The company, in correspondence during the next several months, repeated its request, which the Government repeatedly denied. The plaintiff caused the situation to be examined by several experts. The Court of Claims in its opinion stated that the experts found that, throughout the length of the tunnel, the rock contained seams filled with mud and clay; that these seams were saturated with water and offered little resistance to the fall of the rock when its vertical support had been removed. It was further indicated that since the tunnel had been blasted through in the winter when no moisture could enter the ground from the surface, which was about 100 feet above the tunnel, the rock was relatively stable at that time. When the ground at the surface thawed and the spring rains came, the saturation of the seams in the rock occurred or was increased, as was the instability of the overlying rock. (*Carlo Bianchi and Company Inc. v. the United States*, *supra* 502-503).

"In the disputation in the writings of the parties, the Government took the position that all that was needed was "temporary protection" sufficient to enable the workmen to safely clear out the tunnel and construct the concrete lining. If that was all that was needed, it was no more than the company had contracted to do, at its own expense. Such protection would apparently have been wooden cribbing, sufficiently strong to prevent a relatively small volume of rock from crashing to the floor of the tunnel.

"The company's contention was, and is, that the rock above the tunnel was so unstable that unless 'permanent protection' was installed, of a kind which would have to remain imbedded in the concrete lining of the tunnel, not only would the workmen be endangered but the tunnel could not be completed because of the danger of large falls of rocks which would make it impossible or impracticable to properly construct the concrete lining.

"On May 5, 1947, the contracting officer formally notified the plaintiff that it was his decision that no additional steel tunnel lining would be authorized to be placed at the expense of the Government. The contracting officer decided that there were no changed conditions within the meaning of the clause; that only temporary protection was necessary; and that the contractor was obligated under the terms of the contract to bear the cost of protection of workmen.

"Pursuant to the 'disputes' clause of the contract the contractor appealed from the contracting officer's decision to the Board of Claims and Appeals of the Corps of Engineers. While the appeal was pending, the contractor installed the permanent steel supports which it deemed essential and completed work on the tunnel.

"A hearing was held before the Board, at which a record was made and each side offered evidence including expert testimony and had an opportunity for cross-examination. The Board decided in favor of the Government, resolving certain conflicts in the evidence against the contractor and holding in effect, that there were no unanticipated or unforeseen conditions requiring the installation of permanent steel protection throughout the tunnel. (Eng. C. & A. No. 14, decided Dec. 14, 1948.)

"In December 1954, the company brought an action in the Court of Claims on its claim. As is noted in the decision as reported in volume 144 of the Court of Claims reports at page 506, the court held that after a consideration of all of the evidence the contracting officer's decision " * * * cannot be said to have substantial support." The Army report notes that the court conducted a de novo hearing. In this connection the court asserted that in enacting the Wunderlich Act (May 11, 1954, ch. 199, 68 Stat. 81; 41 U.S.C. secs. 321, 322), the Congress acted in

accord with the previous holding of the Court of Claims that the trial before the court should not be limited to the record made before the contracting agency but should be de novo, *Volentine and Littleton v. United States*, 136 Ct. Cls. 638. The Supreme Court granted certiorari, 371 U.S. 939, on the question of the kind of judicial proceeding to be afforded in cases governed by the Wunderlich Act. The issue before the court was whether the Court of Claims was limited to the administrative record or was free to take new evidence. The Supreme Court held that in the consideration of matters within the scope of the 'disputes' clause as in the *Bianchi* case, the Court of Claims is confined to review of the administrative record and may not receive new evidence.

"The committee has recommended the relief provided in the committee amendment after a careful consideration of the background of this matter. In this connection the committee has reviewed the testimony presented at a subcommittee hearing on August 6, 1970, as well as the decisions of the Court of Claims in connection with the case of *Carlo Bianchi and Company v. the United States*, Court of Claims No. 468-54 as reported at 144 Ct. Cls. 500, 157 Ct. Cls. 432, and 167 Ct. Cls. 364 and the decision of the Supreme Court in the same matter (373 U.S. 709 (1963)).

"The bill as originally introduced provided for the payment of the amount found by the Court of Claims to be due the company (157 Ct. Cls. 432, 434). The Department of the Army opposed relief as originally provided in the bill on the ground that enactment of the bill would result in a preference to the Bianchi firm over other firms similarly situated, and states that it can see no justification for the precedent it concludes would be established. The Department of Justice also indicated its opposition to the bill stating:

"The bill gives preferential treatment to this particular contractor and discriminates against other contractors who have unsuccessfully sought judicial relief on claims arising out of Government contracts."

"The committee has carefully considered the objections of the departments and has concluded that the objections are relevant to the bill as originally introduced which would have granted the company direct relief by providing for payment of the amount stated in the bill. However, the committee feels that the equities of this particular case justify a recommendation that the bill be amended to permit a reconsideration of the claim by the Corps of Engineers Board of Contract Appeals. The circumstances and events in connection with proceedings in this particular matter appear to be unique, and to provide a basis for relief in this instance.

"At the hearing on August 6, 1970, it was pointed out that the Supreme Court decision in the *Bianchi* case served to clarify the law concerning the consideration of matters within the scope of the "disputes" clause of contracts such as was involved in this matter. It is now clear that the Court of Claims is confined to a review of the administrative record under the standards of section 321 of title 41 of the United States Code. This decision of course, served to alert all claimants as well as the Contract Appeals Board to the importance of a full and complete record, and also to the significance of procedures before the Board.

"In the light of these considerations the committee concluded that the Board is the proper forum for the resolution of this matter. While it might be argued that a reconsideration by the Board would be an unusual procedure, it is felt that it has the advantage of placing the matter for decision before the proper forum for such a resolution. In this connection the committee feels that the following quotation from the dissenting opinion, in the *Bianchi* case in the Supreme

Court (373 U.S. 709, 719-720) contains a good outline of the equities and considerations which show the basis for relief as provided in the amended bill:

"The Board found that respondent at the start should have used temporary protection against fallins and that, had it done so, permanent tunnel protection would not have been required. In February 1948, before the hearing, a letter from the Acting District Engineer to the Chief of Engineers reported a conversation the Corps' Resident Engineer for this project he had had with an expert from the New York's Bureau of Mines. The only inference that could be drawn from that report was that the expert believed that the tunnel was in safe condition shortly after it was bored and that its later unsafe condition was caused by the fact that respondent "had not had the foresight to gunithe the exposed tunnel roof with cement as the excavation progressed to seal it against air slacking [sic] * * *". Somehow, in a manner not disclosed by the record, this letter came into the hands of the Appeal Board and was considered by it before a decision was rendered on the appeal."

"After the decision respondent learned of this expert's alleged statements and called him as a witness at the hearing before the Court of Claims, where he testified on the basis of his inspection that permanent, not temporary, protection against fallins was necessary from the beginning. As respects the guniting of the tunnel, one of the Government's own witnesses testified at the hearing before the Court of Claims that it would have served no useful purpose.

"This issue—whether only temporary protection was needed—was one of the main issues in the case. When the agency making the decision relies on evidence that the claimant had no chance to refute, the hearing becomes infected with a procedure that lacks that fundamental fairness the citizen expects from his Government. Cf. *Willner v. Committee on Character and Fitness*, ante, p. 96; *Gonzalez v. United States*, 348 U.S. 407; *Morgan v. United States*, 304 U.S. 1.

"This irregularity points up what Judge Madden, writing for the Court of Claims, said in *Volentine & Littleton v. United States*, 136 Ct. Cl. 638, 641-642, 145 F. Supp. 952, 954:

" * * * the so-called "administrative record" is in many cases a mythical entity. There is no statutory provision for these administrative decisions or for any procedure in making them. The head of the Department may make the decision on appeal personally or may entrust anyone else to make it for him. Whoever makes it has no power to put witnesses under oath or to compel the attendance of witnesses or the production of documents. There may or may not be a transcript of the oral testimony. The deciding officer may, and even in the departments maintaining the most formal procedures does, search out and consult other documents which, it occurs to him, would be enlightening, and without regard to the presence or absence of the claimant."

"The committee understands that after the Bianchi case procedures for administrative hearings have been revised and improved. However, it was asserted that the claimant company did not have the advantage of those procedures. The amended bill would give the company the opportunity for a full hearing. It is recommended that the bill, as amended by the committee, be considered favorably."

In agreement with the views of the House Judiciary Committee, the bill is recommended favorably.

ADDITIONAL EXPENDITURES BY THE COMMITTEE ON THE JUDICIARY

The resolution (S. Res. 493) authorizing additional expenditures by the Com-

mittee on the Judiciary for a study of matters pertaining to constitutional amendments was considered, and agreed to, as follows:

Resolved, That the Committee on the Judiciary is authorized to expend from the contingent fund of the Senate \$7,000, in addition to the amount, and for the same purposes and during the same period, specified in Senate Resolution 335, Ninety-first Congress, agreed to February 16, 1970, authorizing a complete study of any and all matters pertaining to constitutional amendments.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the *RECORD* an excerpt from the report (No. 91-1438), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the *RECORD*, as follows:

Senate Resolution 493, would increase by \$7,000, from \$173,700 to \$180,700, the limitation on expenditures by the Committee on the Judiciary for the study of matters pertaining to constitutional amendments it is currently engaged in pursuant to Senate Resolution 335 of the present Congress.

Senate Resolution 335, as agreed to by the Senate on February 16, 1970, authorized the Committee on the Judiciary, or any duly authorized subcommittee thereof, to expend not to exceed \$173,700 from February 1, 1970, through January 31, 1971, to examine, investigate, and make a complete study of any and all matters pertaining to constitutional amendments.

The additional funds which would be authorized by Senate Resolution 493, are requested by the Committee on the Judiciary to enable it to meet the costs of the salary increase granted by Public Law 91-231, approved April 15, 1970.

NATIONAL AGRICULTURAL LIBRARY

The bill (H.R. 19402) to authorize the Secretary of Agriculture to receive gifts for the benefit of the National Agricultural Library was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the *RECORD* an excerpt from the report (No. 91-1440), explaining the purpose of the measure.

There being no objection, the excerpt was ordered to be printed in the *RECORD*, as follows:

This bill would authorize the Secretary of Agriculture to receive gifts for the benefit of the National Agricultural Library. Its enactment would not result in any additional cost to the Government. Attached is the report of the Department of Agriculture recommending enactment of S. 4548, a Senate companion bill, together with statements on the purpose of and need for this legislation furnished to the committee by the Department.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., December 11, 1970.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The Department of Agriculture is pleased to reply to your request of December 3, 1970, for a report on S. 4548, a bill to authorize the Secretary of Agriculture to receive gifts for the benefit of the National Agricultural Library.

The National Agricultural Library is the world's largest repository of literature and

other materials on agriculture and related sciences as it has over 1 million volumes in its collection. The library serves the broad knowledge and informational interests and needs of the Department of Agriculture and is looked to by scientists and scholars as a source of current and historical information. The Library is cooperating with the Nation's land-grant colleges as well as international libraries through a series of reciprocal agreements in order to have current agricultural information.

In its new building at Beltsville, Md., the Library has drawn the attention of potential donors of primary, and secondary source material who are seeking a suitable repository for their gifts. The Library, at present, lacks the statutory authority to accept gifts, and has been advised by the Office of the General Counsel of the Department of Agriculture that such authority is required in order to accept gifts.

The National Agricultural Library is the only national library which lacks the statutory authority to accept gifts. This bill would give the National Agricultural Library this authority.

The Department of Agriculture fully supports this legislation.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

J. PHIL CAMPBELL,
Acting Secretary.

PURPOSE OF THE LEGISLATION

The bill has as its objective the advancement of scientific research and information services by giving statutory authority to the Secretary of Agriculture to accept gifts for the National Agricultural Library. This library has over 1 million volumes, and comprises the world's largest collection of printed material on the agricultural sciences. In its new building in Beltsville, Md., the library provides scholars with opportunities for study, and has also attracted the attention of potential donors of valuable collections of primary, as well as secondary, source material. For example, the Library has been offered the world's largest and most complete collection of historical literature and related material on American poultry.

NEED FOR LEGISLATION

The National Agricultural Library does not enjoy statutory authority to accept gifts, as does the Library of Congress, the National Library of Medicine, and some other Federal libraries. The Office of the General Counsel of the USDA has indicated that such statutory authority is needed in view of decisions of the Comptroller General concerning the need for specific statutory authority in order to accept gifts and to assure clear title, free of any possible future litigation, for gifts that the Library might accept. At present, the Library is forced to consider with uncertainty, not only gifts that are being offered, but a program of soliciting gifts that would add immeasurably to the stature of the Library and its services.

AMENDMENT OF THE HOUSE FOOD STAMP ACT

Mr. ELLENDER. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 18582.

The PRESIDING OFFICER (Mr. JORDAN of Idaho) laid before the Senate H.R. 18582, an act to amend the Food Stamp Act of 1964, which was read twice by title.

Mr. ELLENDER. Now, Mr. President, I regret to state that when the House considered this bill, it did not substitute the Senate bill on the same subject.

Representative POAGE of Texas made the attempt to do so but someone objected, so that under their rules the objection stood.

What I desire to do is to ask unanimous consent that the Senate proceed to the consideration of the House bill and then substitute the Senate passed text for the House language so that we can go to conference. That will be the purpose of my motion.

Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 18582.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate will proceed to consider the bill.

Mr. ELLENDER. Now, Mr. President, on September 24, last year, the Senate passed S. 2547, a bill covering the same subject, namely, amendment to the Food Stamp Act of 1964. I move that all after the enacting clause of H.R. 18582 be stricken, and that the language of S. 2547 be inserted in lieu thereof, and I send a copy of S. 2547 to the desk.

The PRESIDING OFFICER. Is there objection?

Mr. McGOVERN. Mr. President, reserving the right to object—and I shall not object—because I agree entirely with what the Senator from Louisiana is asking the Senate to do, to substitute the Senate language for the House passed bill; but I do want to serve notice on the Senate that I will have some things to say a little bit later on this afternoon about the action of the other body with reference to the food stamp legislation.

Mr. JAVITS. Mr. President, reserving the right to object, I should like to join—I shall not delay the Senate—the Senator from South Dakota (Mr. McGOVERN). I am the ranking member of that committee, and I join the Senator in the position he has taken and in respect to the Senator from Louisiana (Mr. ELLENDER) in his perfectly appropriate request on the House bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute.

The amendment in the nature of a substitute was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. ELLENDER. Mr. President, I move that the Senate bill S. 2547, be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ELLENDER. Mr. President, I move that the Senate insist on its amendment, request a conference with the House of Representatives thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer (Mr. JORDAN of Idaho) appointed Mr. ELLENDER, Mr. HOLLAND, Mr.

TALMADGE, Mr. McGOVERN, Mr. AIKEN, Mr. MILLER, and Mr. CURTIS conferees on the part of the Senate.

Dec 18, 1970

-3-

12. AGRICULTURAL PROGRESS. Senator Dole commented on the USDA Corn Blight Conference and inserted the remarks of the President. pp. S20703-4.
13. GRAZING FEES. Senator Cannon announced his opposition to the increase in grazing fees on public lands. p. S20725.

HOUSE

14. REDWOOD NATIONAL PARK. Committee on Ways and Means reported, with amendment H.R. 14873 relating to the income tax treatment of just compensation received from the U.S. with respect to property taken under the act of the Congress which established the Redwood National Parks (H. Rept. 91 - 1786). p. H12128.
15. FOOD STAMPS. Disagreed to the amendment of the Senate to H.R. 18582 to amend the Food Stamp Act of 1964, and agreed to the conference asked by the Senate; conferees appointed. p. H12046.
16. RELOCATION ASSISTANCE. Agreed to the Senate amendments to the House amendment on S.1, proposed Relocation and Acquisition Policies Act. This bill now goes to the President. pp. H12045-6
17. RIVERS, HARBORS, AND FLOOD CONTROL. Agreed to the conference report on H.R. 19877; clearing the measure for Senate action. pp. H12047-53.
18. HIGHWAYS. Agreed to the conference report on H.R. 19504 to authorize appropriations for the construction of certain highways. Sent to the Senate for further action. H. 12053-7
19. COFFEE. Passed with amendment H.R. 19567 to continue until September 30, 1973, the International Coffee Agreement Act of 1968. pp. H12085-91.
20. D.C. REVENUE. Conferees agreed to file a report on the differences between the Senate-and House-passed versions of H.R. 19885. p. D1299.
21. RESEARCH FACILITIES. Received a report from the Director of Science and Education, USDA, on USDA assistance for FY 1970 to the states in providing additional facilities for research at the State agricultural experiment stations, pursuant to section 10 of P.L. 88-74; to the Committee on Agriculture. p. H12128

EXTENSIONS OF REMARKS

22. FOOD PRICES. Rep. Zwach referred to American families spending less of their take-home pay for food while the farmers' share of the consumer food dollar is falling. p. E10473.
23. CONSERVATION. Rep. Wyatt commented on the great strides in conservation made by the Department of the Interior in the last two years, and inserted an Interior press release. p. E10476.
24. AGRICULTURAL RESEARCH. Rep. Eilberg inserted a speech given by Dr. Russell E. Larson, Dean of the College of Agriculture and Director of the Agricultural Experiment Station at Penn. State. pp. E10478-80.
25. LAND USE. Rep. Udall discussed the major importance to the nation of the bill sponsored by Sen. Jackson to expand the Water Resources Planning Act, to provide for a national land use planning policy. pp. E10480-1
26. 4-H CLUBS. Rep. Edmondson referred to the numerous honors conferred on the Oklahoma representatives to the National 4-H Club Congress. p. E10482
27. NATIONAL PARKS. Rep. Hansen placed in the Record an article from the Washington Post on National Park Service rangers. pp. E10505-6
28. FOREIGN TRADE; MUSHROOMS. Rep. Yatron discussed the impact of imported mushrooms and inserted an FAS report. pp. E10512-3.
29. SUGAR ACT. Sen. Young called attention to a speech by Sen. Curtis commenting on the Sugar Act extension in 1971. pp. E10513-4
30. LAND-GRANT FUNDS. Rep. Nelsen inserted a letter from the president of the Washington Technical Institute on the use of land-grant funds. pp. E10514-5
E10516



ing). Mr. Speaker, I ask unanimous consent that further reading of the Journal be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

Mr. GROSS. Mr. Speaker, I object.

The Clerk proceeded to read the Journal of the proceedings of yesterday.

CALL OF THE HOUSE

Mr. RARICK. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. The Chair will count.

Evidently a quorum is not present.

Mr. EDMONDSON. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 428]		
Abbutt	Foley	O'Neal, Ga.
Adair	Foreman	Ottinger
Addabbo	Fraser	Patman
Alexander	Friedel	Pepper
Anderson, Ill.	Gallagher	Pike
Ashbrook	Glaimo	Podell
Ashley	Gibbons	Powell
Ayres	Gilbert	Price, Tex.
Berry	Goldwater	Pryor, Ark.
Biaggi	Green, Oreg.	Purcell
Blackburn	Griffiths	Quillen
Blanton	Grover	Reifel
Bolling	Hagan	Reuss
Brock	Halpern	Rivers
Brooks	Hansen, Wash.	Rogers, Colo.
Brown, Calif.	Hébert	Rosenthal
Brown, Mich.	Heckler, Mass.	Rostenkowski
Burke, Fla.	Hunt	Roudebush
Burton, Utah	Jarman	Ruppe
Bush	Kee	Sandman
Button	Kleppe	Scheuer
Celler	Kluczynski	Shipley
Chisholm	Kuykendall	Sikes
Clancy	Landrum	Snyder
Clark	Langen	Steed
Clay	Leggett	Stephens
Collins, Ill.	Long, La.	Taft
Conyers	Lowenstein	Thompson, N.J.
Cowger	Lukens	Tunney
Cramer	McClure	Ullman
Daddario	McCulloch	Vigorito
Daniels, N.J.	McKneally	Waldie
Delaney	Mathias	Watson
Derwinski	May	Weicker
Diggs	Meskill	Wilson, Bob
Donohue	Mills	Wilson,
Dowdy	Mize	Charles H.
Downing	Montgomery	Winn
Edwards, Calif.	Moorhead	Wold
Edwards, La.	Morton	Wolf
Fallon	Moss	Wylder
Farbstein	O'Konski	Young
Fascell	Olsen	

The SPEAKER. On this rollcall 306 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

THE JOURNAL

The SPEAKER. The Clerk will read. The Clerk proceeded to read the Journal of the proceedings of yesterday.

CALL OF THE HOUSE

Mr. HALEY. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 429]

Abbutt	Farbstein	Ottinger
Adair	Foley	Patman
Addabbo	Fraser	Philbin
Alexander	Friedel	Pike
Ashbrook	Fuqua	Podell
Ashley	Gilbert	Powell
Aspinall	Green, Oreg.	Price, Tex.
Ayres	Griffiths	Purcell
Berry	Grover	Quillen
Biaggi	Hagan	Reifel
Blackburn	Halpern	Reuss
Blanton	Hébert	Rivers
Bolling	Heckler, Mass.	Rogers, Colo.
Brock	Hosmer	Rooney, N.Y.
Brooks	Hunt	Rostenkowski
Brotzman	Ichord	Roudebush
Brown, Calif.	Jarman	Ruppe
Brown, Mich.	Kee	St Germain
Burke, Fla.	Kleppe	Sandman
Burton, Utah	Kluczynski	Schneebell
Button	Kuykendall	Shipley
Cabell	Landrum	Sikes
Celler	Langen	Snyder
Chappell	Long, La.	Springer
Chisholm	Lujan	Staggers
Clancy	Lukens	Steiger, Ariz.
Clark	McClure	Stephens
Clay	McCulloch	Stokes
Collins, Ill.	McKneally	Taft
Conyers	McMillan	Teague, Tex.
Cowger	MacGregor	Thompson, N.J.
Cramer	Mathias	Tunney
Daddario	May	Ullman
Delaney	Meeds	Waldie
Dent	Meskill	Watson
Derwinski	Michel	Weicker
Diggs	Mize	Whalen
Donohue	Montgomery	Wilson, Bob
Dowdy	Morton	Wilson,
Downing	Mosher	Charles H.
Edwards, Calif.	Moss	Winn
Edwards, La.	Murphy, Ill.	Wold
Eilberg	Nelsen	Wolf
Esch	O'Konski	Wylder
Evins, Tenn.	Olsen	Young
Fallon	O'Neal, Ga.	

The SPEAKER. On this rollcall, 297 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

THE JOURNAL

The SPEAKER. The Clerk will read the Journal.

The Clerk proceeded to read the Journal of the proceedings of yesterday.

Mr. ALBERT (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the Journal be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. GROSS. Mr. Speaker, reserving the right to object, would it be the plan to call up this bill (H.R. 19446) this week?

Mr. ALBERT. The distinguished chairman of the Committee on Education and Labor is here. Would the gentleman yield to him for the purpose of answering the question.

Mr. GROSS. Yes; of course.

Mr. PERKINS. I have already communicated with the distinguished gentleman from Iowa that it would not be my purpose to call this bill up this week. I know that it is very controversial, and there is so much other legislation here that we should get to immediately.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Journal of the proceedings of yesterday was approved.

UNIFORM RELOCATION ASSISTANCE AND LAND ACQUISITION POLICIES ACT OF 1969

Mr. EDMONDSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 1) to provide for uniform and equitable treatment of persons displaced from their homes, businesses, or farms by Federal and federally assisted programs and to establish uniform and equitable land acquisition policies for Federal and federally assisted programs, with Senate amendments to the House amendment thereto, and concur in the Senate amendments to the House amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendments to the House amendment as follows:

Page 4, of the House engrossed amendment, strike out lines 10 to 17, inclusive, and insert:

"EFFECT UPON PROPERTY ACQUISITION"

Page 4, line 18, of the House engrossed amendment, strike out "(b)" and insert "Sec. 102. (a)".

Page 4, line 21, of the House engrossed amendment, strike out "(c)" and insert "(b)".

On Page 4, line 24, of the House engrossed amendment, strike out "on" and insert "immediately prior to".

Page 12, lines 1 and 2, of the House engrossed amendment, strike out ", to the extent that can reasonably be accomplished,".

Page 12, line 10, of the House engrossed amendment, after "employment" insert ", except that the head of that Federal agency may prescribe by regulation situations when such assurances may be waived".

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. DON H. CLAUSEN. Mr. Speaker, reserving the right to object, would the gentleman explain the Senate amendments so that we can have a full understanding of what is taking place?

Mr. EDMONDSON. Mr. Speaker, will the gentleman yield?

Mr. DON H. CLAUSEN. I am happy to yield to the gentleman from Oklahoma.

Mr. EDMONDSON. The substance of the amendments added to the House bill by the Senate can be stated in about 1 minute.

In the first place, the Senate strikes out language which they thought operated to limit judicial review. They make it quite clear as to any eminent domain or condemnation case that there would be full judicial review afforded. I believe it is agreeable to both sides, insofar as the committee is concerned, to accept this amendment.

They also strike from the House-passed bill the word "on" and substitute "immediately prior to" for clarifying purposes.

They also strike out the phrase "to the extent that can reasonably be accomplished." By that amendment, I believe, they make even more certain the requirement that there be relocation housing available before people are dis-

placed from their homes by a Federal land-taking action.

The final amendment is that they add:

Except that the head of that Federal agency may prescribe by regulation situations when such assurances may be waived.

That is to provide for an emergency situation of very critical nature, a defense requirement that was very critical or something of that sort.

I believe the overall effect of the Senate amendments is to make a better bill. I believe the Senate has in that sense clarified a point or two which needed clarification, and I believe the House should concur in the Senate amendments.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. DON H. CLAUSEN. I yield to the gentleman from Missouri.

Mr. HALL. I appreciate the gentleman yielding. I want to compliment the managers on the part of the House for bringing up this bill in this manner. In view of their content, strengthening, germaneness, and lack of additional cost, it simply expedites our business.

I agree with both the gentleman from California and the gentleman from Oklahoma who have conferred with me about this. It takes the rights of the individuals who are not "willing sellers" into greater consideration and assures of them of proper relocation before the right of eminent domain is enforced on them. This is important in areas where there have been sudden condemnations for additional land rather than using some of the 34 percent of the land acreage of the United States that the Federal Government already has under its control.

I compliment the committee, and I appreciate the gentleman yielding to me.

Mr. DON H. CLAUSEN. Mr. Speaker, I want to make a final comment that this legislation is the culmination of some 7 years of work on the part of the Committee on Public Works. It has brought about what I think will be one of the most significant pieces of legislation advanced in this Congress. Having served on the original Select Subcommittee on Real Property Acquisition that held hearings prior to the advancement of this bill.

I want it known that we Republican members of the minority support the position taken by the committee unanimously.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Senate amendments to the House amendment were concurred in.

A motion to reconsider was laid on the table.

APPOINTMENT OF CONFEREES ON H.R. 18582, FOOD STAMP ACT OF 1964

Mr. DE LA GARZA. Mr. Speaker, by direction of the Committee on Agriculture, I ask unanimous consent to take from the Speaker's table the bill (H.R. 18582) to amend the Food Stamp Act of 1964, as amended, with a Senate amendment

thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas? The Chair hears none, and appoints the following conferees: Messrs. POAGE, McMILLAN, ABERNETHY, ABBITT, BELCHER, TEAGUE of California, and WAMPLER.

CONFERENCE REPORT ON H.R. 380 TO REPEAL SECTION 7 OF THE ACT OF AUGUST 9, 1946 (60 STAT. 968)

Mr. HALEY submitted the following conference report and statement on the bill (H.R. 380) to repeal section 7 of the act of August 9, 1946 (60 Stat. 968):

CONFERENCE REPORT (H. REPT. NO. 1785)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 380) to repeal section 7 of the Act of August 9, 1946 (60 Stat. 968), having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate to the text and title of the bill, and agree to the same with an amendment as follows: In lieu of the text inserted by the Senate amendments insert the following: That section 7 of the Act of August 9, 1946 (60 Stat. 968), is amended to read as follows:

"SEC. 7. (a) A person who is not an enrolled member of the Yakima Tribes with one-fourth degree or more blood of such tribes shall not be entitled to receive by devise or inheritance any interest in trust or restricted land within the Yakima Reservation or within the area ceded by the Treaty of June 9, 1855 (12 Stat. 1951), if, while the decedent's estate is pending before the Examiner of Inheritance, the Yakima Tribes pay to the Secretary of the Interior, on behalf of such person, the fair market value of such interest as determined by the Secretary of the Interior after appraisal. The interest for which payment is made shall be held by the Secretary in Trust for the Yakima Tribes.

"(b) On request of the Yakima Tribes the Examiner of Inheritance shall keep an estate pending for not less than two years from the date of decedent's death.

"(c) When a person who is prohibited by subsection (a) from acquiring any interest by devise or inheritance is a surviving spouse of the decedent, a life estate in one-half of the interest acquired by the Yakima Tribes shall, on the request of such spouse, be reserved for that spouse and the value of such life estate so reserved shall be reflected in the Secretary's appraisal under subsection (a)."

"SEC. 2. The provisions of section 7 of the Act of August 9, 1946, as amended by this Act, shall apply to all estates pending before the Examiner of Inheritance on the date of this Act, and to all future estates, but shall not apply to any estate heretofore closed."

JAMES A. HALEY,
ED EDMONDSON,
JOHN P. SAYLOR,

Managers on the Part of the House.

HENRY M. JACKSON,
PAUL J. FANNIN,

Managers on the Part of the Senate.

STATEMENT ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes between the two Houses on the amendments of the Senate to the bill, H.R. 380, to repeal section 7 of the Act of August 9, 1946 (60

Stat. 968), submit this statement in explanation of the effect of the language agreed upon and recommended in the accompanying conference report.

A 1946 statute prohibits the inheritance of trust or restricted land on the Yakima Reservation by anyone who is not an enrolled member of the Tribe, with one-fourth degree or more of Yakima blood, subject to a limited exception in the case of a surviving spouse.

H.R. 380 as passed by the House repealed that provision, and allowed the inheritance of land to be controlled by local law, which is the situation that exists on all other Indian reservations.

The Senate amendment leaves the existing law in effect, but adds an exception that permits a non-Yakima heir to inherit if the Tribe fails to pay him for his interest in the land. In other words, the non-Yakima heir is entitled either to the land or its value in money, and the choice rests with the Tribe.

The language agreed upon incorporates the substance of the Senate amendment, but revises the language to:

(1) Delete an open ended appropriation authorization to buy land within the Reservation.

(2) Delete an open ended authority for the Secretary to reopen probate cases after they are closed.

(3) Give the Tribe title to the land for which it pays.

(4) Remove an internal conflict in the language used.

Although the language agreed upon still provides for the Yakima Reservation a rule of inheritance that is different from the rule that applies on all other reservations, the special rule will correct the inequities that previously existed, and should meet the needs of the Indians concerned.

JAMES A. HALEY,
ED EDMONDSON,
JOHN P. SAYLOR,

Managers on the Part of the House.

COMMUNICATION FROM COMMITTEE ON PUBLIC WORKS

The SPEAKER laid before the House the following communication from the Committee on Public Works, which was read and, together with the accompanying papers, referred to the Committee on Appropriations:

WASHINGTON, D.C.
December 17, 1970.

Hon. JOHN W. MCCORMACK,
The Speaker, U.S. House of Representatives,
the Capitol, Washington, D.C.

MY DEAR MR. SPEAKER: Pursuant to the provisions of Section 201 of Public Law 89-298, the Committee on Public Works of the House of Representatives on December 15, 1970, adopted Committee resolutions authorizing the following water resources development projects:

Black River Harbor, Alcona County, Mich.
Calcasieu River, Devils Elbow, La.
Central and southern Florida small boat navigation.

Corpus Christi Beach, Tex.
Delaware Bay-Chesapeake Bay Waterway,
Delaware, Maryland, and Virginia.
Dunkirk Harbor, N.Y.
East River, N.Y.
Edgartown Harbor, Mass.
Frenchboro Harbor, Maine.
Geneva-on-the-Lake, Ohio.
Humboldt Harbor, Alaska.
Lee County, Fla.
Ludington Harbor, Mich.
Mobile Harbor, Ala.

New Jersey coastal inlets and beaches;
Great Egg Harbor Inlet and Peck Beach;
Corson Inlet and Ludlam Beach; Townsend
Inlet, and Seven Mile Beach.
Ottawa River Harbor, Mich. and Ohio.

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

For actions of December 22, 1970
91st-2nd; No. 207

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HIGHLIGHTS: House agreed to supplemental appropriations conference report.
Conferees reported food stamp amendments.
Senate passed Voyageurs National Park bill with amendment.
Senate agreed to conference report on milk, potato, and tomato promotion bill.
Sen. Hansen expressed concern over grazing fees increase.
House passed bill re tariff classification of certain sugars, sirups, and molasses.



1. 1971 SUPPLEMENTAL APPROPRIATIONS - The House agreed to the Conference Report (H. Rept. 91-1794) on H.R. 19928, the Supplemental Appropriations Bill, 1971. As agreed to, the Bill contains the following items for the Department of Agriculture:

<u>Item</u>	<u>Amount</u>
Agricultural Stabilization and Conservation Service:	
Dairy indemnity program	\$300,000
Forest Service:	
Environmental protection in connection with mining and timber harvesting on the National Forests	\$150,000
Repair of flood damage at Beaver Creek Experimental Area, Coconino National Forest, Arizona	\$108,000
Construction of sanitary and camping facilities at Rock Cliff Lake Recreation Area, George Washington National Forest, West Virginia	\$198,000
Youth Conservation Corps	\$1,250,000

2. FOOD STAMPS. Conferees filed a report on H. R. 18582, the food stamp amendments (H. Rept. 91-1793). pp. H12265-7, H12389

3. FLOOR ACTION.

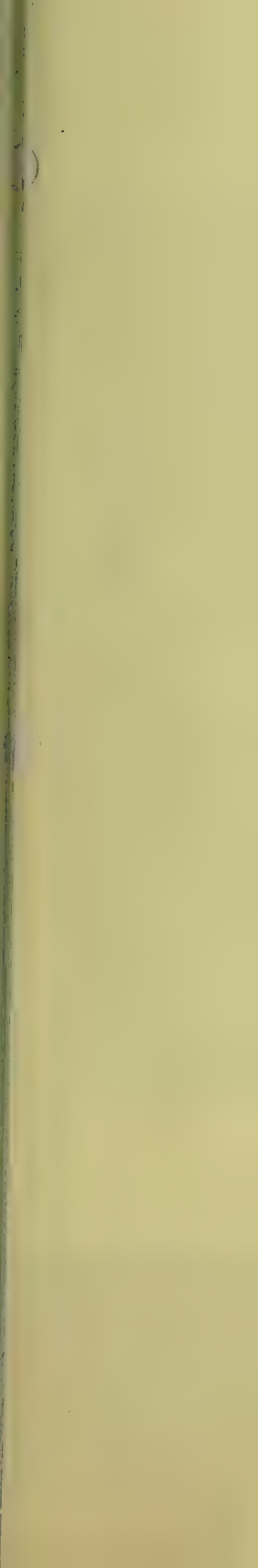
Passed without amendment H. R. 7626, regarding the tariff classification of certain sugars, sirups, and molasses. pp. H12313-4

Passed without amendment H. R. 19242, amending the Internal Revenue Code to extend the application of section 278 to almond groves. pp. H12309-10

Both Houses agreed to the conference report on H. R. 19911, authorizing supplemental foreign aid for FY 71. This bill now goes to the President. pp. H12338, S21118

Both Houses passed S. Con. Res. 87, providing for a Christmas recess. Following adjournment at C.O.B. December 22, the Senate will reconvene Monday, Dec. 28, and the House will reconvene Tuesday, Dec. 29. pp. H12285-6, S21119

4. ADJOURNED. Until Tuesday, Dec. 29. p. H12389



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AMENDMENTS TO THE FOOD STAMP ACT OF 1964

DECEMBER 22, 1970.—Ordered to be printed

Mr. POAGE, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 18582]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 18582), to amend the Food Stamp Act of 1964, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That Section 2 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"SEC. 2. It is hereby declared to be the policy of Congress, in order to promote the general welfare, that the Nation's abundance of food should be utilized cooperatively by the States, the Federal Government, local governmental units, and other agencies to safeguard the health and well-being of the Nation's population and raise levels of nutrition among low-income households. The Congress hereby finds that the limited food purchasing power of low-income households contributes to hunger and malnutrition among members of such households. The Congress further finds that increased utilization of food in establishing and maintaining adequate national levels of nutrition will promote the distribution in a beneficial manner of our agricultural abundances and will strengthen our agricultural economy, as well as result in more orderly marketing and distribution of food. To alleviate such hunger and malnutrition, a food stamp program is herein authorized which will permit low-income households to purchase a nutritionally adequate diet through normal channels of trade."

SEC. 2. (a). Section 3(e) of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(e) The term 'household' shall mean a group of related individuals (including legally adopted children and legally assigned foster children)

or non-related individuals over age 60 who are not residents of an institution or boarding house, but are living as one economic unit sharing common cooking facilities and for whom food is customarily purchased in common. The term 'household' shall also mean (1) a single individual living alone who has cooking facilities and who purchases and prepares food for home consumption; or (2) an elderly person who meets the requirements of section 10(h) of this Act."

(b) Add the following sentence at the end of subsection 3(f) of the Food Stamp Act of 1964, as amended: "It shall also mean a political subdivision or a private nonprofit organization that meets the requirements of section 10(h) of this Act."

(c) Subsection (j) of section 3 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(j) The term 'State' means the fifty States and the District of Columbia, Guam, Puerto Rico, and the Virgin Islands of the United States."

(d) Add the following new subsection at the end of section 3 of the Food Stamp Act of 1964, as amended:

"(l) The term 'elderly person' shall mean a person sixty years of age or over who is not a resident of an institution or boarding house, and who is living alone, or with spouse, whether or not he has cooking facilities in his home."

(e) Section 3 of the Food Stamp Act of 1964, as amended, is amended by adding the following new subsection:

"(m) The term 'authorization to purchase card' means any document issued by the State agency to an eligible household which shows the face value of the coupon allotment the household is entitled to be issued on presentation of such document and the amount to be paid by such household for such allotment."

SEC. 3. Subsections (a) and (b) of section 4 of the Food Stamp Act of 1964, as amended, are amended to read as follows:

"(a) The Secretary is authorized to formulate and administer a food stamp program under which, at the request of the State agency, eligible households within the State shall be provided with an opportunity to obtain a nutritionally adequate diet through the issuance to them of a coupon allotment which shall have a greater monetary value than the charge to be paid for such allotment by eligible households. The coupons so received by such households shall be used only to purchase food from retail food stores which have been approved for participation in the food stamp program. Coupons issued and used as provided in this Act shall be redeemable at face value by the Secretary through the facilities of the Treasury of the United States.

"(b) In areas where the food stamp program is in operation, there shall be no distribution of federally donated foods to households under the authority of any other law except that distribution thereunder may be made: (1) during temporary emergency situations when the Secretary determines that commercial channels of food distribution have been disrupted; (2) for such period of time as the Secretary determines necessary, to effect an orderly transition in an area in which the distribution of federally donated foods to households is being replaced by a food stamp program; or (3) on request of the State agency: Provided, That the Secretary shall not approve any plan established under this Act which permits any household to simultaneously participate in both the food stamp pro-

gram and the distribution of federally donated foods under this clause (3)."

SEC. 4. Section 5 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"SEC. 5. (a) Except for the temporary participation of households that are victims of a disaster as provided in subsection (b) of this section, participation in the food stamp program shall be limited to those households whose income and other financial resources are determined to be substantial limiting factors in permitting them to purchase a nutritionally adequate diet.

(b) The Secretary, in consultation with the Secretary of Health, Education, and Welfare, shall establish uniform national standards of eligibility for participation by households in the food stamp program and no plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary. The standards established by the Secretary, at a minimum, shall prescribe the amounts of household income and other financial resources, including both liquid and nonliquid assets, to be used as criteria of eligibility. Any household which includes a member who has reached his eighteenth birthday and who is claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household, shall be ineligible to participate in any food stamp program established pursuant to this Act during the tax period such dependency is claimed and for a period of one year after expiration of such tax period. The Secretary may also establish temporary emergency standards of eligibility, without regard to income and other financial resources, for households that are victims of a disaster which disrupted commercial channels of food distribution when he determines that such households are in need of temporary food assistance, and that commercial channels of food distribution have again become available to meet the temporary food needs of such households: Provided, That the Secretary shall in the case of Puerto Rico, Guam, and the Virgin Islands, establish special standards of eligibility and coupon allotment schedules which reflect the average per capita income and cost of obtaining a nutritionally adequate diet in Puerto Rico and the respective territories; except that in no event shall the standards of eligibility or coupon allotment schedules so used exceed those in the fifty States.

"(c) Notwithstanding any other provisions of law, the Secretary shall include in the uniform national standards of eligibility to be prescribed under subsection (b) of this section a provision that each State agency shall provide that a household shall not be eligible for assistance under this Act if it includes an able-bodied adult person between the ages of eighteen and sixty-five (except mothers or other members of the household who have responsibility of care of dependent children or of incapacitated adults, bona fide students in any accredited school or training program, or persons employed and working at least 30 hours per week) who either (a) fails to register for employment at a State or Federal employment office or, when impractical, at such other appropriate State or Federal office designated by the Secretary, or (b) has refused to accept employment or public work at not less than (i) the applicable State minimum wage, (ii) the applicable Federal minimum wage, (iii) the applicable wage established by a valid regulation of the Federal Government authorized by existing law to establish such regulations, or (iv) \$1.30 per hour if there is no applicable wage as described in (i), (ii), or (iii) above. Refusal to work at a plant or site subject to a strike or a lockout for the duration of

such strike or lockout shall not be deemed to be a refusal to accept employment."

SEC. 5. Subsections (a) and (b) of section 7 of the Food Stamp Act of 1964, as amended, are amended to read as follows:

"(a) The face value of the coupon allotment which State agencies shall be authorized to issue to any households certified as eligible to participate in the food stamp program shall be in such amount as the Secretary determines to be the cost of a nutritionally adequate diet, adjusted annually to reflect changes in the prices of food published by the Bureau of Labor Statistics in the Department of Labor."

"(b) Notwithstanding any other provision of law, households shall be charged for the coupon allotment issued to them, and the amount of such charge shall represent a reasonable investment on the part of the household, but in no event (2) more than 30 per centum of the household's income: Provided, That coupon allotments may be issued without charge to households with income of less than \$30 per month for a family of four under standards of eligibility prescribed by the Secretary: Provided further, That the Secretary shall provide a reasonable opportunity for any eligible household to elect to be issued a coupon allotment having a face value which is less than the face value of the coupon allotment authorized to be issued to them under subsection (a) of this section. The charge to be paid by eligible households electing to exercise the option set forth in this subsection shall be an amount which bears the same ratio to the amount which would have been charged under subsection (b) of this section as the face value of the coupon allotment actually issued to them bears to the face value of the coupon allotment that would have been issued to them under subsection (a) of this section."

SEC. 6. (a) Subsection (c) of section 10 of the Food Stamp Act of 1964, as amended, is amended by inserting immediately preceding the first sentence the following: "Any household which is receiving public assistance and which makes application for the benefits of this Act shall be certified for eligibility solely by execution of an affidavit, in such form as the Secretary may prescribe, by the member of such household making application. Certification of a household as eligible in any political subdivision shall, in the event of removal of such household to another political subdivision in which the food stamp program is operating, remain valid for participation in the food stamp program for a period of sixty days from the date of such removal."

(b) Subsection (e) of section 10 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(e) The State agency of each State desiring to participate in the food stamp program shall submit for approval a plan of operation specifying the manner in which such program will be conducted within the State, the political subdivisions within the State in which the State desires to conduct the program, and the effective dates of participation by each such political subdivision. In addition, such plan of operation shall provide, among such other provisions as may by regulations be required, the following: (1) the specific standards to be used in determining the eligibility of applicant households; (2) that the State agency shall undertake the certification of applicant households in accordance with the general procedures and personnel standards used by them in the certification of applicants for benefits under the federally aided public assistance programs; (3) safeguards which restrict the use or disclosure of information obtained from

applicant households to persons directly connected with the administration or enforcement of the provisions of this Act or the regulations issued pursuant to this Act; (4) for the submission of such reports and other information as from time to time may be required; (5) that the State agency shall undertake effective action, including the use of services provided by other federally funded agencies and organizations, to inform low-income households concerning the availability and benefits of the food stamp program and insure the participation of eligible households; and (6) for the granting of a fair hearing and a prompt determination thereafter to any household aggrieved by the action of a State agency under any provision of its plan of operation as it affects the participation of such household in the food stamp program. The State agency shall, notwithstanding any other provision of law, institute procedures under which any household participating in the food stamp program shall be entitled, if it so elects, to have the charges, if any, for its coupon allotment deducted from any grant or payment such household may be entitled to receive under any federally aided public assistance program and have its coupon allotment distributed to it with such grant or payment. In approving the participation of the subdivisions requested by each State in its plan of operation, the Secretary shall provide for an equitable and orderly expansion among the several States in accordance with their relative need and readiness to meet their requested effective dates of participation."

(c) Add the following new subsection to section 10 of the Food Stamp Act of 1964, as amended.

"(h) Subject to such terms and conditions as may be prescribed by the Secretary in the regulations issued pursuant to this Act, members of an eligible household who are sixty years of age or over or an elderly person and his spouse may use coupons issued to them to purchase meals prepared for and delivered to them by a political subdivision or by a private non-profit organization which: (1) is not receiving federally donated foods from the United States Department of Agriculture for use in the preparation of such meals; (2) is operated in a manner consistent with the purposes of this Act; and (3) is recognized as a tax exempt organization by the Internal Revenue Service: Provided, That household members or elderly persons to whom meals are delivered are housebound, feeble, physically handicapped, or otherwise disabled, to the extent that they are unable to adequately prepare all of their meals. Meals served pursuant to this subsection shall be deemed 'food' for the purposes of this Act."

SEC. 7(a). Subsections (a) and (b) of section 14 of the Food Stamp Act of 1964, as amended, are amended as follows:

"(a) Notwithstanding any other provisions of this Act, the Secretary may provide for the purchase, issuance or presentment for redemption of coupons to such person or persons, and at such times and in such manner, as he deems necessary or appropriate to protect the interests of the United States or to insure enforcement of the provisions of this Act or the regulations issued pursuant to this Act.

"(b) Whoever knowingly uses, transfers, acquires, alters, or possesses coupons or authorization to purchase cards in any manner not authorized by this Act or the regulations issued pursuant to this Act shall, if such coupons or authorization to purchase cards are of the value of \$100 or more, be guilty of a felony and shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than five years or both, or, if such coupons or authorization to purchase cards are of a

value of less than \$100, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned for not more than one year, or both."

SEC. 7(b). Section 14 of the Food Stamp Act of 1964, as amended, is amended by adding the following new subsection:

"(e) No person shall be charged with a violation of this or any other Act, or of any regulation issued under this or any other Act, or of any State plan of operation on the basis of any statements or information contained in an affidavit filed pursuant to section 10(c) of this Act, except for fraud."

SEC. 8. Subsection (b) of section 15 of the Food Stamp Act of 1964 as amended, is amended to read as follows:

"(b) The Secretary is authorized to pay to each State agency an amount equal to 62½ per centum of the sum of (1) the direct salary, travel, and travel-related cost (including such fringe benefits as are normally paid) of personnel, including the immediate supervisors of such personnel, for such time as they are employed in taking the action required under the provisions of subsection 10(e)(5) of this Act and in making certification determinations for households other than those which consist solely of recipients of welfare assistance; (2) the direct salary, travel, and travel-related costs (including such fringe benefits as are normally paid) of personnel for such time as they are employed as hearing officials under section 10(e) of the Act."

SEC. 9. Section 16(a) of the Food Stamp Act of 1964, as amended, is amended by striking "\$170,000,000 for the six months ending December 31, 1970" and inserting in lieu thereof "\$1,750,000,000 for the fiscal year ending June 30, 1971; for the fiscal years ending June 30, 1972 and June 30, 1973 such sums as the Congress may appropriate".

And the Senate agree to the same.

W. R. POAGE,
JOHN L. McMILLAN,
THOMAS G. ABERNETHY,
WATKINS M. ABBITT,
PAGE BELCHER,
CHARLES M. TEAGUE,
WILLIAM C. WAMPLER,

Managers on the Part of the House.

ALLEN J. ELLENDER,
SPESSARD L. HOLLAND,
HERMAN E. TALMADGE,
GEORGE D. AIKEN,
JACK MILLER,
CARL CURTIS,

Managers on the Part of the Senate.

STATEMENT OF MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill, H.R. 18582, to amend the Food Stamp Act of 1964, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

The Senate struck out all after the enacting clause of H.R. 18582 and substituted a Senate amendment which, while dealing with the same subject matter, differed from it in a number of major respects. The amendment herewith reported embodies the agreement of the conferees on the various points of difference in the House bill and the Senate amendment and was agreed to by the conferees as a substitute for the Senate amendment.

The conference substitute generally follows the form and substance of the House bill but it incorporates the following provisions not included in the original House bill:

1. WORK AMENDMENT

The conferees modified the House language requiring certain unemployed able-bodied persons to register for and accept employment as a condition of eligibility for receiving food stamps. The conference substitute clarifies the persons and the jobs which are specifically covered by this provision. The substitute provides that certain able-bodied persons, including those employed and working for less than 30 hours per week, would be required to register for and to accept employment for jobs covered by State or Federal minimum wage laws or Federal wage regulations. In addition, the substitute makes it clear that any jobs which are not covered by such laws or regulations would not be considered available unless an hourly wage rate of \$1.30 is provided. Thus under the terms of the substitute no person would be required to accept a job which paid less than (1) the applicable Federal minimum wage, (2) the applicable State minimum wage, (3) the applicable Federal regulation, or (4) \$1.30 per hour if such job were not specifically included in items (1), (2), or (3) *supra*.

The conferees also wish to make clear their intention that the Secretary not impose a requirement for any person to accept a job which is located an unreasonable distance (such as in a distant State) from the residence of such person.

The conference substitute also makes it clear that the refusal to accept work at a plant or site which is subject to a lock-out is the equivalent to the refusal to accept work at a struck plant or site and thus will not, by itself, be the basis for denying food stamp assistance to any person.

In approving the substitute, the conferees were aware of the language included in other welfare and assistance plans. It is the recommendation of the conferees that in any future welfare legislation there should be a uniform application of "workfare" criteria. While it is

hoped that the criteria established by this legislation will be the standard, the Agriculture Committees will consider in the future any necessary changes that might be needed to make such programs and the food stamp program consistent in regard to this important feature.

2. VALUE OF COUPON ALLOTMENT

The House bill established the value of the coupon allotment to food stamp recipients at a level which the Secretary finds will provide a "nutritionally adequate diet." The Department informed the Committee that this is currently \$106 per month for a family of four. The Senate amendment proposed to establish a "low cost food plan" standard which the Department stated would require \$134 per month for a family of four.

The conference substitute retains the House standard, but adopts the language of the Senate amendment requiring the Secretary of Agriculture to make an annual adjustment to reflect increases for food in the "Cost of Living" index published by the Department of Labor.

FREE STAMPS

The House bill prohibited free stamps and required a payment by recipients of 50 cents per person, up to a maximum of \$3.00 for a family of six or more. The Senate amendment provided free stamps for the very poorest.

The conference substitute provides authority for the Secretary to give free stamps to those who are in the greatest need of assistance. The bill establishes the criteria that families of four persons having an income of less than \$30 per month may receive free stamps. The conferees intend that the Secretary will set comparable free stamp benefits for families of more (or of less) than four persons as well as for individuals who are the very poorest.

AMENDING STATE PLANS

The House bill provided that State plans of operation approved by the Secretary prior to the date of enactment of this legislation would be specifically preserved, but could remain in effect for no more than 180 days after enactment of this legislation. The Senate amendment carried no comparable provision.

The conference substitute, like the Senate amendment, omits this provision because the conferees feel it is unnecessary. The conferees intend that all State plans which are in effect as of the date of enactment of this bill shall continue to be in effect until such time as they are changed in an orderly manner in accordance with the provisions of this Act.

5. DEFINITION OF HOUSEHOLD

The House bill did not alter the definition of "household" under section 3(e) of the Act. The conference substitute includes language which is designed to prohibit food stamp assistance to communal "families" of unrelated individuals.

The substitute, of course, contemplates that the term "related" shall apply to the relationship between married spouses and to such degree of blood relation and other legal relation (such as adoption and

foster children) that the Secretary by regulation may prescribe. The requirement for household members to be related does not apply to persons over 60 years of age.

6. DEDUCTION FROM OTHER FEDERAL PAYMENTS

Under the House bill if a household so authorized it, the food stamp purchase requirements could be withheld from any Federal assistance payment. Under the Senate amendment and the conference substitute households may elect to have their purchase requirements deducted from any federally aided grant or public assistance payment and to have its coupon allotment distributed with its grant or payments.

7. STATE SHARING

The House bill required the several States to commence sharing in the bonus value of food stamps at the rate of 2½ percent the first year, followed by 2½ percent incremental increases until reaching a level of 10 percent State sharing in fiscal year 1974. The Senate amendment omitted this provision.

The conference substitute deletes this provision.

8. APPROPRIATIONS AUTHORIZATION

The House bill provided "open-end" authorizations for appropriations for the period beginning January 1, 1971, and ending June 30, 1973. The Senate bill provided appropriation authorization of \$1.25 billion for FY 1970, \$2.0 billion for FY 1971, and \$2.5 billion for FY 1972.

The conference substitute provides for an appropriation authorization of \$1.75 billion for FY 1971 (the present appropriation for FY 1971 is \$1.42 billion) and such sums as may be necessary (i.e. an "open-end" authorization) for FY 1972 and FY 1973.

9. SELF-CERTIFICATION

The House bill did not contain any provision dealing with the self-certification of recipients. The Senate bill provided that certification would be executed by an affidavit carrying criminal responsibility for fraud.

With respect to public assistance recipients, the conference substitute adopts the Senate provision in regard to self-certification. The substitute leaves unchanged the Secretary's authority in regard to determining the eligibility of persons who are not receiving public assistance.

W. R. POAGE,
JOHN L. McMILLAN,
THOMAS G. ABERNETHY,
WATKINS M. ABBITT,
PAGE BELCHER,
CHARLES M. TEAGUE,
WILLIAM C. WAMPLER,

Managers on the Part of the House.

Mr. Symington with Mr. Wyatt.
 Mr. Hull with Mr. Foreman.
 Mr. Henderson with Mr. Winn.
 Mr. Johnson of California with Mr. Johnson of Pennsylvania.
 Mr. Brasco with Mr. McDonald of Michigan.
 Mr. Brooks with Mr. Ayres.
 Mr. Dent with Mr. Corbett.
 Mr. Delaney with Mr. Latta.
 Mr. Dulski with Mr. Rousselot.
 Mr. Evins of Tennessee with Mr. Zwach.
 Mr. Flynt with Mr. Reifel.
 Mr. Fulton of Tennessee with Mr. Wold.
 Mr. Gaydos with Mr. Adair.
 Mrs. Griffiths with Mrs. Heckler of Massachusetts.
 Mr. Hanley with Mr. McClory.
 Mr. Abbitt with Mr. Goldwater.
 Mr. Anderson of Tennessee with Mr. Berry.
 Mr. Andrews of Alabama with Mr. Langen.
 Mr. Alexander with Mr. Scherle.
 Mr. Lennon with Mr. Pelly.
 Mr. Tiernan with Mr. Lujan.
 Mrs. Sullivan with Mrs. Dwyer.
 Mr. Wolff with Mr. Broyhill of North Carolina.
 Mr. Wright with Mr. Lukens.
 Mr. Miller of California with Mr. Saylor.
 Mr. Montgomery with Mr. Brock.
 Mr. Monagan with Mr. Ruth.
 Mr. Pryor of Arkansas with Mr. Denney.
 Mr. Shipley with Mr. Steiger of Wisconsin.
 Mr. Ashley with Mr. McCulloch.
 Mr. Mikva with Mr. Clay.
 Mrs. Chisholm with Mr. Rogers of Colorado.
 Mr. McCarthy with Mr. Diggs.
 Mr. Aspinall with Mr. Whalley.
 Mr. Jones of Alabama with Mr. Cunningham.
 Mr. Burlison of Missouri with Mr. Burke of Florida.
 Mr. Moss with Mr. Steele.
 Mr. Pepper with Mr. Schadeberg.
 Mr. St Germain with Mr. Burton of Utah.
 Mr. Sikes with Mr. McEwen.
 Mr. Sisk with Mr. Don H. Clausen.
 Mr. Stephens with Mr. O'Konski.
 Mr. Haley with Mr. Morton.
 Mr. Galifianakis with Mr. McKneally.
 Mr. Fascell with Mr. Del Clawson.
 Mr. Hungate with Mr. Martin.
 Mr. Landrum with Mr. Mathias.
 Mr. Dowdy with Mrs. May.
 Mr. Edwards of California with Mr. Button.
 Mr. Gibbons with Mr. Ruppe.
 Mr. Fraser with Mr. Mize.
 Mr. Patman with Mr. Roudsbush.
 Mr. Moorhead with Mr. Meskill.
 Mr. Tunney with Mr. Cowger.
 Mr. Brown of California with Mr. Michel.
 Mr. Daddario with Mr. Cramer.
 Mr. Mills with Mr. Camp.
 Mr. Fallon with Mr. Gilbert.
 Mr. Farbstein with Mr. Friedel.
 Mr. Rivers with Mr. Ottinger.
 Mr. Murphy of Illinois with Mr. Clark.

Mr. COHELAN and Mr. LANDGREBE changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 18582, FOOD STAMP ACT

Mr. POAGE. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on the bill, H.R. 18582, the food stamp bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

CONFERENCE REPORT (H. REPT. No. 91-1793)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 18582), to amend the Food Stamp Act of 1964, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That section 2 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"Sec. 2. It is hereby declared to be the policy of Congress, in order to promote the general welfare, that the Nation's abundance of food should be utilized cooperatively by the States, the Federal Government, local governmental units, and other agencies to safeguard the health and well-being of the Nation's population and raise levels of nutrition among low-income households. The Congress hereby finds that the limited food purchasing power of low-income households contributes to hunger and malnutrition among members of such households. The Congress further finds that increased utilization of food in establishing and maintaining adequate national levels of nutrition will promote the distribution in a beneficial manner of our agricultural abundances and will strengthen our agricultural economy, as well as result in more orderly marketing and distribution of food. To alleviate such hunger and malnutrition, a food stamp program is herein authorized which will permit low-income households to purchase a nutritionally adequate diet through normal channels of trade."

S5c. 2. (a). Section 9(e) of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(e) The term 'household' shall mean a group of related individuals (including legally adopted children and legally assigned foster children) or non-related individuals over age 60 who are not residents of an institution or boarding house, but are living as one economic unit sharing common cooking facilities and for whom food is customarily purchased in common. The term 'household' shall also mean (1) a single individual living alone who has cooking facilities and who purchases and prepares food for home consumption, or (2) an elderly person who meets the requirements of section 10(h) of this Act."

(b) Add the following sentence at the end of subsection 3(f) of the Food Stamp Act of 1964, as amended: "It shall also mean a political subdivision or a private nonprofit organization that meets the requirements of section 10(h) of this Act."

(c) Subsection (j) of section 3 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(j) The term 'State' means the fifty States and the District of Columbia, Guam, Puerto Rico, and the Virgin Islands of the United States."

(d) Add the following new subsection at the end of section 3 of the Food Stamp Act of 1964, as amended:

"(1) The term 'elderly person' shall mean a person sixty years of age or over who is not a resident of an institution or boarding house and who is living alone, or with spouse whether or not he has cooking facilities in his home."

(e) Section 3 of the Food Stamp Act of 1964, as amended, is amended by adding the following new subsection:

"(m) The term 'authorization to purchase card' means any document issued by the State agency to an eligible household which shows the face value of the coupon allotment

the household is entitled to be issued on presentation of such document and the amount to be paid by such household for such allotment."

Sec. 3. Subsections (a) and (b) of section 4 of the Food Stamp Act of 1964, as amended, are amended to read as follows:

"(a) The Secretary is authorized to formulate and administer a food stamp program under which, at the request of the State agency, eligible households within the State shall be provided with an opportunity to obtain a nutritionally adequate diet through the issuance to them of a coupon allotment which shall have a greater monetary value than the charge to be paid for such allotment by eligible households. The coupons so received by such households shall be used only to purchase food from retail food stores which have been approved for participation in the food stamp program. Coupons issued and used as provided in this Act shall be redeemable at face value by the Secretary through the facilities of the Treasury of the United States.

"(b) In areas where the food stamp program is in operation, there shall be no distribution of federally donated foods to households under the authority of any other law except that distribution thereunder may be made: (1) during temporary emergency situations when the Secretary determines that commercial channels of food distribution have been disrupted; (2) for such period of time as the Secretary determines necessary, to effect an orderly transition in an area in which the distribution of federally donated foods to households is being replaced by a food stamp program; or (3) on request of the State agency: *Provided*, That the Secretary shall not approve any plan established under this Act which permits any household to simultaneously participate in both the food stamp program and the distribution of federally donated foods under this clause (3)."

Sec. 4. Section 5 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"Sec. 5. (a) Except for the temporary participation of households that are victims of a disaster as provided in subsection (b) of this section, participation in the food stamp program shall be limited to those households whose income and other financial resources are determined to be substantial limiting factors in permitting them to purchase a nutritionally adequate diet.

"(b) The Secretary, in consultation with the Secretary of Health, Education, and Welfare, shall establish uniform national standards of eligibility for participation by households in the food stamp program and no plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary. The standards established by the Secretary, at a minimum, shall prescribe the amounts of household income and other financial resources, including both liquid and nonliquid assets, to be used as criteria of eligibility. Any household which includes a member who has reached his eighteenth birthday and who is claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household, shall be ineligible to participate in any food stamp program established pursuant to this Act during the tax period such dependency is claimed and for a period of one year after expiration of such tax period. The Secretary may also establish temporary emergency standards of eligibility, without regard to income and other financial resources, for households that are victims of a disaster which disrupted commercial channels of food distribution when he determines that such households are in need of temporary food assistance, and that commercial channels of food distribution have again become available to meet the temporary food needs of such households: *Provided*, That

the Secretary shall in the case of Puerto Rico, Guam, and the Virgin Islands, establish special standards of eligibility and coupon allotment schedules which reflect the average per capita income and cost of obtaining a nutritionally adequate diet in Puerto Rico and the respective territories; except that in no event shall the standards of eligibility or coupon allotment schedules so used exceed those in the fifty States.

"(c) Notwithstanding any other provisions of law, the Secretary shall include in the uniform national standards of eligibility to be prescribed under subsection (b) of this section a provision that each State agency shall provide that a household shall not be eligible for assistance under this Act if it includes an able-bodied adult person between the ages of eighteen and sixty-five (except mothers or other members of the household who have the responsibility of care of dependent children or of incapacitated adults, bona fide students in any accredited school or training program or persons employed and working at least 30 hours per week) who either (a) fails to register for employment at a State or Federal employment office or, when impractical, at such other appropriate State or Federal office designated by the Secretary, or (b) has refused to accept employment or public work at not less than (i) the applicable State minimum wage, (ii) the applicable Federal minimum wage, (iii) the applicable wage established by a valid regulation of the Federal Government authorized by existing law to establish such regulations, or (iv) \$1.30 per hour if there is no applicable wage as described in (i), (ii), or (iii) above. Refusal to work at a plant or site subject to a strike or a lockout for the duration of such strike or lockout shall not be deemed to be a refusal to accept employment."

SEC. 5. Subsections (a) and (b) of section 7 of the Food Stamp Act of 1964, as amended, are amended to read as follows:

"(a) The face value of the coupon allotment which State agencies shall be authorized to issue to any households certified as eligible to participate in the food stamp program shall be in such amount as the Secretary determines to be the cost of a nutritionally adequate diet, adjusted annually to reflect changes in the prices of food published by the Bureau of Labor Statistics in the Department of Labor.

"(b) Notwithstanding any other provision of law, households shall be charged for the coupon allotment issued to them, and the amount of such charge shall represent a reasonable investment on the part of the household, but in no event (2) more than 30 per centum of the household's income: *Provided*, That coupon allotments may be issued without charge to households with income of less than \$30 per month for a family of four under standards of eligibility prescribed by the Secretary: *Provided further*, That the Secretary shall provide a reasonable opportunity for any eligible household to elect to be issued a coupon allotment having a face value which is less than the face value of the coupon allotment authorized to be issued to them under subsection (a) of this section. The charge to be paid by eligible households electing to exercise the option set forth in this subsection shall be an amount which bears the same ratio to the amount which would have been charged under subsection (b) of this section as the face value of the coupon allotment actually issued to them bears to the face value of the coupon allotment that would have been issued to them under subsection (a) of this section."

SEC. 6. (a) Subsection (c) of section 10 of the Food Stamp Act of 1964, as amended, is amended by inserting immediately preceding the first sentence the following: "Any household which is receiving public assistance and which makes application for the benefits of this Act shall be certified for eligibility solely by execution of an affidavit, in such

form as the Secretary may prescribe, by the member of such household making application. Certification of a household as eligible in any political subdivision shall, in the event of removal of such household to another political subdivision in which the food stamp program is operating, remain valid for participation in the food stamp program for a period of sixty days from the date of such removal."

(b) Subsection (e) of section 10 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(e) The State agency of each State desiring to participate in the food stamp program shall submit for approval a plan of operation specifying the manner in which such program will be conducted within the State, the political subdivisions within the State in which the State desires to conduct the program, and the effective dates of participation by each such political subdivision. In addition, such plan of operation shall provide, among such other provisions as may be required, the following: (1) the specific standards to be used in determining the eligibility of applicant households; (2) that the State agency shall undertake the certification of applicant households in accordance with the general procedures and personnel standards used by them in the certification of applicants for benefits under the federally aided public assistance programs; (3) safeguards which restrict the use or disclosure of information obtained from applicant households to persons directly connected with the administration or enforcement of the provisions of this Act or the regulations issued pursuant to this Act; (4) for the submission of such reports and other information as from time to time may be required; (5) that the State agency shall undertake effective action, including the use of services provided by other federally funded agencies and organizations, to inform low-income households concerning the availability and benefits of the food stamp program and insure the participation of eligible households; and (6) for the granting of a fair hearing and a prompt determination thereafter to any household aggrieved by the action of a State agency under any provision of its plan of operation as it affects the participation of such household in the food stamp program. The State agency shall, notwithstanding any other provision of law, institute procedures under which any household participating in the food stamp program shall be entitled, if it so elects, to have the charges, if any, for its coupon allotment deducted from any grant or payment such household may be entitled to receive under any federally aided public assistance program and have its coupon allotment distributed to it with such grant or payment. In approving the participation of the subdivisions requested by each State in its plan of operation, the Secretary shall provide for an equitable and orderly expansion among the several States in accordance with their relative need and readiness to meet their requested effective dates of participation."

(c) Add the following new subsection to section 10 of the Food Stamp Act of 1964, as amended:

"(h) Subject to such items and conditions as may be prescribed by the Secretary in the regulations issued pursuant to this Act, members of an eligible household who are sixty years of age or over or an elderly person and his spouse may use coupons issued to them to purchase meals prepared for and delivered to them by a political subdivision or by a private nonprofit organization which: (1) is not receiving federally donated foods from the United States Department of Agriculture for use in the preparation of such meals; (2) is operated in a manner consistent with the purposes of this Act; and (3) is recognized as a tax exempt organization by the Internal Revenue Service: *Provided*, That

household members or elderly persons to whom meals are delivered are housebound, feeble, physically handicapped, or otherwise disabled, to the extent that they are unable to adequately prepare all of their meals. Meals served pursuant to this subsection shall be deemed 'food' for the purposes of this Act."

SEC. 7. (a) Subsections (a) and (b) of section 14 of the Food Stamp Act of 1964, as amended, are amended as follows:

"(a) Notwithstanding any other provisions of this Act, the Secretary may provide for the purchase, issuance or presentment for redemption of coupons to such person or persons, and at such times and in such manner, as he deems necessary or appropriate to protect the interests of the United States or to insure enforcement of the provisions of this Act or the regulations issued pursuant to this Act.

"(b) Whoever knowingly uses, transfers, acquires, alters, or possesses coupons or authorization to purchase cards in any manner not authorized by this Act or the regulations issued pursuant to this Act shall, if such coupons or authorization to purchase cards are of the value of \$100 or more, be guilty of a felony and shall upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than five years or both, or, if such coupons or authorization to purchase cards are of a value of less than \$100, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned for not more than one year, or both."

(b) Section 14 of the Food Stamp Act as 1964, as amended, is amended by adding the following new subsection:

"(e) No person shall be charged with a violation of this or any other Act, or of any regulation issued under this or any other Act, or of any State plan of operation on the basis of any statements or information contained in an affidavit filed pursuant to section 10(c) of this Act, except for fraud."

SEC. 8. Subsection (b) of section 15 of the Food Stamp Act of 1964 as amended, is amended to read as follows:

"(b) The Secretary is authorized to pay to each State agency an amount equal to 62½ per centum of the sum of (1) the direct salary, travel, and travel-related cost (including such fringe benefits as are normally paid) of personnel, including the immediate supervisors of such personnel, for such time as they are employed in taking the action required under the provisions of subsection 10(e)(5) of this Act and in making certification determinations for households other than those which consist solely of recipients of welfare assistance; (2) the direct salary, travel, and travel-related costs (including such fringe benefits as are normally paid) of personnel for such time as they are employed as hearing officials under section 10 (e) of the Act."

SEC. 9. Section 16(a) of the Food Stamp Act of 1964, as amended, is amended by striking "\$170,000,000 for the six months ending December 31, 1970" and inserting in lieu thereof "\$1,750,000,000 for the fiscal year ending June 30, 1971; and for the fiscal years ending June 30, 1972 and June 30, 1973 such sums as the Congress may appropriate."

And the Senate agree to the same.

W. R. POAGE,
JOHN L. McMILLAN,
THOMAS G. ABERNETHY,
WATKINS M. ABBITT,
PAGE BELCHER,
CHARLES M. TEAGUE,
WILLIAM C. WAMPLER,

Managers on the Part of the House.

ALLEN J. ELLENDER,
SPESSARD L. HOLLAND,
HERMAN E. TALMADGE,
GEORGE D. AIKEN,
JACK MILLER,
CARL CURTIS,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill, H.R. 18582, to amend the Food Stamp Act of 1964, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

The Senate struck out all after the enacting clause of H.R. 18582 and substituted a Senate amendment which, while dealing with the same subject matter, differed from it in a number of major respects. The amendment herewith reported embodies the agreement of the conferees on the various points of difference in the House bill and the Senate amendment and was agreed to by the conferees as a substitute for the Senate amendment.

The conference substitute generally follows the form and substance of the House bill but it incorporates the following provisions not included in the original House bill:

1. WORK AMENDMENT

The conferees modified the House language requiring certain unemployed able-bodied persons to register for and accept employment as a condition of eligibility for receiving food stamps. The conference substitute clarifies the persons and the jobs which are specifically covered by this provision. The substitute provides that certain able-bodied persons, including those employed and working for less than 30 hours per week, would be required to register for and to accept employment for jobs covered by State or Federal minimum wage laws or Federal wage regulations. In addition, the substitute makes it clear that any jobs which are not covered by such laws or regulations would not be considered available unless an hourly wage rate of \$1.30 is provided. Thus under the terms of the substitute no person would be required to accept a job which paid less than (1) the applicable Federal minimum wage, (2) the applicable State minimum wage, (3) the applicable Federal regulation, or (4) \$1.30 per hour if such job were not specifically included in items (1), (2), or (3) *supra*.

The conferees also wish to make clear their intention that the Secretary not impose a requirement for any person to accept a job which is located an unreasonable distance (such as in a distant State) from the residence of such person.

The conference substitute also makes it clear that the refusal to accept work at a plant or site which is subject to a lock-out is the equivalent to the refusal to accept work at a struck plant or site and thus will not, by itself, be the basis for denying food stamp assistance to any person.

In approving the substitute, the conferees were aware of the language included in other welfare and assistance plans. It is the recommendation of the conferees that in any future welfare legislation there should be a uniform application of "workfare" criteria. While it is hoped that the criteria established by this legislation will be the standard, the Agriculture Committees will consider in the future any necessary changes that might be needed to make such programs and the food stamp program consistent in regard to this important feature.

2. VALUE OF COUPON ALLOTMENT

The House bill established the value of the coupon allotment to food stamp recipients at a level which the Secretary finds will provide a "nutritionally adequate diet." The Department informed the Committee that this is currently \$106 per month for a family of four. The Senate amendment proposed to establish a "low cost food plan" standard which the Department stated would require \$134 per month for a family of four.

The conference substitute retains the House standards, but adopts the language of the Senate amendment requiring the Secretary of Agriculture to make an annual adjustment to reflect increases for food in the "Cost of Living" index published by the Department of Labor.

3. FREE STAMPS

The House bill prohibited free stamps and required a payment by recipients of 50 cents per person, up to a maximum of \$3.00 for a family of six or more. The Senate amendment provided free stamps for the very poorest.

The conference substitute provides authority for the Secretary to give free stamps to those who are in the greatest need of assistance. The bill establishes the criteria that families of four persons having an income of less than \$30 per month may receive free stamps. The conferees intend that the Secretary will set comparable free stamp benefits for families of more (or of less) than four persons as well as for individuals who are the very poorest.

4. AMENDING STATE PLANS

The House bill provided that State plans of operation approved by the Secretary prior to the date of enactment of this legislation would be specifically preserved, but could remain in effect for no more than 180 days after enactment of this legislation. The Senate amendment carried no comparable provision.

The conference substitute, like the Senate amendment, omits this provision because the conferees feel it is unnecessary. The conferees intend that all State plans which are in effect as of the date of enactment of this bill shall continue to be in effect until such time as they are changed in an orderly manner in accordance with the provisions of this Act.

5. DEFINITION OF HOUSEHOLD

The House bill did not alter the definition of "household" under section 3(e) of the Act. The conference substitute includes language which is designed to prohibit food stamp assistance to communal "families" of unrelated individuals.

The substitute, of course, contemplates that the term "related" shall apply to the relationship between married spouses and to such degree of blood relation and other legal relation (such as adoption and foster children) that the Secretary by regulation may prescribe. The requirement for household members to be related does not apply to persons over 60 years of age.

6. DEDUCTION FROM OTHER FEDERAL PAYMENTS

Under the House bill if a household so authorized it, the food stamp purchase requirements could be withheld from any Federal assistance payment. Under the Senate amendment and the conference substitute households may elect to have their purchase requirements deducted from any federally

aided grant or public assistance payment and to have its coupon allotment distributed with its grant or payments.

7. STATE SHARING

The House bill required the several States to commence sharing in the bonus value of food stamps at the rate of 2½ percent the first year, followed by 2½ percent incremental increases until reaching a level of 10 percent State sharing in fiscal year 1974. The Senate amendment omitted this provision.

The conference substitute deletes this provision.

8. APPROPRIATIONS AUTHORIZATION

The House bill provided "open-end" authorizations for appropriations for the period beginning January 1, 1971, and ending June 30, 1973. The Senate bill provided appropriation authorization of \$1.25 billion for FY 1970, \$2.0 billion for FY 1971, and \$2.5 billion for FY 1972.

The conference substitute provides for an appropriation authorization of \$1.75 billion for FY 1971 (the present appropriation for FY 1971 is \$1.42 billion) and such sums as may be necessary (i.e. an "open-end" authorization) for FY 1972 and FY 1973.

9. SELF-CERTIFICATION

The House bill did not contain any provision dealing with the self-certification of recipients. The Senate bill provided that certification would be executed by an affidavit carrying criminal responsibility for fraud.

With respect to public assistance recipients, the conference substitute adopts the Senate provision in regard to self-certification. The substitute leaves unchanged the Secretary's authority in regard to determining the eligibility of persons who are not receiving public assistance.

W. R. POAGE,
JOHN L. McMILLAN,
THOMAS G. ABERNETHY,
WATKINS M. ABBITT,
PAGE BELCHER,
CHARLES M. TEAGUE,
WILLIAM C. WAMPLER,

Managers on the Part of the House.

EMERGENCY RAIL SERVICES ACT OF 1970

Mr. STAGGERS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 19953) to authorize the Interstate Commerce Commission to provide financial assistance to certain railroads in order to preserve essential rail services, and for other purposes.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 19953, with Mr. NATCHER in the Chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from West Virginia (Mr. STAGGERS) will be recognized for 30 min-

utes, and the gentleman from Illinois (Mr. SPRINGER) will be recognized for 30 minutes.

The Chair recognizes the gentleman from West Virginia (Mr. STAGGERS).

Mr. STAGGERS. Mr. Chairman, I yield myself whatever time I might require.

Mr. Chairman, I would just like to give a brief history of what is taking place here.

On Thursday, a week ago, two members of the trustees of the Penn Central came to my office, Mr. Wirtz and Mr. Langdon. They told me that we are faced with an emergency which threatens this Nation's welfare and security. Unless necessary legislation is enacted by this Congress, there is the prospect bordering on certainty that before the 92d Congress can act the Penn Central Railroad system will have ceased operation.

I would like to illustrate what this could mean.

Over 90,000 persons now employed by the Penn Central would be out of work. Their annual wages amount to over \$1 billion.

Coal mines in Illinois, Indiana, Ohio, Pennsylvania, and my own State of West Virginia would be without transportation service.

Each of the four major automobile producers would lose service to plants now served exclusively by the Penn Central.

A majority of the coal-burning electric power-generating plants of 48 utilities now served by the Penn Central would be without transportation service. This would affect the supply of electric power in Delaware, the District of Columbia, Illinois, Indiana, Maryland, Michigan, New Hampshire, New York, New Jersey, Ohio, and Pennsylvania.

Products from the west coast such as aluminum, canned goods, gypsum, lumber, plywood, pulp, dairy products, and produce, which move to eastern distribution or processing centers served exclusively by the Penn Central would be bottled up.

Thirty-four Army installations, 13 Navy installations, 12 Air Force bases, and certain other defense facilities now served exclusively by the Penn Central would be without rail service.

These are only illustrations of the problem; a detailed list would take hours.

As you know, the Penn Central Transportation Co. is under reorganization under section 77 of the Bankruptcy Act. The four trustees, with former Secretary of Labor Wilard Wirtz acting as their spokesman, appeared before our Subcommittee on Transportation and Aeronautics last Tuesday. In effect they told us that the Penn Central Railroad will probably stop running within the next

month or month and a half unless legislation like H.R. 19953 is enacted. They have explored every possibility of self-help and none of them can save the railroad. Secretary of Transportation Volpe and Dale Hardin, the Acting Chairman of the Interstate Commerce Commission, appeared before the subcommittee in the afternoon and concurred in the need for the legislation reported out by the Interstate and Foreign Commerce Committee.

This legislation would be administered by the Secretary of Transportation acting after consultation with the ICC. Its benefits would be limited to railroads in reorganization under section 77 of the Bankruptcy Act. This would cover three other railroads besides the Penn Central—the Central of New Jersey, the Boston & Maine and the Lehigh Valley.

The Secretary of Transportation would be authorized to guarantee the payment of certificates issued by the trustees of these railroads, but only after making detailed written findings required by the legislation.

Thus, there is no direct grant or loan of Federal moneys involved. However, let me make clear that we have incorporated so-called back-door financing to permit payment if there is default on the guaranteed certificates. I am told this is essential if the certificates are to be sold on the market. In return for guaranteeing the certificates, the Secretary would be required to obtain for the United States the highest lien on the railroads property exclusive of certain rolling stock, and priority in payment under the Bankruptcy Act.

At any time, the aggregate amount of outstanding certificates guaranteed by the Secretary could not exceed \$125 million. Now, in this connection, Mr. Chairman, let me emphasize the emergency, short-range nature of this legislation.

This legislation is only intended to make certain that bankrupt railroads—whose cessation of services would endanger the public welfare—remain in operation until the Congress can legislate with respect to them. Before there is any prospect of the Penn Central Railroad moving into the black—which at the earliest is 1974—it will probably require between \$225 million and \$375 million in addition to the amounts provided for in H.R. 19953. How these funds should be made available to the Penn Central, I would rather not commit myself at this time. But let me emphasize that H.R. 19953, as reported, may not, and I hope will not, require the expenditure of Federal funds.

Mr. Chairman, let me say that I believe that the enactment of this legislation is of the utmost importance.

I dislike as much as any Member of this House coming in at this late date or any date asking for guarantees for a

railroad company. When we had hearings before our committee I said at that time that the railroad had been run in the wrong way, that things had been done that I felt were completely wrong, that men had been overpaid, that they were getting into things that did not mean a thing to the operation of a railroad, and its activities should never have been diversified. But bringing these things up at this time is beating a dead cat.

The trustees told me in my office that if the railroad is allowed to go down on January 8, within 1 or 2 weeks New York City will be without heat and perhaps without light.

I am saying these things because these are some of the things that were told me, and I believe these men.

I believe the time now has come to act.

As the chairman of the committee and a Member of this House, I bring this bill to the Members. I am sorry it is so late in the session. We could not help that. I do not know of any other solution. If anybody has any more wisdom on this matter I would like to hear from them. Every precaution has been included to insure that the Government will not lose any money, and we have first lien on everything with the exception of wages and rolling stock.

Mr. Chairman, in concluding, I should like to pay tribute to our Subcommittee on Transportation and Aeronautics which under its able chairman, the honorable SAMUEL FRIEDEL, has worked diligently during the Congress on a great volume of legislation. Some of which will be on the books for years to come. Let me name all the members of that subcommittee. It is made up of JOHN DINGELL, of Michigan, JAKE PICKLE, of Texas, and BROCK ADAMS, of Washington, on the majority side. On the minority side, there is SAM DEVINE, of Ohio, GLENN CUNNINGHAM, of Nebraska, ALBERT WATSON, of South Carolina, and DAN KUYKENDALL, of Tennessee. No subcommittee has worked harder in this Congress than our subcommittee on Transportation and Aeronautics. I should also like to recognize at this time the able and tireless assistance rendered the subcommittee and full committee by Bill Adams of the Legislative Counsel's Office.

Mr. HARVEY. Mr. Chairman, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from Michigan.

Mr. HARVEY. Mr. Chairman, I thank the chairman of the committee for yielding. I think he knows the great respect I have for him and the great committee which he chairs. The hearings were held on 1 day when I had to be out of town, so I could not be present at the hearing, but I am bothered by this one thing, and the chairman suggested that if anyone

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

For actions of December 30, 1970
91st-2nd; No. 210

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HIGHLIGHTS: House agreed to conference report on food stamp amendments.
Senate committee reported bill continuing Coffee Agreement.
Senate accepted conference report on pay bill.
Sen. Holland reviewed accomplishments of agriculture.

SENATE

1. COMMITTEE ACTION.

Committee on Finance reported, without amendment, the following bills:

H.R. 7626, revising the tariff schedules with respect to the classification of certain sugars, sirups, and molasses (S. Rept. 91-1523);

H.R. 19242, extending the farm-loss tax deduction for citrus groves to almond groves (S. Rept. 91-1529); and

H.R. 19567, continuing the International Coffee Agreement Act of 1968 until June 30, 1971 (S. Rept. 91-1534). pp. S21473-4

2. FLOOR ACTION.

Agreed to the conference reports on the following bills:

H.R. 1300, proposed Federal Salary Comparability Act of 1970.
pp. S21560-77;

H.R. 18515, FY 71 Labor-HEW appropriations bill. This bill now
goes to the President. pp. S21510-27;

H.R. 17867, FY 71 Foreign assistance appropriations. pp. S21578-88

3. FARM PROGRAMS. Sen. Holland discussed the accomplishment of American
agriculture, noting the dangers of blindly criticizing all farm
programs, and urging renewal of the Sugar Act. pp. S21559-60

4. GREEN REVOLUTION. Sen. McGee included an article reviewing the
"Green Revolution" and the accompanying cultural revolution.
pp. S21484-6

5. WATERSHEDS. Both Houses received the watershed work plan for Clear
Creek Watershed, Saunders County, Nebraska; to the Committee on
Agriculture. pp. S21473, H12569

Both Houses received plans for watershed works of improvement
in the states of Alabama, Texas, and Virginia; to the Committees
on Public Works. pp. S21473, H12569

6. FHA. Both Houses received a report from GAO on improvements needed
in financial statements of the Emergency Credit Revolving Fund of
the Farmers Home Administration; to the Committees on Government
Operations. pp. S21473, H12569

HOUSE

7. FLOOR ACTION. Agreed to the conference report on H. R. 18582,
proposed Food Stamp amendments. pp. H12541-8

8. POLLUTION. Rep. Ryan warned of the dangers of the chemical compound,
PCB's, and noted that action had been taken to have them eliminated
from economic poisons. p. H12540

EXTENSION OF REMARKS

9. AGRICULTURAL EXPORTS. Rep. Schwengel expressed fear of retaliation
against Iowa's growing agricultural export business if the trade
bill passes. pp. E10813-4

BILLS APPROVED BY THE PRESIDENT

10. EGG INSPECTION. H. R. 19888, providing for inspection of certain egg
products by the Department of Agriculture. Approved December 29, 1970
(P. L. 91-597)





to claims of certain nonprofit organizations and certain claims of individuals;

H.R. 8663. An act to amend the Act of September 20, 1968 (Public Law 90-502), to provide relief to certain former officers of the Supply Corps and Civil Engineers Corps of the Navy;

H.R. 14221. An act to provide for the conveyance of certain property of the United States located in Lawrence County, S. Dak., to John and Ruth Rachetto;

H.R. 15805. An act for the relief of Warren Bearcloud, Perry Pretty Paint, Agatha Horse Chief House, Marie Pretty Paint Wallace, Nancy Paint Littlelight, and Pera Pretty Paint Not Afraid;

H.R. 15911. An act to amend title 38 of the United States Code to increase the rates, income limitations, and aid and attendance allowances relating to payment of pension and parents' dependency and indemnity compensation; to exclude certain payments in determining annual income with respect to such pension and compensation; to make the Mexican border period a period of war for the purposes of such title; and for other purposes;

H.R. 18012. An act to amend the Foreign Service Building Act, 1926, to authorize additional appropriations; and

H.R. 19846. An act to amend the act of August 24, 1966, relating to the care of certain animals used for purposes of research, experimentation, exhibition, or held for sale as pets.

On December 28, 1970:

H.R. 8298. An act to amend section 303(b) of the Interstate Commerce Act to modernize certain restrictions upon the applications and scope of the exemption provided therein, and for other purposes;

H.R. 16498. An act to permit the sale of the passenger vessel "Atlantic" to an alien, and for other purposes; and

H.R. 19402. An act to authorize the Secretary of Agriculture to receive gifts for the benefit of the National Agricultural Library.

On December 29, 1970:

H.R. 19888. An act to provide for the inspection of certain egg products by the United States Department of Agriculture; restriction on the disposition of certain qualities of eggs; uniformity of standards for eggs in interstate or foreign commerce; and cooperation with State agencies in administration of this Act, and for other purposes.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate insists upon its amendment to the bill (H.R. 19172) entitled "An act to provide Federal financial assistance to help cities and communities to develop and carry out intensive local programs to eliminate the causes of lead-based paint poisoning and local programs to detect and treat incidents of such poisoning, to establish a Federal demonstration and research program to study the extent of the lead-based paint poisoning problem and the methods available for lead-based paint removal, and to prohibit future use of lead-based paint in Federal or federally assisted construction or rehabilitation," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. YARBOROUGH, Mr. WILLIAMS of New Jersey, Mr. KENNEDY, Mr. NELSON, Mr. EAGLETON, Mr. CRANSTON, Mr. HUGHES, Mr. DOMINICK, Mr. JAVITS, Mr. MURPHY, Mr. PROUTY, and Mr. SAXBE to be the conferees on the part of the Senate.

CONFERENCE REPORT ON H.R. 18582, AMENDMENTS TO THE FOOD STAMP ACT OF 1964

Mr. POAGE. Mr. Speaker, I call up the conference report on the bill (H.R. 18582) to amend the Food Stamp Act of 1964, as amended, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of December 22, 1970.)

Mr. POAGE (during the reading). Mr. Speaker, I ask unanimous consent that the further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. FOLEY. Mr. Speaker, reserving the right to object, may I ask the distinguished chairman of the committee if it is his intention to explain the conference report to us at an appropriate time?

Mr. POAGE. If the gentleman will yield, it is.

Mr. FOLEY. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. The gentleman from Texas is recognized for 1 hour.

CALL OF THE HOUSE

Mr. FOLEY. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 453]

Abbutt	Clawson, Del	Farbstein
Adair	Cleveland	Fascell
Anderson,	Collier	Fish
Calif.	Collins, III.	Ford,
Anderson,	Conte	William D.
Tenn.	Conyers	Fountain
Andrews, Ala.	Corbett	Friedel
Andrews,	Coughlin	Fulton, Tenn.
N. Dak.	Cowger	Gallagher
Aspinall	Cramer	Gettys
Berry	Cunningham	Gialmo
Blackburn	Daddario	Gibbons
Brock	Davis, Ga.	Gilbert
Broomfield	de la Garza	Goldwater
Brown, Calif.	Delaney	Gonzalez
Brown, Mich.	Denney	Gray
Broyhill, N.C.	Diggs	Griffiths
Broyhill, Va.	Dingell	Grover
Buchanan	Dowdy	Gubser
Burlison, Mo.	Dulski	Haley
Burton, Calif.	Dwyer	Halpern
Burton, Utah	Eckhardt	Hansen, Wash.
Bush	Edmondson	Harvey
Button	Edwards, Ala.	Hébert
Caffery	Edwards, Calif.	Heckler, Mass.
Carter	Edwards, La.	Henderson
Casey	Erlenborn	Hollifield
Chappell	Esch	Horton
Chisholm	Evans, Colo.	Howard
Clausen,	Evins, Tenn.	Hull
Don H.	Fallon	Hungate

Jacobs	Mosher	Scott
Jarman	Moss	Sebellius
Johnson, Pa.	Murphy, Ill.	Shipley
Jonas	Myers	Smith, Calif.
Jones, Tenn.	Nichols	Snyder
Karth	O'Konski	Staggers
Kleppe	Olsen	Steiger, Ariz.
Kuykendall	O'Neal, Ga.	Stokes
Landrum	O'Neill, Mass.	Stuckey
Langen	Ottinger	Sullivan
Lennon	Pepper	Talcott
Long, La.	Pollock	Teague, Tex.
Lowenstein	Powell	Thompson, Ga.
Lujan	Price, Tex.	Tiernan
McClory	Purcell	Tunney
McCloskey	Railsback	Ullman
McCulloch	Randall	Waggonner
McDonald,	Reid, Ill.	Watts
Mich.	Reifel	Weicker
McEwen	Rhodes	Whalen
McKneally	Riegle	Whalley
Martin	Rogers, Colo.	Wilson, Bob
Mathias	Rooney, N.Y.	Winn
May	Rosenthal	Wold
Meskill	Rostenkowski	Wyatt
Michel	Roudebush	Wydler
Miller, Calif.	Rousselot	Yatron
Minsall	Ruppe	Young
Mize	Satterfield	Zion
Moorhead	Scherle	
Morton	Scheuer	

The SPEAKER. On this rollcall 254 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

ELECTION OF HON. PHILIP J. PHILBIN AS CHAIRMAN OF COMMITTEE ON ARMED SERVICES

Mr. MILLS. Mr. Speaker, by direction of the Committee on Committees, I offer a privileged resolution (H. Res. 1322), and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1322

Resolved, That Philip J. Philbin, of Massachusetts, be, and he is hereby, elected chairman of the standing committee of the House of Representatives on Armed Services.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 18582, AMENDMENTS TO THE FOOD STAMP ACT OF 1964

Mr. POAGE. Mr. Speaker, I yield myself such time as I may consume.

(Mr. POAGE asked and was given permission to revise and extend his remarks.)

Mr. POAGE. Mr. Speaker, on December 16, this House passed H.R. 18582, to amend the Food Stamp Act of 1964. During debate on that measure I explained to our colleagues that the bill reported by the Committee on Agriculture was one which would satisfy neither the extreme liberals nor the extreme conservatives, but it was rather a serious attempt to follow a middle course. The bill which the committee reported and the House passed was endorsed by the Department of Agriculture and was supported by an overwhelming majority of our membership because it—

First, provided a food stamp allotment sufficiently adequate to purchase what the Department of Agriculture and the act itself describe as a "nutritionally adequate diet"—not a "survival diet" as reported by some of the critics of the report;

Second, provided that no participant would be required to pay more than 30 percent of his income for his stamp allotment;

Third, provided that uniform national eligibility standards would be established;

Fourth, authorizes the simultaneous distribution of food stamps and commodities in areas which request both programs—but does not allow any one family to participate in both programs at the same time;

Fifth, allows participants to purchase stamps at frequent intervals;

Sixth, directs States to engage in "out-reach" activities to inform low-income households of the program;

Seventh, guarantees aggrieved applicants that they will be given a fair hearing; and

Eighth, allows welfare recipients to have the cost of their stamps deducted from their checks.

The House-passed bill actually went even further than the Department of Agriculture suggested. It authorized elderly shut-ins to use food stamps to buy meals on wheels; it extended the program to Puerto Rico, the Virgin Islands and Guam; it would require able-bodied adults to register and accept work as a condition of eligibility; and finally, the House-passed bill would have required the States to pay a portion of the cost of the program.

As you know, the record vote in this House on final passage of the bill as reported by the Committee on Agriculture was 290 to 68. You will recall that this vote came subsequent to this body's rejection of two substitutes, one of which was proposed by the gentleman from Washington (Mr. FOLEY) and the gentleman from Minnesota (Mr. QUIE), the other by the gentleman from Virginia (Mr. ABBITT). Let us for a moment recall that floor debate and put into prospective the developments, for they provided a backdrop for the House conferees who stood resolute and have essentially preserved the House bill.

During the consideration of the committee bill, H.R. 18582, in the Committee of the Whole, the Foley-Quie substitute was offered. Thereafter the Abbott substitute, which contained a prohibition against stamps for strikers, was substituted by a teller vote of 119 to 116. When the Committee rose, the Foley-Quie substitute, as amended by the Abbott substitute, was rejected by a vote of 172 to 183. This vote in essence was on the sole question of adding the antistrike amendment to the House bill. Failure of the substitute resulted in a vote on which the choice was between the committee bill or termination of the program. Those who seek to change this program had their "day in court." They lost then and they must lose again today if there is to be a food stamp program.

In the conference with the other body, the House conferees tried to meet their responsibility to uphold the House-passed bill.

The conferees have generally preserved the essential provisions of the House passed bill.

Important changes are—

First, the provision which would have required States to pay a part of the cost of the program has been deleted;

Second, persons of the lowest income strata—families of four whose income is less than \$30 per month—will be authorized to receive free stamps;

Third, in lieu of open end appropriations for the 3 year duration of the bill an appropriation authorization of \$1.75 billion has been inserted for fiscal 1971; open end appropriations are authorized for fiscal 1972 and 1973;

Fourth, self-certification will be authorized for welfare recipients only; and

Fifth, the work amendment has been retained. It simply requires that no able bodied adult will be issued food stamps if he refuses to register for and to accept employment, provided that the proffered employment is at the minimum wage or if there be no minimum wage applicable, it be as much as \$1.30 per hour. Stories in the press notwithstanding, the work requirement is not an attempt to reincarnate the "sweatshop" conditions of the 19th century. To the contrary, no food stamp applicant would be denied participation in the program if he registered for work unless he refused to accept a job which paid at least the applicable Federal minimum wage, State minimum wage, other minimum wage set by Federal regulation, or \$1.30 per hour if none of these other wage criteria apply.

Furthermore, only able-bodied adult persons would be required to register and accept employment. There are three main exceptions to this requirement: Those who are mothers or who care for infants or incapacitated family members; those who are students; or those who are employed and working at least 30 hours a week.

As I said at the onset, the House conferees have preserved most of the House bill. They have during the course of the conference considered and rejected the possibility of extending the present law through the early months of the 92d Congress. This alternative was expressly rejected because there is no assurance whatsoever that the family assistance program will have been enacted before the brief extension period will have expired. In view of the lateness of the session, it seems essential to us that we accept this conference report if we are going to assure the continuation of this assistance to millions of deserving people. It should be perfectly clear that there is no chance whatsoever to extend the present law for 6 months, 6 weeks, or for that matter 6 days. I urge my colleagues, therefore, to vote for the adoption of the conference report lest the food stamp program be allowed to expire. As many of you know, the appropriation authorization for the program expires on December 31, 1970. This authorization has been extended by other legislation through January 31, 1971. However, the U.S. Department of Agriculture advises me that their appropriations are not sufficient to carry the program beyond the 15th of January.

It is therefore, imperative that the House adopt this conference report. The choice is simple. The choice is whether

to assure nearly 13 million Americans sufficient purchasing power to obtain a nutritionally adequate diet or to "let them eat headlines."

Mr. FOLEY. Mr. Speaker, will the gentleman yield at that point?

Mr. POAGE. I yield to the gentleman from Washington.

Mr. FOLEY. Could the gentleman advise the House on the effect of the work requirement if a Federal minimum wage had not been established for a category, but a State minimum wage did exist for that category of work?

Mr. POAGE. I did not understand the gentleman. There was so much conversation I could not understand what the gentleman said.

Mr. FOLEY. Could the gentleman advise the House as to the effect of the work requirement in the event that a Federal minimum wage was not established for a category of employment, but a State minimum wage existed in a particular jurisdiction covering that employment?

Would that State minimum wage control?

Mr. POAGE. The State minimum wage would then control. And if there were no State minimum wage but there were some minimum wage established by an applicable Federal regulation, it would control. In the absence of all those, where there is no present protection whatever as to the amount of the wage, the individual would have to be offered work at a minimum of \$1.30 an hour before he would have to take it.

Mr. FOLEY. If the gentleman would yield further, in that event, supposing that in a State the minimum wage is 85 cents an hour under State law, and there is no Federal category for the particular classification of work, could a person be required to accept work at 85 cents an hour?

Mr. POAGE. No, he would have to get \$1.30 an hour. He would have to be offered work at \$1.30 an hour before he would have to take it.

Mr. FOLEY. In other words, in no event could employment be offered at less than \$1.30 an hour?

Mr. POAGE. That is right.

Mr. FOLEY. Even though there might be a lower State minimum wage.

Mr. POAGE. Yes, that is correct.

Mr. FOLEY. I ask this for the purpose of making legislative history.

Mr. POAGE. That is correct. We do not require any except able-bodied adults to register and accept employment. There are three main exceptions even to this: Those who are mothers and who have the responsibility of the care for children or invalid members or incapacitated members of the household; those who are students regularly registered in an institution of education; and there is a third category.

There are three major exemptions to the requirement that an adult able-bodied member of the household accept employment. These include mothers who have the responsibility for the care of children or incapacitated members of the household, and also students regu-

larly attending institutions and attending classes, and also those who are already employed and working at least 30 hours a week. That was a Senate provision, and it is in there for the reason that if somebody is a member with only 1 hour of work a week, he might effectively evade all practical results of the provision.

Mr. GONZALEZ. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Speaker, I may say I want to ask the gentleman about what he said earlier, which I did not quite clearly understand. My question is whether the House receded from the position it had taken about the State contributions?

Mr. POAGE. The House did recede from its requirement for State contributions in its entirety, and the conference report requires no State contributions.

Mr. GONZALEZ. Mr. Speaker, I thank the gentleman.

Mr. ANNUNZIO. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Illinois.

Mr. ANNUNZIO. Mr. Speaker, I would like to ask the distinguished Chairman to clear up the question about money for the food stamp program. As I understand there are sufficient moneys in the program to carry us through January 31, 1971.

Mr. POAGE. I do not think that is correct. They can spend the money until January 31, 1971, if they have any, but the Department of Agriculture indicates that the moneys that are appropriated under the existing authority will last them only until about the middle of January.

Mr. ANNUNZIO. In other words, when we come back here on January 19 or 20 we will have plenty of time to process a resolution, if necessary, in order to have the food stamp program continue, and this program will not necessarily die if we do not support the food stamp program and the slave labor section of the food stamp program in the conference report.

Mr. POAGE. Yes, it will necessarily die, if the Department is correct as to its estimate as to the amount of money available. They will be out of money about a week before we come back.

Mr. ANNUNZIO. Will the gentleman yield further?

Mr. POAGE. I yield to the gentleman.

Mr. ANNUNZIO. I thank the gentleman for yielding. Departments have proved to be wrong in the past, and they can be wrong now.

Mr. POAGE. They can, indeed.

Mr. ANNUNZIO. As to the amount of money in the program.

Mr. POAGE. They can, indeed. If the gentleman cares to gamble upon their being wrong, of course that is his responsibility.

But your conferees were confident that we need the program passed before the first day of the year and that if it is not passed by the first day of the year there are about 999 chances out of 1,000 that there will be some 13 million people cut off of food stamps, and those who vote

against this conference report will have to accept that responsibility.

Mr. FOLEY. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Washington.

Mr. FOLEY. I thank the gentleman for yielding.

I should like to return for a moment to the provisions of the conference report with respect to the work requirement. Is it correct that under the work requirement as reported in the conference report any person in the household—not just the father or the mother, but any person—not exempt from the work requirement, between the age of 18 and 65, who refuses or fails without just cause to register and accept employment, would destroy the eligibility of every person in the household to receive food stamps, including minor children?

Mr. POAGE. It does, indeed.

Mr. FOLEY. I thank the gentleman.

Mr. POAGE. As I said at the outset, the House conferees have tried to preserve the House bill. They have during the course of the conference considered and rejected the possibility of extending the present law through the early months of the 92d Congress. This alternative was expressly rejected because there is no assurance whatsoever that the family assistance program will have been enacted before the brief extension period will have expired.

In view of the lateness in this session, it seems desirable to us that we accept this conference report if we are going to have assurance of a continuation of assistance to millions of deserving people.

It should be perfectly clear, as I see it, that there is no chance whatever to extend the present law for 6 months, for 6 weeks, or for 6 days. I, therefore, would urge my colleagues to vote for the adoption of the conference report lest the food stamp program be allowed to expire.

As many Members know, the appropriation authorization has been extended under other legislation through January 31, 1971. However, as I pointed out a moment ago, the Department of Agriculture advises that its appropriations are not sufficient to carry the program beyond the middle of next month. It is, therefore, imperative that the House adopt the conference report.

The choice is simple. The choice is whether we assure nearly 13 million Americans sufficient purchasing power to obtain a nutritionally adequate diet or whether we let them eat headlines.

Mr. Speaker, that is our choice between a nutritionally adequate diet and headlines. I do not care how politically attractive the headlines are. They are not adequately nutritional.

Mr. Speaker, I now yield 3 minutes to the gentleman from Minnesota (Mr. QUIE).

(Mr. QUIE asked and was given permission to revise and extend his remarks.)

Mr. QUIE. Mr. Speaker, I plan to support the conference report. I am happy that some improvements were made in the House-passed bill. The most significant for the poorest of the poor, of

course, is the provision for free food stamps. A family of four with earnings under \$30 a week will now be able to receive \$106 a month worth of food stamps free. My understanding is this figure will soon be going to \$108 per month for a family of four.

The conferees also dropped the State buy-in provision which, as it was written, would have made it extremely difficult for many States to finance the program and would have been a handicap to the poor and needy.

While there are other smaller provisions which slightly liberalize the House-passed bill, I wish the conferees would have compromised to the extent that the Foley-Quie substitute was brought back to the House. Especially this would have solved the problem where the work requirement amendment still seems quite onerous for some individuals. However, I must point out to my colleagues that we had an opportunity to adopt the Foley-Quie substitute when the bill was before the House and we missed by three votes.

I find it difficult to criticize the House conferees on this legislation for attempting to stick by the position of the House. That, I feel, is the responsibility of House conferees. Many times in the past I have been critical of some of the House conferees on bills that originated in the House Committee on Education and Labor. I spoke my dissatisfaction when the occupational health and safety conference report was before the House.

It was the Senate, not the House, who yielded the most and receded from their position in the food stamp bill. It is for this procedural reason that I shall attempt to be consistent and shall support the conference report.

To the extent that the work provision might be onerous, I believe, No. 1, the Department of Agriculture should do everything it possibly can in its guidelines to make this provision as acceptable as possible. As an example, an alcoholic father should be found medically handicapped just as anyone else with a disease that prevents them from working, and the family not be denied food stamps when he is not working. Second, if it is found in some States that poor people and especially children are denied an adequate diet because of this work provision, it is not necessary for this Congress to wait for the Agriculture Committee to act. Many people share my pessimism that the Agriculture Committee would not act very fast. Instead, we know that the family assistance program is high on the administration's priority. It passed the House early in this session of Congress but failed in the other body. We can expect early action in the next Congress on the family assistance program I know in the House and, I think with every expectation, also in the other body. At that time any difficulties with the work provision in the food stamp program can be ironed out.

Personally, I believe the food stamp program should be cashed out and be made a part of the family assistance program. If the Congress chooses not to cash out food stamps, I believe that the Congress will see fit to enact an identical work requirement for both programs.

The mere fact that the pressure of adjournment caused the Congress to adopt a more restrictive provision than next year might prove to have been wise, it should not be considered as a precedent. I am sure most Members of this body would not consider the details of this work requirement a precedent to be followed in the future, only the principle of a work requirement.

Finally, Mr. Speaker, I believe that this conference report is an improvement over the House-passed bill and is an improvement over the present law and, therefore, should be adopted as a substantial step forward.

Mr. POAGE. Mr. Speaker, I yield 10 minutes to the gentleman from Washington (Mr. FOLEY).

(Mr. FOLEY asked and was given permission to revise and extend his remarks.)

Mr. FOLEY. Mr. Speaker, almost every circumstance in the consideration of this conference report fills me with regret. I profoundly wish that conditions were different. I wish that it had been possible for the distinguished Committee on Agriculture to report a house bill and a conference report in sufficient time for an orderly and more dispassionate consideration of the singularly important issues involved than I fear will be possible tonight. We live in a paper world in Congress and it is not always easy to know the real world. Beyond the words and numbers and statistics that are printed in the bill and report and in the hearings in and out of committee rooms over the last 2 years there looms a stark reality recognized by the President of the United States early in 1969 when he said that unwilling as some might be to recognize it the problem of hunger and malnutrition exists in America. He then pledged for his administration, and beyond that for the entire American society, to wipe out hunger at least in America itself, for all time.

Mr. Speaker, this bill tonight will not redeem that pledge. There are many inadequacies contained in the conference report. It does nothing to increase the amount of food aid to hard-pressed families it does nothing to help families who are struggling with problems of hunger and malnutrition and also with the delays the complexities of certification to mention two major deficiencies.

But, that aside, the most unfortunate part of the conference report is the inclusion of what I must call, perhaps, not by intent, but in reality a vicious, vicious section. I refer to the so-called work requirement.

Now, let there be no misunderstanding about this. I joined with the distinguished gentleman from Minnesota (Mr. QUIE) and many others on both sides of the aisle in supporting a reasonable work requirement. I am not opposed to this concept. I am for it, but a work requirement which provides that those who fail to meet these requirements themselves bear the consequences and not visit them on innocent children.

Mr. Speaker, we do not ask the public schoolchild whether his father is employed when we decide whether to give him an education because we have decided for all of our fellow citizens that

it is in the interest of every child to have an education so that he may be self-supporting and a contributing citizen. By the same token, countless studies indicate that if a child suffers with malnutrition and hunger it contributes to his lack of progress in school and is directly connected with mental retardation.

Why should we wish to deny children food?

What good do we do by denying a family a chance to provide nutrition for children because the child has the additional misfortune of having an alcoholic father or an addicted uncle or older brother?

Because I want to remind every Member of the House tonight that it is not just the noncomplying father that can kill the program for the entire family. A sister 19 years of age, a brother 18, an uncle 31, a grandmother in her fifties, anyone of whom fails to meet in full this requirement causes the loss of the entire household's eligibility and denies every household member participation regardless of his compliance, exemption, status, or age.

I do not believe that any Member of this House would deny help to a family that came to him with precisely the circumstances this work requirement contemplates. If, for example, a distraught wife and mother told you her husband was an alcoholic and would not work and that her children were hungry and asked for your help to feed her children, what would your answer be? Would you deny her aid or be more sympathetic and more concerned not only because of the woman and her children were hungry but because of their additional misfortune in having so inadequate a father. Yet we refuse somehow to transfer our private instincts to our public judgment.

We have before us a provision which visits the sins of the fathers and, yes, the mothers and sisters and brothers, uncles and aunts, on innocent children who are completely helpless to make any change in their condition or circumstances.

This conference report calls for a 3-year authorization. If it passes tonight, unchanged, you will have set a precedent of the most dangerous and disturbing kind which I am convinced will ultimately offend the conscience of the Congress and the country.

If I have an opportunity to be recognized, I propose to recommit the conference report to the conference committee with instructions to eliminate this work-repressive section. That is not what I would like to do. What I would like to do is substitute a reasonable work requirement, one that meets the tests of humanity, compassion, and justice as well as one which might hope to accomplish the legitimate aims of a work requirement. But the parliamentary situation may not permit that, because such an alternative is not in either bill. But I assure every Member in this House that if the conference report were to come back without this particular work requirement, I and many others will promptly introduce legislation in the next Congress for a reasonable effective and humane requirement and work for its

early enactment. I think every Member of the House could support such an effort.

But tonight we must make a too hasty judgment as to whether we think it is wise to make an effort at punishing some ne'er-do-well or shiftless and lazy father in a family by making his children go hungry.

I ask every Member to consider in his heart whether he thinks that is right; whether he believes that is just; whether he thinks this is in the interest of his country and in the development of a sound and responsible body of citizenry from among the youth who depend on this program.

I would like to remind my distinguished colleagues on the Republican side that the work requirement which was contained in the Foley-Quie substitute was almost exactly that proposed by the President and the administration for the family assistance plan. Time and time again spokesmen from the administration have said that they do not favor the cutting off of aid to children. Child nutrition and welfare has been the consistent and continual position of this administration, and of the President of the United States. The Secretary of Agriculture during all the discussions of the Committee on Agriculture throughout its consideration of this bill, opposed the harshness and rigidity of this provision.

It is said that if we do not pass this conference report without change, the program will cease. I do not believe that if the conferees are instructed they will fail to heed the instructions of the House. That has not happened in modern times. I do not believe, in particular, that the conferees of the Committee on Agriculture would be so contemptuous of the judgment of the House that they would refuse to follow instructions of that kind.

Mr. ANNUNZIO. Mr. Speaker, will the gentleman yield?

Mr. FOLEY. I have very little time, and I would like to finish my statement.

Mr. Speaker, may I ask how much time I have remaining?

The SPEAKER pro tempore. The gentleman has 2 minutes remaining.

Mr. FOLEY. I will yield to the gentleman in a minute if I can.

Mr. Speaker, I think all of us can be assured that if this harsh and unjust work requirement is stricken, it will not eliminate all work requirements from the program. The distinguished chairman favors a work requirement as does the distinguished ranking minority member, as does literally every member of the Committee on Agriculture. Every member of that committee would then be actively involved in reporting additional recommendations for a work requirement that this House might consider again almost as soon as the new Congress is organized.

Each of us is conscious of moments in this Chamber when what we are about to decide seems clearly of more than usual significance. I believe this is one of those moments. What we do tonight will affect the lives of millions of our fellow Americans. In the city ghettos and barrios, in mountain towns, in quiet villages, on far off Indian reservations, and a few blocks from this House, Americans are

hungry. They are not citizens of poor, foreign countries. They are Americans—citizens of history's richest Nation.

I have often been amazed at the great ease with which we pass appropriations to feed the hungry in Bihar or in Afghanistan or Nigeria and then find such great agony in meeting the need of the most innocent of our own countrymen.

We do not ask for such a requirement in India or in Pakistan, in Nigeria or Peru. When children have been hungry anywhere in the world Americans have said they should be fed. We do not begin to demand the stricture of this rule when we provide food for foreign hungry children. Why do we impose it on our own?

How is it and why is it that the generous spirit and compassionate humanity which is so much a part of our national character abroad departs from us at home among our own countrymen?

Are we rash and silly when concerned about a nation of healthy and well-nourished Americans but deliberate and wise when tending to the health and well-being of millions of fellow humans in every part of the globe.

And when war and the draft call comes, do we ask a young man to justify his right to serve us in uniform? All we ask is for a man who is ready to serve and perhaps die for his country. We will never ask him to justify his right to die even though a few months before we may have asked him to justify his right to eat.

The most fundamental of all things that any society can guarantee is physical security—the right to live, the right to live in peace, the right to live in a decent home, to have enough food to nourish one's family, to educate them, to work and to train them, to work for a better life for the family and the community of fellow citizens.

All I ask of the House tonight is to eliminate from this conference report a section that strikes at every one of these objectives—a section that solves no problem and creates many, a section that does nothing for the betterment of this program or for the improvement of family unity, responsibility or self-support. On the contrary, this shortsighted and brutal provision invites abuse, encourages deception, and literally incites fraud. With even-handed injustice it punishes alike the guilty and the innocent, the shiftless and the responsible, the lazy and the industrious. This is a mean and foolish rule which if enforced will count its achievement not in the numbers of unwilling adults forced to work, but in the numbers of children made hungry and families destroyed.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. POAGE. Mr. Speaker, I yield 1 extra minute to the gentleman.

Mr. WHITE. Mr. Speaker, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Texas.

Mr. WHITE. Mr. Speaker, I want to explore your argument a little bit.

Your point is that the head of the household, the father presumably, would be taken out of action and, therefore, the children would suffer.

Is it not true that the head of the household could be the mother or the brother or whoever is the breadwinner in the family?

Mr. FOLEY. I want to advise the gentleman that the requirement in the conference report does not go merely to the nominal breadwinner or head of household. It applies to every adult person, male or female—father, mother, sister or brother, uncle, aunt, grandparent—whether related by blood or marriage—or not related as long as such an adult is a normal member of the household and not specially exempt because of age or illness, for example.

This means that it is not sufficient for even an exempt adult to step in as a substitute for the failure by another adult in the household. For example, teenaged sons and daughters cannot step forward and by quitting school meet the requirement of a failing father by taking employment. Nothing they or anyone else can do will satisfy this harsh penalty of punishing all for the sin of one, unless of course it is possible for them to disown and expell their father from the household. When I say possible I suggest that it may well be physically and legally as well as emotionally impossible for them to do so.

Mr. WHITE. Is it not true that you are not denying the children if someone is willing to provide the family bread?

I talked to the chairman and he says it can be one of those members of the family and if there was an alcoholic father, and children would not necessarily suffer for want of food stamps.

Mr. FOLEY. The conference report work requirement cannot be satisfied regardless of how many members of the family comply. If only one fails, all members of the household lose their eligibility. If jobs exist for other able bodied adults in the family perhaps the children can be fed. There is now widespread unemployment, as the gentleman knows. The failure of one adult to register even if there is not a job available for him cuts off all the complying adults and all others in the family. There is one other thing I want to say if the gentleman will permit me. The conference report requirement contains a provision that requires an individual working less than 30 hours a week to accept employment at \$1.30 an hour even though his income might be higher in the less-than-full-time employment. This is one additional folly in this provision which makes both angry and sad.

The SPEAKER. The time of the gentleman has expired.

Mr. POAGE. Mr. Speaker, I yield 5 minutes to the gentleman from Oklahoma (Mr. BELCHER).

Mr. BELCHER. Mr. Speaker, I was never for this food stamp bill because I knew that it would grow out of all proportion just as soon as we got it started.

This bill was presented to the House on the theory that there was a need for poor working people that had a salary but did not have enough salary to provide the proper diet for their children—and this was not ever to be a relief program. It was only to be a supplemental to the diet.

I did not buy that because I knew the politicians would just get hold of this bill and would jack it up through the ceiling. It started with a few million dollars. This bill provides \$2 billion. We hear people talk about this being a niggardly bill, that it ought to provide \$4.5 billion, which the Quie-Foley amendment would have provided, or the \$6 or \$7 billion that was provided in the bill passed by the other body.

I do not know how the people in Oklahoma can get along. There has not been a food stamp in Oklahoma since this program started. You cannot get a food stamp down there if you register for work and take a job. You still cannot get a food stamp.

I know this, that sooner or later the American people are going to rebel against this food stamp program.

We heard that 200,000 striker got food stamps. I got hundreds of letters, and probably the rest of you did, too, on that same subject. When we hear it said, as the gentleman from Washington just said, that it is terrible for a man to have to take a job at \$1.30 an hour—now, that would be awful, would it not?

I had two children in 1931. In those days there were no food stamps. There was no relief. There were no soup lines. I would have worked for 25 cents a day before I would have remained idle. I did work for \$29 a month, and I would not have refused any kind of offer.

The gentleman said that a husband and wife could both be employed, but if they had an 18-year-old boy who would not register for work, the whole family would get out of the program. I say that if that father did not have enough control over his 18-year-old boy to force him to register for work, they ought to be deprived of food stamps.

I really believe that this work amendment is jacked up out of all proportion. I doubt that it will make a great deal of difference. I doubt very seriously if there are many people, many families, who will be deprived of food stamps under this work amendment. But it certainly is not good public relations when the Congress, in the last hours of this session, knocks out a requirement that a man must work if he was offered a job in order to receive food stamps. What would the taxpayers of the country think about a deal like that?

I do not think it is good public relations for the people who want to support the food stamp bill. If you merely want to keep bad public relations, some day those of us who have opposed food stamps will find that you are just going to sink it for us.

Mr. FOLEY. Mr. Speaker, will the gentleman yield?

Mr. BELCHER. I yield to the gentleman from Washington.

Mr. FOLEY. The gentleman does not intend to convey the impression, I hope, that Congress would not have authority to amend this bill as soon as the committees are organized in the 92d Congress to provide a different kind of work requirement?

Mr. BELCHER. I would say that the next Congress can consider any kind of bill that it wants to, and if a bill can

pass the House and the Senate and be signed by the President, it can change any statute on the books. I say if the gentleman really wants a \$2 billion food stamp bill, just wait until next year and try to get rid of this little work amendment. At least 99.98 percent of the people in America are going to get food stamps even under the work amendment. There are going to be very few people who are going to be deprived.

But I will say to the gentleman that in this last hour, if we recommit this, I do not believe we will get a food stamp bill.

Mr. FOLEY. If the gentleman does not think the work requirement is going to be any more effective than that, I am surprised he is not willing to eliminate it, and to try to work out a better work requirement early next year.

Mr. BELCHER. I just do not want to go back to Tulsa, Okla., and tell the taxpayers that I eliminated a requirement that a man would have to take a job before he could get food stamps. I just would be ashamed to make that kind of statement to the taxpayers.

Mr. MELCHER. Mr. Speaker, the bonus value of the stamps is the crux of the food stamp bill—\$106 per month for a family of four or \$26.50 per person per month is scant food provisions.

The alternative proposed was \$134. The latter more truly represents a complete and nutritious diet for a family under existing food costs.

The difference of \$28 per month for the family is the difference of enough high protein foods in the household: milk, eggs, butter or margarine, and meat.

America has these foods in abundance. It is only good judgment to share these foods and distribute the purchasing power to the hungry—old or young—throughout America.

The bill falls short of improving the program adequately to simplify the procedures for certification and distribution of the food stamps. The bill does lack the advantages of the Foley-Quie proposals to prevent abuse and graft with food stamps. We are falling short of meeting the needs for improvements that the program and people deserve.

Mr. ANNUNZIO. Mr. Speaker, this bill is an abominable one, and I cannot vote for it. I will vote to recommit to conference. I am informed that the present law permits the continuation of the expenditure of funds for the food stamp program through January 1971, leaving us sufficient time in the new Congress to pass a continuing resolution to permit further operations under the program until a better bill can be written in the 92d Congress, so there would be no tragedy if this bill were to die right here.

It was a very bad bill when it was passed by the House on December 16—so bad that the Member of this Congress who has had the most to do with the fact that there is a food stamp program in operation, the gentlewoman from Missouri, Congresswoman SULLIVAN, voted against it. And so did I. We were afraid that it would come back from conference not much better than the bill which was being voted on in the House. The con-

ference report confirms that fear. It is an unsupportable, almost an unspeakable, bill—containing as it does what I call the “cotton picking” amendment, which might also be called the “potato picking” amendment, or the “forced-work-at-starvation-wages” amendment.

The conferees took out of the House-passed bills another crippling amendment, which would have required the States to pay up to 10 percent of the cost of the food coupons. But they left in the bill this monstrosity of a forced-work requirement which would turn the food stamp program into a reservoir of low-pay seasonal workers at the generous wage of \$1.30 per hour.

Regardless of your educational background or work experience or the reason why you may need help in acquiring an adequate diet for health, you have to sign up for cotton picking or potato picking or snow shoveling or whatever the prospective employer wants to hire you for, at the lowest possible wage.

This appears to me to be a method to try to solve the wetback problem by creating the soreback problem—those temporarily unemployed because of economic conditions prevailing under the Nixonomics “game plan” would have to accept whatever jobs were offered, nearby or miles and miles away, in order to be able to buy a minimum diet under the food stamp program.

The statement of managers on the part of the House states that the House conferees do not intend this to mean that you have to go to a “far distant State” to accept such employment. They do not define what they mean by a “far distant State,” so I guess my people in Chicago would not have to go to Hawaii to pick pineapples in order to qualify their families—their children—for food stamps in Chicago, but maybe they would have to go to California to pick lettuce. California is no longer “a far distant State” by air. Does it mean potato picking in Iowa, corn picking in Nebraska—if they still do any of that by hand—or what kind of peonage labor does it mean?

Mr. Speaker, this bill so proudly put forward by most of the members of the House Committee on Agriculture, including several who never before voted for any food stamp program, proves that the Committee on Agriculture has virtually no concern for the people of our cities, for those who pay the taxes which make all of the farm subsidies possible.

I have supported farm programs in the past because I believe all of the people of this country have to pull together and work together and help each other economically, or none of us can prosper. But it is all one sided as far as the Committee on Agriculture is concerned: pour out billions in subsidies to the farmers but make the unemployed computer programmer or billing machine operator or sheet metal worker go hungry unless he signs up to pick cotton or potatoes or shine shoes.

I have had enough of that attitude, Mr. Speaker. From now on, I vote for no farm program which gives an absentee owner a cent that he does not earn by

the sweat of his brow out picking his own cotton.

Mr. ANDERSON of Illinois. Mr. Speaker, the food stamp substitute before us today is a compromise between two widely divergent bills. As such, it is not likely to elicit the enthusiastic support of either of the two disparate factions involved in drafting those original bills. But the important thing is that the conferees have agreed upon a compromise bill which will enable us to renew and reform the food stamp program. I would not argue for one moment that the reform provisions of this substitute represent a cure-all and end-all to the problem of hunger in America. In some respects, this bill is both insufficient and deficient. But I do think that for the most part this legislation represents a very positive step in the direction of food stamp reform and our goal of putting an end to hunger and malnutrition in America for all time.

Let me list just briefly those features of the substitute which I feel do represent substantial improvements in the food stamp program. First, the funding level for food stamps has been raised from \$1.42 billion to \$1.75 billion in fiscal year 1971. Second, uniform national eligibility standards have been established for the first time, free food stamps are provided for the most destitute, new educational programs are created, and special provisions are made for the aged. I am also pleased that the conferees have deleted the State-sharing requirement which would have made participation extremely difficult for our financially strapped States.

On the other hand, I think it is regrettable that the work requirements and criteria in this legislation are not in line with those recommended in the administration's family assistance plan which has already passed this body.

Even the House conference report speaks to the need for “a uniform application of ‘workfare’ criteria” in the food stamp and family assistance programs, and yet, in this substitute we have a different approach to workfare than that incorporated in the welfare reform bill we have already passed. I for one favor the administration's approach because it is more humane and responsible than the punitive workfare provisions of this legislation. This bill quite simply would, in the words of the book of Exodus, “visit the iniquity of the fathers upon the children;” it would deny food to hungry children because their father refused work. This is a most cruel and retrogressive step in our drive to eradicate hunger and malnutrition in America. I would therefore hope that early action is taken in the 92d Congress to reform and integrate the welfare, food stamp, and manpower training programs along the lines of the administration's original recommendations, particularly as they relate to work criteria and benefit eligibility.

Mr. Speaker, because the hour is late in this 91st Congress and because this bill, with one major exception, does lay the groundwork for substantial reform of the food stamp program, I urge adoption of the conference report. In urging an end to hunger and malnutrition in

America for all time, President Nixon reminded us—

More is at stake here than the health and well-being of 16 million American citizens who will be aided by these programs and the current Child Food Assistance programs.

In his words: "Something very like the honor of American democracy is at issue." Mr. Speaker, let us resolve today to work tirelessly until we have eliminated hunger and malnutrition in this land. To do otherwise would be to deny our great democratic and Christian traditions.

Mr. POAGE. Mr. Speaker, I yield back the balance of my time.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

MOTION TO RECOMMIT OFFERED BY MR. GOODLING

Mr. GOODLING. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the conference report?

Mr. GOODLING. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. GOODLING moves to recommit the conference report on the bill H.R. 18582 to the Committee on conference.

Mr. POAGE. Mr. Speaker, I move the previous question on the motion to recommit.

The SPEAKER. The question is on ordering the previous question on the motion to recommit.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. FOLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

PARLIAMENTARY INQUIRIES

Mr. GERALD R. FORD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GERALD R. FORD. Mr. Speaker, is this vote about to be taken on the previous question on the motion to recommit?

The SPEAKER. This vote is on ordering the previous question on the motion to recommit.

Mr. FOLEY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. FOLEY. Mr. Speaker, if the vote on the previous question on the motion to recommit does not carry, would it then be in order for a Member to seek recognition for the purpose of offering an amendment to the motion to recommit?

The SPEAKER. The answer to that is, it would be under the precedents and practices of the House.

Mr. FOLEY. Mr. Speaker, I thank the Chair.

The SPEAKER. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas, 148, nays 126, answered "present" 2, not voting 156, as follows:

[Roll No. 454]

YEAS—148

Abernethy	Forsythe	Pettis
Anderson, Ill.	Frelinghuysen	Pickle
Arends	Fuqua	Pirnie
Ashbrook	Galifianakis	Poage
Baring	Goodling	Poff
Beall, Md.	Griffin	Quie
Belcher	Gross	Quillen
Bell, Calif.	Hagan	Rarick
Bennett	Hall	Roberts
Betts	Hammer-	Robison
Bevill	schmidt	Rogers, Fla.
Bow	Hansen, Idaho	Roth
Bray	Harsha	Ruth
Brinkley	Hastings	Sandman
Brooks	Hogan	Satterfield
Brotzman	Horton	Schadeberg
Brown, Mich.	Hosmer	Schmitz
Brown, Ohio	Hunt	Schneebell
Broyhill, Va.	Hutchinson	Schwengel
Burke, Fla.	Ichord	Shriver
Burleson, Tex.	Jarman	Sikes
Bush	Jones, Ala.	Skubitz
Byrnes, Wis.	Jones, N.C.	Slack
Cabell	Kee	Smith, N.Y.
Camp	Keith	Springer
Cederberg	King	Stafford
Chamberlain	Kyl	Stanton
Chappell	Landgrebe	Steed
Clancy	Latta	Steele
Collins, Tex.	Lloyd	Steiger, Wis.
Colmer	Long, Md.	Stephens
Conable	Lukens	Stubblefield
Coughlin	McCloskey	Taft
Crane	McClure	Taylor
Daniel, Va.	McMillan	Teague, Calif.
Davis, Wis.	MacGregor	Teague, Tex.
Dellenback	Mahon	Thomson, Wis.
Dennis	Mailliard	Vander Jagt
Derwinski	Mann	Wampler
Devine	Marsh	Ware
Dickinson	Mayne	Watson
Downing	Miller, Ohio	White
Duncan	Mills	Whitehurst
Eshleman	Mizeil	Whitten
Findley	Mollohan	Widnall
Fisher	Montgomery	Wiggins
Flowers	Nelsen	Williams
Flynt	Passman	Wylie
Ford, Gerald R.	Patman	Zwach
Foreman	Pelly	

NAYS—126

Adams	Gonzalez	Obey
Addabbo	Green, Oreg.	O'Hara
Albert	Green, Pa.	Olsen
Anderson, Tenn.	Gude	Patten
Annunzio	Halpern	Perkins
Ashley	Hamilton	Philbin
Barrett	Hanley	Pike
Biaggi	Hanna	Podell
Biester	Harrington	Preyer, N.C.
Bingham	Hathaway	Price, Ill.
Blanton	Hawkins	Pryor, Ark.
Boggs	Hays	Pucinski
Boland	Hechler, W. Va.	Rees
Bolling	Heckler, Mass.	Reid, N.Y.
Brademas	Helstoski	Reuss
Brasco	Hicks	Rodino
Burke, Mass.	Jacobs	Roe
Byrne, Pa.	Johnson, Calif.	Rogers, Colo.
Carney	Kastenmeier	Rooney, Pa.
Celler	Kazen	Roybal
Clark	Kluczynski	Ryan
Clay	Koch	St Germain
Cleveland	Kyros	Saylor
Cohelan	Leggett	Scheuer
Conte	McCarthy	Sisk
Conyers	McDade	Smith, Iowa
Corman	McFall	Stokes
Culver	Macdonald, Mass.	Stratton
Daniels, N.J.	Madden	Symington
Dent	Matsunaga	Thompson, N.J.
Donohue	Meeds	Tiernen
Dorn	Melcher	Tunney
Dulski	Mikva	Udall
Eilberg	Minish	Van Deerlin
Feighan	Mink	Vanik
Flood	Monagan	Vigorito
Foley	Morgan	Waldie
Fraser	Morse	Wilson,
Fulton, Pa.	Murphy, N.Y.	Charles H.
Gallagher	Natcher	Wolf
Garmatz	Nedzi	Wyman
Gaydos	Nix	Yates
		Zablocki

ANSWERED "PRESENT"—2

Alexander Wright

NOT VOTING—156

Abbitt	Farbstein	Morton
Adair	Fascell	Mosher
Anderson, Calif.	Fish	Moss
Andrews, Ala.	Ford,	Murphy, Ill.
Andrews, N. Dak.	William D.	Myers
Aspinall	Fountain	Nichols
Ayres	Frey	O'Konski
Berry	Friedel	O'Neal, Ga.
Blackburn	Fulton, Tenn.	O'Neill, Mass.
Blatnik	Gettys	Ottinger
Brock	Gialmo	Pepper
Broomfield	Gibbons	Pollock
Brown, Calif.	Gilbert	Powell
Broyhill, N.C.	Goldwater	Price, Tex.
Buchanan	Gray	Purcell
Burlison, Mo.	Griffiths	Rallsback
Burton, Calif.	Grover	Randall
Burton, Utah	Gubser	Reid, Ill.
Button	Haley	Reifel
Caffery	Hansen, Wash.	Rhodes
Carey	Harvey	Riegle
Carter	Hébert	Rooney, N.Y.
Casey	Henderson	Rosenthal
Chisholm	Holifield	Rostenkowski
Clausen, Don H.	Howard	Roudebush
Clawson, Del	Hull	Roussetot
Collier	Hungate	Ruppe
Collins, Ill.	Johnson, Pa.	Scherle
Corbett	Jonas	Scott
Cowger	Jones, Tenn.	Sebelius
Cramer	Karth	Shipley
Cunningham	Kleppe	Smith, Calif.
Daddario	Kuykendall	Snyder
Davis, Ga.	Landrum	Staggers
de la Garza	Langen	Steiger, Ariz.
Delaney	Lennon	Stuckey
Denney	Long, La.	Sullivan
Diggs	Lowenstein	Talcott
Dingell	Lujan	Thompson, Ga.
Dowdy	McClary	Ullman
Dwyer	McCulloch	Waggonner
Eckhardt	McDonald,	Watts
Edmondson	Mich.	Weicker
Edwards, Ala.	McEwen	Whalen
Edwards, Calif.	McKneally	Whalley
Edwards, La.	Martin	Wilson, Bob
Erlenborn	Mathias	Winn
Esch	May	Wold
Evans, Colo.	Meskill	Wyatt
Evins, Tenn.	Michel	Wylder
Fallon	Miller, Calif.	Yatron
	Minshall	Young
	Mize	Zion
	Moorhead	

So the previous question was ordered. The Clerk announced the following pairs:

On this vote:

Mr. Alexander for, with Mr. William D. Ford against.

Mr. Wright for, with Mr. Diggs against.

Mr. Abbitt for, with Mr. O'Neill of Massachusetts against.

Mr. Andrews of Alabama for, with Mr. Rostenkowski against.

Mr. Caffery for, with Mrs. Sullivan against.

Mr. Edwards of Louisiana for, with Mr. Burton of California against.

Mr. Fulton of Tennessee for, with Mr. Karth against.

Mr. Gettys for, with Mr. Moss against.

Mr. Haley for, with Mr. Rooney of New York against.

Mr. Hébert for, with Mr. Carey against.

Mr. Jones of Tennessee for, with Mrs. Chisholm against.

Mr. Nichols for, with Mr. Collins of Illinois against.

Mr. Henderson for, with Mr. Delaney against.

Mr. Lennon for, with Mr. Dingell against.

Mr. Waggonner for, with Mr. Edwards of California against.

Mr. Long of Louisiana for, with Mr. Fallon against.

Mr. Stuckey for, with Mr. Farbstein against.

Mr. Watts for, with Mr. Fascell against.

Mr. Evins of Tennessee for, with Mr. Friedel against.

Mr. Dowdy for, with Mr. Gialmo against.

Mr. de la Garza for, with Mr. Daddario against.

Mr. Davis of Georgia for, with Mr. Gilbert against.

Mr. Burlison of Missouri for, with Mr. Gray against.

Mr. Landrum for, with Mrs. Griffith against.
Mr. O'Neal of Georgia for, with Mrs. Hansen of Washington against.

Mr. Frey for, with Mr. Hollifield against.
Mr. Goldwater for, with Mr. Howard against.

Mr. Don H. Clausen for, with Mr. Hungate against.

Mr. Corbett for, with Mr. Lowenstein against.

Mr. Fountain for, with Mr. Miller of California against.

Mr. Grover for, with Mr. Moorhead against.
Mr. Talcott for, with Mr. Murphy of Illinois against.

Mr. Rhodes for, with Mr. Randall against.
Mr. Gubser for, with Mr. Rosenthal against.
Mr. Steiger of Arizona for, with Mr. Shipley against.

Mr. Collier for, with Mr. Mosher against.
Mr. Jonas for, with Mrs. Dwyer against.

Mr. Del Clawson for, with Mr. Carter against.

Mr. Denney for, with Mr. Andrews of North Dakota against.

Mr. Snyder for, with Mr. Riegle against.
Mr. Smith of California for, with Mr. Blatnik against.

Mr. Scherle for, with Mr. Aspinall against.
Mr. Bob Wilson for, with Mr. Anderson of California against.

Mr. Edwards of Alabama for, with Mr. Brown of California against.

Mr. Buchanan for, with Mr. Edmondson against.

Mr. Blackburn for, with Mr. Evans of Colorado against.

Mr. McDonald of Michigan for, with Mr. Staggers against.

Mr. Thompson of Georgia for, with Mr. Pepper against.

Mr. Martin for, with Mr. Yatron against.

Mr. Price of Texas for, with Mr. Ullman against.

Mr. Broyhill of North Carolina for, with Mr. Ottinger against.

Mrs. Reid of Illinois for, with Mr. Eckhardt against.

Mr. McClory for, with Mr. Young against.

Mr. Myers for, with Mr. Whalen against.

Mr. Zion for, with Mr. Fish against.

Mr. Broomfield for, with Mr. Wylder against.

Mr. Harvey for, with Mr. Railsback against.
Mr. Kuykendall for, with Mr. Cowger against.

Until further notice:
Mr. Hull with Mr. Johnson of Pennsylvania.

Mr. Casey with Mr. Lujan.

Mr. Purcell with Mr. Scott.

Mr. Berry with Mr. Adair.

Mr. Langen with Mr. Ayres.

Mr. O'Konski with Mr. Mize.

Mr. Burton of Utah with Mr. Brock.

Mr. Morton with Mr. Reifel.

Mr. Kleppe with Mr. Button.

Mr. Minshall with Mr. Michel.

Mr. Weicker with Mr. Winn.

Mr. Esch with Mr. Cunningham.

Mr. McCulloch with Mrs. May.

Mr. Ruppe with Mr. Sebelius.

Mr. Whalley with Mr. Erlenborn.

Mr. Wyatt with Mr. Cramer.

Mr. Rousselot with Mr. McEwen.

Mr. Mathias with Mr. Pollock.

Mr. Roubenush with Mr. Meskill.

Mr. Gibbons with Mr. McKneally.

Messrs. SATTERFIELD, SKUBITZ, and GALIFIANAKIS changed their votes from "nay" to "yea."

Mr. WYMAN changed his vote from "yea" to "nay."

Mr. WRIGHT. Mr. Speaker, I have a live pair with the gentleman from Michi-

gan (Mr. Diggs). If he had been present, he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

Mr. ALEXANDER. Mr. Speaker, I have a live pair with the gentleman from Michigan (Mr. WILLIAM D. FORD). If he had been present, he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER. The question is on the motion to recommit.

PARLIAMENTARY INQUIRY

Mr. FOLEY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. FOLEY. At this stage of the proceedings I anticipate the Chair is about to put the question for a vote on a straight motion to recommit the conference report; is that correct?

The SPEAKER. That is the next order of business.

Mr. FOLEY. I thank the Chair.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. POAGE. Mr. Speaker, I ask unanimous consent that all Members may have 3 calendar days in which to extend their remarks on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

CORRECTION OF ROLL CALL

Mr. GONZALEZ. Mr. Speaker, on roll call No. 453, today, a quorum call, I am recorded as absent. I was present and answered to my name. I ask unanimous consent that the permanent Record be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

AMENDING EXPORT-IMPORT BANK ACT OF 1945, AS AMENDED

Mr. PATMAN. Mr. Speaker, I move to suspend the rules and pass the bill (S. 4268) to amend the Export-Import Bank Act of 1945, as amended, to allow for greater expansion of the export trade of the United States, to exclude Bank receipts and disbursements from the budget of the U.S. Government, and for other purposes.

The Clerk read as follows:

S. 4268

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2(a) of the Export-Import Bank Act of 1945, as amended (12 U.S.C. 635 (a)), is amended—

(1) by inserting "(1)" immediately after "Sec. 2(a)"; and

(2) by adding at the end thereof the following new paragraph;

"(2) The receipts and disbursements of the Bank in the discharge of its functions shall not be included in the totals of the budget of the United States Government and shall be exempt from any annual expenditure and net lending (budget outlays) limitations imposed on the budget of the United States Government. In accordance with the provisions of the Government Corporation Control Act, the President shall transmit annually to the Congress a budget for program activities and for administrative expenses of the Bank."

SEC. 2. The President shall—

(1) not later than January 31, 1971, report to the Congress the amount by which the annual expenditure and net lending limitation imposed on the budget of the United States Government by title V of the Second Supplemental Appropriations Act, 1970, will be reduced as a result of the amendment made by section 1; and

(2) not later than September 30, 1971, report to the Congress with respect to the effect of the amendment made by section 1 on the operations of the Export-Import Bank of the United States.

SEC. 3. The amendment made by section 1 becomes effective on the date upon which the President makes the report to the Congress referred to in paragraph (1) of section 2.

The SPEAKER. Is a second demanded?

Mr. WIDNALL. Mr. Speaker, I demand a second.

PARLIAMENTARY INQUIRY

Mr. GROSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. GROSS. Is the gentleman from New Jersey opposed to the bill?

The SPEAKER. The Chair was about to ask that question. Is the gentleman from New Jersey opposed to the bill?

Mr. WIDNALL. Mr. Speaker, I am not opposed to the bill.

Mr. GROSS. Mr. Speaker, I demand a second.

The SPEAKER. Is the gentleman from Iowa opposed to the bill?

Mr. GROSS. Yes; I am, Mr. Speaker.

The SPEAKER. The gentleman from Iowa qualifies. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from Texas is recognized for 20 minutes.

(Mr. PATMAN asked and was given permission to revise and extend his remarks.)

Mr. PATMAN. Mr. Speaker, the bill before us, S. 4268, would amend the Export-Import Bank Act of 1945 to allow for greater expansion of the export trade of the United States.

Mr. Speaker, this bill passed the Senate without a dissenting vote on December 19 of this year. Your House Committee on Banking and Currency did not have an opportunity to hold hearings on this matter, but a poll of the members indicated no objection to the bill from your Committee on Banking and Currency by any member on either side.

The Senate Banking Committee hearings on this legislation contain letters of support from the Bureau of the Budget, the Department of Commerce, the Council of Economic Advisers, the De-

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
(NOT TO BE QUOTED OR CITED)

For actions of December 31, 1970
91st-2nd; No. 211

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HIGHLIGHTS: Senate cleared food stamp amendments and coffee agreement extension for President.
House cleared Federal pay comparability bill for President.
Sen. Talmadge and Rep. Alexander criticized USDA's administration of 1971 cotton program.

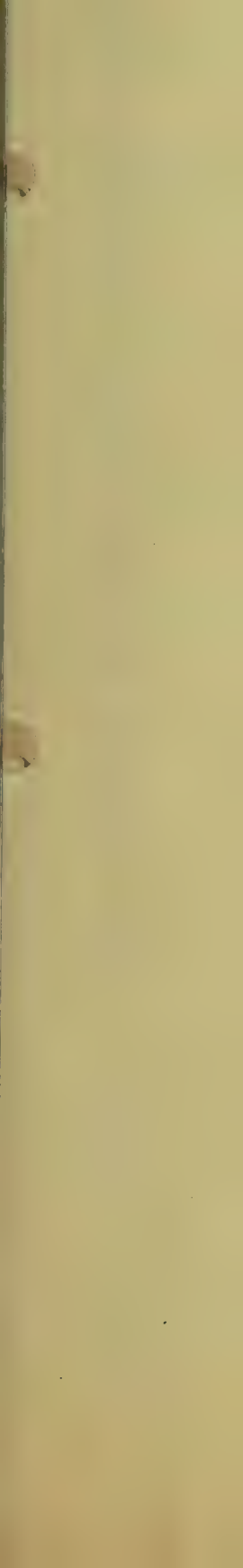
HOUSE

1. PAY COMPARABILITY. Agreed to the conference report on H. R. 13000, to authorize the President to adjust the rates for the statutory pay systems, and establish an Advisory Committee on Federal Pay. This bill now goes to the President.
p. H12586-96.

2. TAXATION. Agreed to the amendment of the Senate to H. R. 16199 to establish a working capital fund for the Treasury Department. Sent to the Senate for further action. p. H12572-8
3. FEED GRAINS. Rep. Findley referred to a meeting with people from the Agriculture Department and his proposal to permit farmers hit with corn blight to have soybeans considered as feed grains for maintaining the historical base. p. H12614-5.
4. COTTON. Rep. Alexander stated that he is convinced the USDA has badly shortchanged cotton farmers. p. H12615.
5. OUTLAYS. Both Houses received a letter from the Director, Office of Management and Budget transmitting the final report relative to the fiscal year 1970 outlay limitation on the budget; to the Committee on Appropriations (N. Doc. 91-436). pp. H12650, S21608

SENATE

6. COFFEE. H. R. 19567 was passed to continue the International Coffee Agreement of 1968 until June 30, 1971. This bill now goes to the President. p. S21679-80
7. TARIFFS. The bill, H. R. 7627, to revise the tariff schedules with respect to the classification of certain sugars, sirups and molasses was passed and cleared for the President. p. S21824 (printed in Record No. 212)
8. CITRUS GROVES. H. R. 19242, to extend the farm-loss tax deduction for citrus groves to almond groves was passed, with amendment, and sent back to the House. p. S21826-7 (printed in Record No. 212)
9. FOOD STAMPS. Agreed to the conference report on H. R. 18582 extending and revising the Food Stamp Act of 1964 clearing the bill for the President. p. S21681-94
10. TAXATION. Agreed to the House amendment to the Senate amendment to H. R. 16199 establishing a working capital fund for the Treasury Department to continue certain excise taxes. This bill now goes to the President. p. S21707-8
11. NATIONAL PARK. Senator Yarborough referred to the timely nationwide support for the establishment of Big Thicket National Park and inserted a synopsis of citizen petitions. p. S21615
12. COTTON. Senator Talmadge expressed his dismay regarding the Department's actions in regard to the 1971 cotton program. p. S21638-9





The PRESIDING OFFICER (Mr. McINTYRE). The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 19113) to provide for the free entry of a 61-note cast bell carillon and a 42-note subsidiary cast bell carillon for the use of Indiana University, Bloomington, Ind.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Nos. 1550 and 1552, which are likewise clear, with no "holds."

The PRESIDING OFFICER. Without objection, it is so ordered.

PROVISION FOR FREE ENTRY OF A CARILLON FOR THE USE OF THE UNIVERSITY OF CALIFORNIA AT SANTA BARBARA

The Senate proceeded to consider the bill (H.R. 14995) to provide for the free entry of a carillon for the use of the University of California at Santa Barbara which had been reported from the Committee on Finance with an amendment on page 1, after line 9, insert a new section, as follows:

SEC. 3. (a) The Secretary of the Treasury is authorized and directed to admit free of duty one MS-9 mass spectrometer (including all accompanying equipment, parts, accessories, and appurtenances) for the use of the New England Institute of Ridgefield, Connecticut.

(b) If the liquidation of the entry of any article described in subsection (a) has become final, such entry shall be reliquidated and the appropriate refund of duty shall be made.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended, so as to read: "An act to provide for the free entry of a carillon for the use of the University of California at Santa Barbara and a mass spectrometer for the use of the New England Institute."

AMENDMENT OF SECTION 905 OF THE TAX REFORM OF 1969

The Senate proceeded to consider the bill (H.R. 17984) to amend section 905 of the Tax Reform Act of 1969 which had been reported from the Committee on Finance with amendments on page 1, line 7, after "(3)", strike out "and (4)" and insert "(4), and (5)"; in line 10, after the word "new", strike out "paragraph" and insert "paragraphs"; on page 2, line 18, after the word "than", strike out "money." and insert "money."; and, after line 18, insert:

"(5) The amendments made by subsections (a) and (b) shall not apply to a dis-

tribution of stock by a corporation organized prior to December 1, 1969, for the principal purpose of providing an equity participation plan for employees of the corporation whose stock is being distributed (hereinafter referred to as the 'employer corporation') if—

"(A) the stock being distributed was owned by the distributing corporation on November 30, 1969,

"(B) the stock being redeemed was acquired before January 1, 1973, pursuant to such equity participation plan by the shareholder presenting such stock for redemption (or by a predecessor of such shareholder),

"(C) the employment of the shareholder presenting the stock for redemption (or the predecessor of such shareholder) by the employer corporation commenced before January 1, 1971,

"(D) at least 90 percent in value of the assets of the distributing corporation on November 30, 1969, consisted of common stock of the employer corporation, and

"(E) at least 50 percent of the outstanding voting stock of the employer corporation is owned by the distributing corporation at any time within the nine-year period ending one year before the date of such distribution."

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Berry, one of its reading clerks, announced that the House had agreed to the amendments of the Senate to the bill (H.R. 16199) to establish a working capital fund for the Department of the Treasury, with amendments, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills; and they were signed by the Acting President pro tempore (Mr. ALLEN):

S. 437. An act to amend chapter 83 of title 5, United States Code, relating to survivor annuities under the civil service retirement program, and for other purposes;

H.R. 10482. An act to authorize the establishment of the Voyageurs National Park in the State of Minnesota, and for other purposes;

H.R. 18515. An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1971, and for other purposes; and

H.R. 19953. An act to authorize the Secretary of Transportation to provide financial assistance to certain railroads in order to preserve essential rail services, and for other purposes.

FOOD STAMP ACT—CONFERENCE REPORT

Mr. ELLENDER. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 18582) to amend the Food Stamp Act of 1964, as amended. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. McINTYRE). Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

(For conference report, see House proceedings of December 22, 1970, pages H12265-H12267, CONGRESSIONAL RECORD.)

Mr. ELLENDER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ELLENDER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ELLENDER. Mr. President, this conference report deals with the food stamp bill. There were differences between the Senate and the House bills in 24 areas. I shall not undertake at this time to discuss each of those areas, but I will proceed to discuss five of the most important areas, and I will be glad to answer any questions that may be submitted.

Mr. President, the House bill was much more restrictive than the Senate bill. The conferees worked long and hard to reach a compromise which omits or tempers some of the provisions of each House.

Since there is no authority for the appropriation of funds for the program after the end of January 1971, it was almost imperative that a compromise be reached before Congress adjourns. The appropriation bill for the Department of Agriculture for 1971 provided \$1.42 billion for the program contingent upon the enactment of authorizing legislation. The House food stamp bill would have provided open end authorizations for fiscal 1971, 1972, and 1973, while the Senate amendment would have authorized \$2 billion for fiscal 1971 and \$2.5 billion for fiscal 1972. The conference substitute authorizes \$1.75 billion for fiscal 1971 and open end amounts for fiscal 1972 and 1973. This would give authority for the \$1.42 billion already appropriated and allow for a supplemental amount if that should be necessary.

The most restrictive provision of the House bill would have required States to contribute to that part of the coupon allotment not covered by charges paid by program participants. The State contribution would have started at 2½ percent annually until it reached a maximum of 10 percent. The House conferees felt that this would provide for more responsible State administration, since it would give the State a financial interest in effective and efficient program control. The Senate conferees felt that this provision, particularly in view of the current financial situation of State governments, might discourage State participation and result in denial of the benefits of the program in many areas. The managers on both sides felt very strongly, but in the end the House receded completely on this provision.

Another provision strongly contested was the work requirement provision of

the House bill. This provision would have denied food stamps to households containing an able-bodied adult between the ages of 18 and 65 who refused to work. It would not be applicable to students or persons having responsibility for the care of dependent children or incapacitated adults. It would not require anyone to work for less than the minimum wage. However, it was ambiguous in the case of employment not covered by minimum wage laws or regulations, and the conference substitute provides that in such case the wage would have to be at least \$1.30 an hour. In addition, the conference substitute makes it inapplicable to persons working at least 30 hours per week and to lockout, as well as strike, situations. A suggestion was made that it be further limited to excluding only the household member who refused to work, but House conferees argued that it was not practicable to prevent any member of a household from sharing in the food placed on its table.

The Senate amendment based program eligibility on income alone and made any family of four with an income of \$4,000 or less per year eligible. The House took other financial resources into account, as well as income, and left the minimum standards to the Secretary of Agriculture. The conference substitute follows the House bill in this respect.

The Senate provided for free stamps to very low income families as a matter of right, while the House imposed a minimum payment of 50 cents per person or \$3 per household of six or more. The House receded on this provision, permitting the Secretary to issue food stamps without charge to families with incomes of less than \$30 a month for a family of four. This is still somewhat less liberal than the Senate provision for free food stamps for families with incomes of less than one-half the cost of a nutritionally adequate diet.

The Senate amendment provided for certification solely on the basis of an affidavit on the part of the applicant. The conference substitute adopted this provision but limited it to persons on public assistance, which should include the majority of applicants.

The Senate amendment would have extended the program to all areas not having a program by January 1, 1971. This provision was deleted in the conference substitute.

Mr. President, I have covered the principal differences between the House and Senate versions of this bill, and the manner in which they are covered by the conference substitute. I ask unanimous consent that a more detailed explanation of the differences and the conference substitute be printed in the RECORD.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

SENATE COMMITTEE ON AGRICULTURE AND FORESTRY
EXPLANATION OF FOOD STAMP CONFERENCE REPORT (H.R. 18582)

I. Resolution of Major Differences By Conference Substitute For Senate Amendment to H.R. 18582 (Food Stamp Bill).

The conference substitute—

(A) provides that all financial resources shall be taken into account in determining

eligibility, with national standards being set by the Secretary (rather than the \$4,000 for a family of four standard of the Senate amendment). Able-bodied adults working less than 30 hours per week would be required to accept employment at \$1.30 per hour or applicable minimum wages but would not be required to work in strike or lockout situations. Households consisting of unrelated individuals under age 60, or including 18 year or older dependents for Federal tax purposes of persons outside the household would be excluded.

(B) provides for a coupon allotment to provide a nutritionally adequate diet (currently about \$106 per month for a family of four), adjusted to reflect changes in food costs, rather than to provide the "low-cost diet" (currently about \$134).

(C) authorizes free stamps for households with incomes of less than the equivalent of \$30 per month for a family of four. Other households would pay a reasonable investment, not exceeding 30 percent of income.

(D) provides for certification solely by affidavit of households receiving public assistance.

(E) does not provide for extension of the program to areas not requesting it.

(F) does not require State contribution to the coupon "bonus" value.

II. Other Provisions of the Conference Substitute.

In addition to the above, the conference substitute would amend the Food Stamp Act of 1964 to

(a) make it the program's objective to permit low-income households to purchase a nutritionally adequate diet;

(b) provide for the use of stamps by elderly persons to purchase prepared meals from certain nonprofit organizations;

(c) extend the program to Guam, Puerto Rico, and the Virgin Islands of the United States;

(d) permit concurrent Federal direct food distribution

(i) during temporary emergencies when commercial channels of food distribution have been disrupted (instead of emergencies caused by disasters),

(ii) during transition to the food stamp program, and

(iii) on request of the State agency, no household to participate in both programs simultaneously;

(e) provide for temporary eligibility standards for disaster victims after commercial channels again become available and for special lower eligibility standards and coupon allotment schedules for Puerto Rico, Guam, and the Virgin Islands;

(f) permit households to elect to receive lower coupon allotments for proportionally lower payments;

(g) provide that the State plan require the State to—

(i) inform, and insure the participation of, low income households, and

(ii) provide for fair hearings on grievances of households;

(h) permit deduction of charges for coupon allotments from federal-aided public assistance payments at the election of the household;

(i) extend criminal penalties to alteration of coupons and actions with respect to authorization to purchase cards;

(j) authorize the Secretary to pay 62.5 percent of the direct salary, travel, and travel-related costs of household grievance hearing officials.

III. Detailed Comparison of H.R. 18582, as passed by House, the Senate Amendment Thereto, and the Conference Substitute Therefor.

1. Policy statement language differences (section 1 and 1(1) respectively) do not appear substantive.

Conference Substitute adopts House language.

2. Senate (section 1 (2)) amends "food" definition to include products necessary for personal cleanliness, hygiene, and home sanitation.

House contains no similar provision.

Conference Substitute omits this provision.

3. Senate (section 1 (3)) redefines "household" to include an elderly person eligible for the "meals on wheels" program.

House does not do this (creating a question as to how elderly persons who do not have cooking facilities can obtain the coupons to be used by them to participate in the "meals on wheels" program).

Conference Substitute adopts Senate provision, plus a provision designed to exclude households consisting of unrelated individuals under the age of 60 (such as hippy communes).

4. Senate (section 1(4)) extends definition of retail food store to include nonprofit institutions, boarding houses, and schools providing meals to nonresident persons 65 years of age or over and Department of Defense commissaries.

House (section 2(a)) extends definition of retail store to political subdivisions and nonprofit organizations participating in the "meals on wheels" program.

Conference Substitute adopts House provision.

5. Senate (section 1(5)) extends program to the Trust Territory of the Pacific.

House (section 2(b)) does not so extend it.

Conference Substitute does not so extend it.

6. House (section 2(c)) defines elderly person as one 60 years or over.

Senate does not define elderly person, although section 1(4) defines retail store as including certain agencies providing meals to persons 65 or over.

Conference Substitute adopts House provision.

7. House (section 2(d)) defines an "authorization to purchase" card, and (section 7) provides penalties for their misuse.

Senate does not provide for an "authorization to purchase" card.

Conference Substitute adopts House provision.

8. Senate (sections 1(6) and 1(15)) provides for formulation of food stamp program without request of State agency.

House (section 3) conditions program on request of State agency.

Conference Substitute adopts House provision.

9. Senate (section 1(7)) requires commodity distribution in food stamp area—

(1) in certain disaster caused emergencies;

(2) until the number of persons participating in the food stamp program exceeds the monthly average number receiving commodity distribution just prior to initiation of food stamp programs; or

(3) on request of State, and payment by State of all in-State costs.

House (section 3) permits such distribution—

(1) in certain emergencies limited to disasters;

(2) to cover transition to food stamp program; or

(3) on request of State, but not to households simultaneously receiving food stamps.

Conference Substitute adopts House provision.

10. Senate (section 1(8)) bases eligibility on income alone and assures eligibility to any household with an income not exceeding the equivalent of \$4,000 for a family of four.

House bases eligibility on income and other financial resources, but leaves standards to Secretary. Any household which includes an 18 year old dependent (for tax purposes) of a person not a member of an eligible household shall not constitute an eligible household during the tax period for which such dependency is claimed and one year thereafter. Able-bodied adults (except students

and those needed to care for dependents) would have to register for and accept employment at minimum wages, but could refuse to work at struck plants.

Conference Substitute adopts House provision, but modifies work requirement to make work requirement inapplicable to anyone who is employed 30 hours per week and excuse anyone from accepting employment at a locked out plant or from accepting employment at less than \$1.30 per hour in cases where no minimum wage is fixed.

11. *Senate* (section 1(9)) provides coupon allotment cannot be less than the amount required to purchase the low-cost diet established by the Agricultural Research Service. (Currently about \$134.)

House (section 5) leaves determination of the cost of a nutritionally adequate diet to the Secretary. (Currently about \$106.)

Conference Substitute adopts House provision, but provides specifically for adjustments annually to reflect changes in food costs.

12. *Senate* (section 1(9) and 1(13)) provides charge for coupons shall not exceed reasonable investment or 25 percent of income, and coupons must be free to any household whose income is less than half the cost of the low-cost diet. Any household, as a matter of right, may purchase any amount of coupons less than its full allotment and pay a proportionate charge.

House (section 5) provides charge shall represent a reasonable investment, but shall not be less than 50 cents per person per month (\$3 per household of six or more persons) nor more than 30 percent of income. Secretary could permit household to purchase a smaller coupon allotment for a proportionately smaller price.

Conference Substitute adopts House provision, plus a provision authorizing the Secretary to issue free food stamps to families with incomes of less than the equivalent of \$30 per month for a family of four (in lieu of House minimum charge provision).

13. *Senate* (section 1(10)) provides for economic and program instruction.

Conference Substitute omits this provision.

14. *Senate* (sections 1(11) and 1(14)) provides specifically for the issuance of coupons and collection of charges through post offices or other methods convenient to participating households. Law now permits this, but does not contain a specific provision.

Conference Substitute omits this provision.

15. *Senate* (section 1(12)) provides for certification solely by affidavit. A household moving from one political subdivision to another would continue to be certified for 60 days.

Conference Substitute adopts this provision, but limits selfcertification to households already receiving public assistance.

16. *Senate* (section 1(13)) requires coupon issuance at least once a week, permits household to purchase at each issuance date all or any part of its monthly allotment not previously purchased, and permits household to elect to have charge deducted from federally-aided assistance payment.

House (section 6(a)) permits charge to be withheld from federally aided assistance payment at election of household and the joint approval of the Secretaries of Agriculture and Health, Education, and Welfare.

Conference Substitute permits household to have charge deducted from federally-aided assistance payment.

17. *House* (section 6(a)) provides for hearings on grievances.

Conference Substitute adopts House provision.

18. *Senate* (section 1(15)) would require Secretary to administer a food stamp program in any political subdivision which does not have a program on January 1, 1971 and in certain other cases.

Conference Substitute adopts House provision.

19. *House* (section 6(b)) limits organizations furnishing "meals on wheels" to tax-exempt organizations not using federally donated foods.

Conference Substitute adopts House provision.

20. *House* (section 7) makes minor changes in the enforcement provisions contained in section 14(a) and (b) of the law.

Conference Substitute adopts these changes.

21. *Senate* (section 1(17)) provides that no person will be charged with a violation of any Act on the basis of information contained in an affidavit filed pursuant to section 6(d) (should be 10(c)), except for fraud.

Conference Substitute adopts this provision corrected to refer to section 10(c), the self-certification provision.

22. *House* (section 9) requires State to pay a portion of that part of the coupon allotment face value not covered by payments by households beginning at 2½ percent for fiscal 1971 and rising to 10 percent by fiscal 1974.

Senate (section 1(18)) requires Secretary to pay States the costs of issuing coupons and collecting charges.

Conference Substitute omits both provisions.

23. *House* (section 10) authorizes such sums as Congress may appropriate for fiscal 1971, 1972, and 1973. *House* (section 8) authorizes Secretary to pay 62½ percent of outreach and grievance hearing costs.

Senate (section 1(19)) limits appropriations to \$2 billion for fiscal 1971 and \$2.5 billion for fiscal 1972. *Senate* would also repeal the existing provision limiting the funds to be used to those specifically appropriated for the Food Stamp Act (so as to exclude use of section 32 funds) *Senate* would permit obligation 15 percent in excess of appropriation.

Conference Substitute authorizes appropriations of \$1.75 billion for fiscal 1971, open end for fiscal 1972 and 1973; authorizes Secretary to pay 62½ percent of outreach and grievance hearing costs.

24. *House* would continue State plans in effect for up to 180 days after bill's enactment or until changed to accord with bill, whichever first occurs.

Conference Substitute omits this provision.

DECEMBER 29, 1970.

Mr. ELLENDER. Now, Mr. President, as I have just indicated, there were 24 points of difference. The main ones were the ones I have just mentioned. There was really a lot of give and take by the conferees on both sides of the table. I am happy that we came to this conclusion because the absence of an agreement would have meant no food stamps after January 15 of next year.

If, perchance, there is need for more funds than that appropriated in the fiscal 1971 appropriation bill for the Department of Agriculture which, as I said, is \$1,420 million, a supplemental can be presented to provide up to \$1,750 million for fiscal year ending June 30, 1971.

If there are any questions I shall be glad to answer them. If not, I understand that my good friend from South Dakota (Mr. McGovern) desires to make a statement and I yield to him for that purpose.

Mr. MCGOVERN. Mr. President, the food stamp conference report that the Senate is now being asked to consider is, in my opinion, a mixed bag of groceries for America's hungry poor, some fresh and some stale, providing some hope on

the one hand, and some discouragement on the other.

I had wished to be able today to stand on the Senate floor and tell the American people that the Congress had fulfilled President Nixon's pledge "to end hunger in America itself for all time." That, however, is not to be the case under the bill reported from the conference.

First, let me say what I find somewhat hopeful in the conference report. The authorization of \$1.75 billion for this fiscal year is a step forward. It is five times as much money as the food stamp program had under the previous authorization and it is half a billion more than the administration requested for this fiscal year. This amount will permit continued expansion of the program. I have every hope that the full \$1.75 billion will be appropriated through supplemental bills in the new Congress.

Second, the conference report provides for a national eligibility standard, replacing present State-by-State standards. While this is not specified as in the Senate bill, I have every expectation that this will be set by the Secretary of Agriculture at the Federal poverty level, as was done with the national school lunch program. This national eligibility level should permit millions more to take part in the program.

Third, the conference bill will permit elderly citizens, for the first time, to use food stamps to purchase already prepared meals. This will be of tremendous benefit to many aged individuals who have neither the energy or desire to shop and cook for themselves.

Fourth, it provides that families with less than \$30 income a month shall receive their stamp allotment free. While this income level is less than half of what the Senate had set, it will be of benefit to about a million persons and it establishes the principle that our very poorest citizens are entitled to adequate nutrition without having to scrape together their last pennies.

These are the fresh groceries. Now for the stale ones, those that decided me to abstain from signing the bill as reported from the conference committee. Those that I sincerely believe represent steps backward from our commitment to feed hungry Americans.

The major piece of stale goods, the issue on which, in good conscience, I simply could not compromise was the so-called "Work Requirement." It has been said that I oppose a work requirement. It would be more accurate to say I oppose this work requirement which reads more like a declaration of serfdom for America's hungry poor. It cuts off food stamps to mothers and children where a father or even an older brother or sister refuses work.

The conference report also follows the House bill in that it makes no provision for suitability of work nor payment of the prevailing wage. Therefore a skilled worker or anyone else temporarily unemployed, a condition that grows more common in this Nation every day, could be made to take any job no matter how dangerous, or distant from his home, at grossly substandard wages.

Certainly the Senate had none of this

in mind when it voted overwhelmingly for S. 2547 nearly a year and a half ago.

In conference, I offered what I believe was a more humane and realistic work requirement as a compromise. It provided for a proportionate decrease in stamp allotment for any family member who refused to accept a suitable job at the prevailing wage. The House conferees rejected this proposal. My only conclusion can be that the House conferees intended not so much a work requirement but an instrument to guarantee cheap agricultural and domestic labor, a view shared by George Meany, president of the AFL-CIO, who said,

It is awful . . . The concept of requiring people to work under the most substandard conditions is a step backwards in America.

The conference report contains other significant steps backward, such as the provision dealing with the stamp allotment that provides only 29¢ per meal or \$106 a month for a family of four. This is nothing more than a continuation of the economy diet plan, an unsatisfactory one which the Department of Agriculture has described as an emergency plan that is not nutritionally adequate. This diet demands that a homemaker be an expert in marketing and food preparation. In short, under this legislation even if we reach the still-hungry poor with food stamps there is no guarantee that they will not be malnourished.

The Senate bill provided for the low-cost diet, or \$134 monthly, an amount defined as "nutritionally adequate" by the Department of Agriculture.

In conference, I offered as a compromise, the formula of 90 percent of the low-cost diet, or, in effect, a splitting of the difference between the Senate and the House to set a level of about \$120 monthly. The House conferees refused. In light of the fact that the value of bonus stamps is the single most important factor in improving program participation this report insures a slowdown in the fight to end hunger.

My third objection to the conference report regards the process of certification. In its early hearings, the Select Committee on Nutrition and Human Needs heard time and again that a major factor in limiting food stamp participation is the complexity of redtape required by Federal regulations and implemented by local administrators. In cities around the country, like New York, Chicago, San Francisco and Seattle, applicants must line up for days at a time before they are approved for stamps. It is essential that we eliminate these obstacles that are keeping food from hungry Americans. The House bill as adopted in this conference report does not.

Finally, the conference committee reported an authorization that in my view is unsatisfactory. The Senate bill specifically provided for \$2 billion this fiscal year and \$2.5 billion in fiscal 1972. The House bill left the authorization open-ended but provided for a program extending into fiscal 1973. It is my feeling that the open ended procedure is unsatisfactory because it would permit the program to be restricted by budgetary demands rather than being authorized

by law to meet the obvious need. The House offered to accept a specific authorization of \$1.75 billion for this fiscal year and provide open ended authority for the next 2 fiscal years. I accepted the \$1.75 figure for this fiscal year but insisted on \$2.5 billion for the coming year and \$3 billion for the 3d year. The House conferees rejected that proposal.

In all, when the conference began there were some 26 differences between the two bills. In the first day of the conference, the Senate conceded on 14 differences, some of them not terribly significant but others of some importance and designed to facilitate participation in the program. Among these were a mandatory nationwide food stamp program, the use of post offices to distribute food stamps in rural areas where banks are not available, and the use of stamps to buy items of hygiene as well as food. Among the remaining 12 items, six were essentially identical between the two bills. That left six including the four I have cited above, as well as a provision for free stamps for the very poor and 10 percent sharing of bonus costs by the States, a provision that would have forced many States to drop out of the food stamp program, and was, I believe, meant to do just that. The House conferees agreed to drop the cost sharing and offered free stamps for families with incomes of less than \$30 a month instead of the Senate level of approximately \$66. I accepted that offer, which was the only real compromise offered by the House conferees.

Indeed, immediately after the conference I contemplated attempting to persuade the Senate to reject the conference report, an action that would certainly be most deserved. But upon careful consideration, I have decided against that course of action because the parliamentary confusion involved and the short time left to this Congress would too greatly jeopardize the continuance of the food stamp program.

It is only the lateness of the hour that will allow the repressive provisions of this report to become law, and one can only angrily contemplate the 15 months that the House Agriculture Committee let the Senate bill languish in its grip and the failure of this administration to use its influence to get a bill out of the House before the last month of this Congress—quite frankly that was a most odd manner to go about "ending hunger in America itself for all time."

Thus, the will of the majority is once again thwarted. But, Mr. President, more is at stake in this struggle than the honor of the Senate and its rightful position in the legislative process. What is at stake is this Nation's human dignity. We cannot preserve that dignity and practice inhumanity toward our children.

During the last several days, I have experienced firsthand the intense frustration that our poor have felt for years when confronted with our inability as a nation to deal with their most immediate suffering—hunger.

Thus, it should come as no surprise that I serve notice today that this fight is not over and that my first priority on

the return of Congress next year will be to amend this legislation in such a way as to bring it into the 20th century.

At this point I ask unanimous consent that the following articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Dec. 22, 1970]

CONFERENCE FAILURES PLAGUE THE HILL

The conference committee was invented to enable the House and Senate to reconcile their differences. It is thus a vital part of the legislative process. Without it, most of the work on Capitol Hill would amount to little more than wheel-spinning. But in order to operate successfully the conference must be a reliable instrument of compromise. If it fails in this, as it has done in several instances in these chaotic last days of the 1970 session, it becomes just another instrument of obstruction.

The most conspicuous conference failure at the moment led to the SST filibuster in the Senate. The House had voted \$290 million to continue work on the SST. The Senate voted to terminate the program. But the Senate's quota of conferees was packed with a majority of SST supporters who quickly agreed with the House conferees on an appropriation of \$210 million for the project. It was not a compromise but a flagrant betrayal of the Senate's decision, which led to a filibuster by the irate foes of the supersonic plane.

In some respects a more flagrant abuse of the conference machinery is the deadlock among the conferees on the food-stamp bills. The House passed an ordinary sort of bill that was more a gesture than a genuine resolution to end hunger in America. The Senate passed a much more comprehensive measure, calling for a \$2-billion antihunger fund this year and \$2.5 next. It would make the funds available without cost-sharing because of the fiscal crises in many states and cities; the House would require \$200 million in matching funds which the states probably could not raise. The Senate prescribed numerous reforms to eliminate red tape in administration of the program, reflecting a passion for results which the House did not share. With the two bills thus far apart, the House conferees insisted on scuttling the Senate bill as the price of any legislation at all. The conference broke up in disagreement, and although the respective chairmen have now agreed to meet again the outlook for an acceptable compromise is grim. A vast amount of work on one of the country's most urgent domestic problems may thus go down the drain because conferees failed to meet their obligations.

Frayed nerves at the end of the session may account for some of this arbitrariness, but a more basic weakness is also in evidence. Only the senior members of the legislative committees, who have attained their powerful positions on the basis of seniority, are selected to be conferees. These men may be grossly unrepresentative of the bodies for which they speak. In effect, therefore, seniority and the conservation that often goes along with long tenure in one-party districts tend to become a serious drag on a supposedly democratic legislature.

We can only hope that frustrated legislators as well as the disillusioned public will see the need for sweeping congressional reforms when the new session meets.

A CHRISTMAS STORY

Mr. McGOVERN. Mr. President, in the New York Times of December 22, 1970, Tom Wicker has written a sad Christmas story. It is the story of the attempt by the Senate and its Select Committee on Nutrition and Hu-

man Needs, of which I have the honor to be chairman, to help the Nixon administration to meet its commitment to end hunger in America.

At the time he wrote his column, Mr. Wicker felt compelled to conclude:

"Thus ends, it appears, this tale of putting an end to hunger in America for all time."

But this story will not have such an ending. There are those who are pledged to write a happy ending. We will do our best this year to help the administration meet its own commitment. But this year will not be the end of the story.

Next year, I hope that Mr. Wicker will be able to write a new and more positive chapter.

Mr. President, I ask unanimous consent that the article "A Christmas Story" be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD.

A CHRISTMAS STORY

(By Tom Wicker)

WASHINGTON, December 21.—Once upon a time a wave of public indignation arose when persons as different as Robert Kennedy and Senator Ernest Hollings of South Carolina discovered that in prosperous America there were millions of hungry people, many of them helpless children.

So great appeared the public interest that the Senate established a Select Committee on Nutrition; at its hearings in 1969 a Public Health Service survey showed that malnutrition in America was as widespread and serious as in the underdeveloped countries, resulting in physical and mental damage to untold numbers of children, and thus imposing a tax on society far into the future.

These and other events produced a Presidential message to Congress in May 1969 in which Mr. Nixon said that "something very like the honor of American democracy" was at stake in the effort he demanded "to put an end to hunger in America itself for all time." The White House Conference on Food and Nutrition, later arranged by Mr. Nixon, specifically endorsed a measure called the McGovern-Javits bill to expand and reform the food stamp program.

Mr. Nixon had made his own food stamp proposals, but the bill went well beyond them, calling for a nationwide program (about a third of the nation's counties have no food stamp program), simplified procedures for receiving stamps, an increase from \$106 to \$134 a month in stamp allotments for a family of four (which still would provide only the so-called "low cost" food budget), and a funding level that would rise to \$2.5 billion in fiscal 1972.

This measure passed the Senate by 56 to 39 in September of 1969. The Administration indicated that it could accept it, even though it had preferred a more modest effort to end hunger in America for all time. But when the scene shifted to the House, there was no carefully prepared study by a special committee; instead, the matter went to the dark, medieval chambers of the House Agriculture Committee, where it languished like an undernourished child.

The attitude of Chairman W. R. Poage of Texas has been well-expressed by Mr. Poage himself. "You know what happens in the beehive," he said. "They kill those drones. This is what happens in most primitive societies. Maybe we've just gotten too far away from the situation of primitive man."

Unmoved by ample evidence of widespread hunger in America, Mr. Poage ultimately produced a bill that wrote into the food stamp program a requirement that recipients had to work if they were able, and that cut off food stamps from an entire family if any one member refused to work. It also required states to pick up 10 per cent of the cost of the stamps, a proposal patently designed to

keep hard-pressed states from expanding or even having a program since the cost-sharing could run into millions. Nor was there in the Poage bill any specific fund authorization, which left the program precariously dependent on the annual mercy of the Budget Bureau and the appropriations committees.

But last week in the House, Mr. Poage was able to produce a letter from Agriculture Secretary Hardin giving Nixon Administration endorsement of the Poage bill against a bipartisan substitute much nearer the Senate version. Even so, the Poage bill passed by only 119 to 116 in an unrecorded vote, which a number of members apparently missed because they were attending Christmas and farewell parties.

The Administration is reported to have hoped the Poage bill would force Senate conferees to scale down the McGovern-Javits bill. This reckoned without W. R. Poage and the House conferees, all of whom would have been right at home in Dickensian London. Instead of a reasonable compromise to put an end to hunger in America for all time, the House group is demanding that the Senate take the Poage bill or nothing.

Senator George McGovern and the other Senate conferees say they already have made fourteen specific concessions (eliminating free stamps for the very poor, for instance, as well as a provision that would have made it possible to buy soap and other hygiene articles with the stamps). They have further offered to accept a less drastic form of work requirement and split the difference between \$106 and \$134, if the House conferees would accept the simplified procedures for receiving food stamps and drop the state cost-sharing proposal. But Mr. Poage and the others have adamantly refused compromise, on the strength of their 119-to-116 mandate and their beehive mentality.

Rather than accept the regressive Poage bill, Mr. McGovern now plans to return to the Senate and ask that the present inadequate food stamp program be continued unchanged. Thus ends, it appears, this tale of putting an end to hunger in America for all time.

[From the Washington Post,
Dec. 23, 1970]

CONFEREES AGREE ON FOOD BILL

(By Nick Kotz)

House-Senate conferees yesterday approved a food stamp bill backed by the Nixon administration but opposed by influential food aid reformers.

Sen. George McGovern (D-S.D.) and Rep. Thomas Foley (D-Wash) said they would oppose the conference report and urge the Senate and House to demand legislation with higher food-stamp benefits and without a stringent "work requirement."

All the conferees except McGovern agreed to the conference report after House Agriculture Committee Chairman W. R. Poage (D-Tex.) made three concessions from the House-passed bill.

He agreed to eliminate the requirement that states share program costs, agreed that families with less than \$30 monthly income should get free food stamps, and agreed to an authorization of \$1.75 billion for fiscal 1971.

As reported by the conference, the bill closely resembles the original Nixon administration proposal, except that it contains a stricter work requirement.

However, the conference report provides substantially fewer food aid benefits than the Senate-passed McGovern-Javits bill and the Quie-Foley bill which was narrowly defeated in the House.

The food stamp reform bill approved by the conference committee contains several liberalizing reforms.

These are: free stamps for poorest, a national eligibility standard to replace a patch-

work quilt of varying state standards, simultaneous operation of food stamp and commodity programs and the use of food stamps for "meals on wheels" feeding of the elderly.

The conference report, however, contains a new restrictive feature requiring all members of a family between ages 18 to 65, except mothers and students, to accept virtually any work offered at a minimum salary of \$1.30 per hour.

The conference report continues food stamp benefits at the present level of \$106 monthly for a family of four. The Senate-passed bill proposed raising this so-called "economy or emergency diet" to \$134 monthly to provide a nutritionally adequate, "low-cost food plan."

In a letter to his Senate colleagues, McGovern branded the conference report as unacceptable and asked for support to modify the work requirement, raise stamp benefits to \$120 monthly, provide simplified self-certification for all food stamp applicants, and provide a \$2.5 billion authorization for 1972 and \$3 billion for fiscal 1973.

If these changes are not made, McGovern said Congress should simply extend the present law for six months.

McGovern stressed that these last-stand positions and other changes he earlier accepted in conference all represent compromises from the bill passed by the Senate in September, 1969.

McGovern objected to the work requirement because it cuts off aid to an entire family if one member won't accept an offered job, makes no provision for suitability of work, and doesn't provide for payment of the prevailing wage.

"I find denying children food because some adult in the family is found unwilling to work to be such an obnoxious provision that it renders the rest of the bill unworkable," McGovern said.

In turning down McGovern's suggestion that only the unwilling worker be denied food stamp aid, Poage said: "We couldn't buy the idea that poppa would sit at the breakfast table and not eat that egg that was bought with the kids' stamps."

Rep. Foley and Sen. Ernest F. Hollings (D-S.C.) joined McGovern in criticizing the level of food aid, inadequate program authorization and failure to provide simple certification to break a "red tape" bottleneck that they said sometimes blocks families from receiving benefits for months.

"I'm very disappointed," Foley said, "that the conference did not report a bill that adequately meets the needs of the hungry and malnourished. It will not redeem the President's pledge that we should end hunger in America. It is a compromise brought about by a conference committee which for the most part is insensitive to the problems of hunger."

Said Hollings: "I'm just sick about it. I stand with Sen. McGovern and I'm sorry the other Senate conferees capitulated. It is not a realistic food stamp program. It continues all the inequities. It does not provide adequately and it contains an unrealistic work requirement which will further hamper feeding the hungry, who predominantly are children, the aged, and the infirm."

Rep. Albert Quie (R-Minn.), co-sponsor with Foley of a more liberal House bill, said he is disappointed in the bill, but will support it as the best that can be obtained from the House.

[From the New York Times, Dec. 23, 1970]

FOOD STAMP COMPROMISE IS APPROVED BY CONFEREES—BILL HAS "MUST-WORK" PROVISION BUT FREES STATES FROM SHARING PROGRAM'S COST—MCGOVERN THREATENS FILIBUSTER

(By Marjorie Hunter)

WASHINGTON, December 22.—House and Senate negotiators agreed today on a food

stamp bill that retains a stringent "must-work" provision but frees the states from sharing the cost of the program.

The compromise, hammered out after days of intensive bargaining, would also permit issuance of free stamps to the neediest.

The agreement was expected to win quick approval in the House but could be blocked by a threatened filibuster in the Senate by the sole dissenting conferee, Senator George S. McGovern, Democrat of South Dakota.

Senator McGovern said today that he would seek to have the Senate reject the agreement and send the bill back to conference. Otherwise, he said, he will launch a filibuster when the matter reaches the Senate floor after the Christmas recess.

Senator McGovern, the Senate's principal advocate of a liberalized stamp program, protested several features of the compromise, including the "must-work" requirement, the level of authorized funding and the ceiling on the amount of stamps issued to recipients.

The compromise was reached in mid-afternoon in a small Capitol conference room as labor representatives and other lobbyists for the poor gathered outside under a handsome crystal chandelier.

There was give and take on both sides as the conferees reconciled broad differences between the liberal Senate bill and the more restrictive House measure.

Under the program, due to expire Dec. 31, about 9 million poor Americans receive food at discount prices. The poor pay varying amounts, depending on their income, for stamps bearing a higher face value when redeemed at grocery counters.

The compromise—far closer to the House position than to the Senate's—closely reflects requests by the Nixon Administration.

The compromise would do the following: Require all able-bodied adults—except mothers with dependent children—to register for work and accept jobs to obtain food stamps for their families. There is no such provision in the present law.

Set a ceiling of \$106 monthly on the face value of stamps issued to a family of four. The Senate had sought a ceiling of \$134 monthly. The Secretary of Agriculture would be authorized to increase the ceiling to reflect rising food costs.

Delete a House-passed provision under which the states would have been required to share up to 10 per cent of the cost of the subsidies now wholly financed by the Federal Government.

Authorizes appropriations of \$1.75-billion for the fiscal year ending next June 30, with open-ended authorizations for the following two years. The Senate version had called for \$2 billion this fiscal year and \$2.5 billion the following.

Permit issuance of free stamps to the neediest—such as a family of four with less than \$30 monthly income. The Senate version had set the income ceiling at \$60; the House version had not provided any free stamps.

Permit welfare clients to certify need on their own, with spot-checking to detect fraud, but requiring other stamp applicants to be certified under regulations set down by the Secretary of Agriculture.

FEAR FOR CHILDREN VOICED

The Senate conferees also receded on a number of points, including provisions authorizing the Secretary of Agriculture to set up stamp programs, even over the objections of states or localities, and the issuance of food stamps through post offices.

In asking the Senate to reject the compromise, Senator McGovern argued that "must-work" provision would deny food to children because their parents refused to work.

He also protested the \$106 monthly stamp ceiling, saying that this "economy diet," providing 29 cents a meal a person, has been

described by the Agriculture Department as "an emergency diet."

Rather than accept the compromise, Senator McGovern said that he would prefer a simple extension of the present law. In that way, he said, Congress could try again next year to enact "a meaningful stamp program."

[From the Washington Post, Dec. 24, 1970]

BOOKS: STILL HUNGRY, STILL POLITICS

(Reviewed by Nick Kotz)

The Case Against Hunger: A Demand for a National Policy. By Senator Ernest F. Hollings (Cowles, 276 pp., \$6.95).

(The reviewer is author of *Let Them Eat Promises: The Politics of Hunger in America* and is a member of the national staff of the Washington Post.)

While 200 House members sipped cocktails or otherwise absented themselves last week, the House, following the lead of its Agriculture Committee, narrowly voted down generous food stamp aid for America's hungry poor. Why?

Two days later, the senior members of the House Agriculture Committee refused to give even a morsel to their Senate counterparts who favored more food for the hungry. Why? Why is the most affluent nation in history unwilling to feed helpless, hungry children?

Some penetrating and disturbing answers to these questions are provided in a remarkable new book by Sen. Ernest F. "Fritz" Hollings (D-S.C.).

"The politics of hunger undergirds our national farm program," writes Sen. Hollings. "The main thrust [of food aid programs] has always been to sustain the farmer, not to feed the hungry."

The title of Sen. Hollings' book is *The Case Against Hunger* but it just as well could be the case against the farm lobby, against Congress, and against all of us for tolerating so much human suffering in a land of such abundance.

The Senator sympathizes with the economic plight of the small farmer, but he describes in devastating detail the political and economic motives governing the Agriculture Committees of Congress, which control the food aid programs.

"The farmer saw the food stamp program as a threat to his security," Hollings writes. "He saw it as government meddling with his farm laborers. Slavery is gone but the system persists, for the laborer-tenant is completely dependent on the farmer . . . The breaking point, as the farmer sees it, is the cost of labor . . . Start distributing food to the tenants and you have played hell with the system. Economic ties of the tenant to the farmer, already threadbare, will be severed."

Thus, Hollings explains, the rationale behind the thinking of House Agriculture Committee Chairman W. R. Poage (D-Tex.)—"a 1970 Scrooge [who] observed at a congressional hearing that bees got rid of their drones and maybe it wasn't such a bad idea for the human race." Thus, Poage's committee this week insisted on a "work requirement" designed to reinforce serfdom for the rural black, brown, and white poor. In a recent year in Poage's home county, 89 farmers received \$798,000 not to plant food while several thousand desperately poor received \$108,000 in food aid.

The list of Senate-House conferees who are now being permitted to control the fate of the hungry poor reads like the first team of big American agriculture. In addition to Poage, these men are Reps. Thomas Abernethy (D-Miss.), Watkins Abbott (D-Va.), John McMillan (D-S.C.), William Wampler (R-Va.), Page Belcher (R-Okla.), and Charles Teague (R-Calif.); in the Senate they are Allen Ellender (D-La.), Spessard Holland (D-Fla.), Herman Talmadge (D-Ga.), Carl Curtis (D-Neb.), Jack Miller (R-Iowa), George Aiken (D-Vt.), and George McGovern

(D-S.D.). Only McGovern has backed generous aid to the hungry. The question today is whether Congress and the country will permit this unrepresentative group—which has White House backing—to prevail. And again, the Hollings book is pertinent.

Describing himself as a "victim of the hunger myopia," Hollings tells how, as a governor and senator, he blandly accepted all the myths about the poor (they won't work, etc.), how he refused to see hunger, lied about it in the name of industrial progress, and put the issue aside when it threatened his political career. And then came the bitterly cold morning when Hollings says "my myopia lifted and I saw 'hunger face to face . . . when I began to feel what it is to live without hope.'"

He writes of an abandoned Army camp: "The water spigots left open to drip were frozen. I will never forget the four children and the crippled man who were piled in a bunch of old mattresses and trash. No heat, no electricity. No one would believe it unless he saw it."

Hollings questions how we can learn to understand things most of us never see. Hollings learned by experiencing, yet Herbert Klein, director of communications for the Nixon administration, called his education process "a televised circus." And Vice President Agnew told a South Carolina audience: "It's time for every sensation-seeking, TV-worshipping politician to stop running around the country plucking the emotional heartstrings of a compassionate people and get to work representing the people electing him."

Commenting on these remarks in a letter to Hollings, Agnew wrote: "I cannot deny that the intense publicity given your recent visits to impoverished areas in South Carolina qualifies you for inclusion in this quotation. I guess all of us fall victim to the desire to be re-elected. However, my remarks are not personal. . . . Please do not become too highly sensitized to political criticism. The Republicans would like to have another senator from South Carolina and this has no bearing on you as an individual."

For the record, Hollings has just been elected to another six-year term. But the point is: How do Richard Nixon, Spiro Agnew, all of us, become sensitive to other matters besides political criticism and the events of our own narrow worlds?

Hollings suggests that President Nixon might look at hunger in his birthplace, Whittier, Calif., near his winter vacation home at Key Biscayne, and 20 blocks from the White House. The rest of us might follow that example. Or will the hungry have to wait for a new generation to do something about hunger? The questions are unanswered, either in Hollings' book or out of it, as we approach Christmas, 1970.

[From the Washington Post, Dec. 24, 1970]

CONGRESS ON CHRISTMAS EVE

We take our Christmas Eve's day text from Congressman Poage, protector of the public till against the possible subterfuges of the hungry, and a man whose holiday season remarks make Scrooge look like St. Vincent de Paul. The question under consideration was whether, having appended a work requirement to the legislation authorizing distribution of food stamps to the poor, Congressman Poage would be content merely to see those food stamps denied to an adult who failed to take any employment offered—as distinct from denying food stamps to his children also. The answer was that Congressman Poage would not be, but rather insisted that it was worth denying the children food for the sake of preventing the offending parent from possibly eating any of it. Thus:

"We couldn't buy the idea that poppa would sit at the breakfast table and not eat

that egg that was bought with the kids' stamps."

So much for a keen sense of the value of things: now there is no chance that "poppa" will deny a child his meal—the government will see to it that he has no meal in the first place.

The foregoing developed in relation to the conference report on the food-stamp program just before the legislators took off for a few days to celebrate Christmas. Elsewhere on the Hill other legislators had managed in the pre-Christmas rush more or less to do in the Family Assistance Program—or at least to make it next to impossible to pass that legislation in this Congress. We have not costed out exactly how Scrooge's employee, Bob Cratchit (at fifteen shillings a week, surely, a member of the "working poor") would make out under the Family Assistance Plan in its most recent Senate incarnation. However, we do know that under the present welfare laws the Congress has not seen fit to replace, poor old Cratchit wouldn't qualify at all. Medical aid for Tiny Tim, perhaps, but Cratchit would have to abandon his whole brood of them to qualify for federally aided assistance and—depending on various circumstances not described by Dickens—the government could also tax the salary of his working daughter (Martha) by reducing the AFDC benefit to the (deliberately fatherless) Cratchit family.

That is at least an approximate description of the kind of welfare statutes that have yet to be replaced. We believe that should the administration's welfare reform plan die in Congress, there will be more than enough blame to go around—between the branches of government and between the political parties. But for now we think it is worth noting that this debacle regarding both the food-stamp program and welfare reform would likely not have come about had the legislation in each case not got caught in the pressure politics of session's end. And they would not—in turn—have been caught there if there hadn't been so much leisurely dawdling and so little sense of pressure earlier on in the year. For the next legislative session we are ourselves considering introducing a bill that would provide a work requirement for Congress.

[From the Washington Post, Dec. 24, 1970]

FOOD STAMP BILL FACES A FIGHT ON WORK RULE

(By Nick Kotz)

Organized labor and civil rights groups said yesterday they would oppose a controversial "work requirement" attached to food stamp legislation, while the Nixon administration said it is studying its position on the issue.

The "work requirement" approved by a House-Senate conference committee will be challenged next week when Congress considers the conference report on food stamp aid for the poor.

Secretary of Agriculture Clifford Hardin said the administration favors the conference committee bill, but declined to say what position he would take on an effort to change the work requirement. He pointed out the administration had favored a less stringent requirement, and said he would now study the issue anew.

One administration source said he thought it was too late in the session to attempt modifying the conference report, while another source said the administration still favors a less stringent work requirement.

The work provision, initiated by the House Agriculture Committee, requires all members of a family between ages 18 and 65 except mothers and students to accept virtually any work offered at a minimum salary of \$1.30 per hour. The requirement makes no provision for suitability of work or for payment of the prevailing wage. If one family member

refuses to accept offered work, the entire family loses food stamp benefits.

Asked whether he favors cutting off food stamp benefits to children because an adult won't work, Hardin told a press conference: "... Of course, I don't. But you have to have responsibility in these programs and it may be necessary in some instances that there be such a requirement."

The Nixon administration originally favored a work provision identical to the one in its proposed Family Assistance program. In this provision, an entire family would not lose food or welfare benefits, but only the unwilling worker.

George Meany, president of the AFL-CIO, said of the work requirement contained in the conference report:

"We think it is awful and we are going to do everything we can to change it. The concept of requiring people to work under the most substandard conditions is a step backward in America and we are going to fight."

Clarence Mitchell, director of the Washington bureau of the NAACP, said: "There isn't any question that this work requirement is aimed at cheap farm labor. It's the old story of the people who come from these agricultural areas having more respect for animals than they do for people. They would never deprive beef cattle of food, but they will deprive children, invalids, and old people. It is unconscionable."

John Largamolino, deputy director and legislative director of Common Cause, said his organization strongly opposes the conference committee work requirement.

"This requirement penalizes children for the possible failure of a parent," said Largamolino. "It's a tragedy a bill like this can be distorted to penalize children rather than to help them."

Patrick E. Gorman, secretary-treasurer of the Amalgamated Meat Cutters and Butcher Workmen (AFL-CIO), said: "The conferees gave a Scrooge-like Christmas present to the hungry poor. Instead of fighting hunger, their action would make it more difficult for the needy to participate in the food stamp program. It is a question whether the conference report is a food stamp bill or a measure to provide cheap and exploited labor."

The bill approved by House-Senate conferees maintains present food stamp benefits, but for the first time provides national eligibility standards and free stamps for families with less than \$30 monthly income.

The program is designed to supplement a family's food-buying power. For example, a four-member family with \$200 monthly income pays \$60 monthly to receive \$106 worth of stamps to use at groceries. The Senate-passed, McGovern-Javits bill provides \$134 monthly benefits.

Hardin stressed at a year-end press conference that long strides have been made toward fulfilling President Nixon's pledge to end hunger in America.

"Never in the history of mankind," said Hardin, "has any nation made as massive an attack on malnutrition as this administration in its first two years." He cited an increase in food stamp beneficiaries from 2 million to 8 million and in children receiving free school lunches from 3 million to 6 million.

[From the New York Times, Dec. 24, 1970]

THE LIVELY DUCK

The unusual post-election session of Congress was expected to be a lame duck, but it has proved much more lively than lame. The productivity of both houses has been obscured by the spectacular impasse which the Senate Finance Committee created when it merged several unrelated bills into one huge unmanageable package.

In the last month, Congress has enacted or reached virtually final action on nearly a dozen significant measures. The Housing bill

is considerably more ambitious than the Nixon Administration desired this year and its new provisions for the financing of new towns may have considerable impact on this nation's future urban growth.

The Occupational Health and Safety Bill is an unexpected triumph for the House-Senate conference committee system which has been the subject of much justifiable criticism of late. Only the sunniest optimists really expected a bill to pass this year. But after several arduous sessions with Administration, trade union and industry lobbyists hovering about, the conferees reached compromises on several bitterly contested issues. For the first time, workers can now look forward to effective federally enforced safety and health standards where they work.

The manpower bill which President Nixon unwisely vetoed is another significant accomplishment. As almost any Mayor could tell the President, there is no alternative to federally financed public service jobs to meet the double crunch of rising unemployment and unbalanced municipal budgets. It is difficult to reconcile Mr. Nixon's veto attack on dead-end WPA-type jobs with his solicitude for the survival of financially shaky aerospace companies. Apparently, one man's Lockheed is another man's leaf-raking.

The House and Senate also reached agreement last week on the Air Pollution Bill with its stringent requirement of a pollution-free automobile by 1975 and its tough standards for new power plants and manufacturing plants.

Until recently, Congress's recent approval of a sizable Federal program to assist family planning would have been regarded as a breathtaking accomplishment. It is highly significant that population control has now ceased to be politically controversial. Congress in the last several days has also completed action on bills to insure the brokerage accounts of small investors, extend aid to the bankrupt Penn Central Railroad, improve the law-enforcement assistance provisions of the Crime Control Act of 1968, and amend the food stamp plan.

Only the food stamp bill remains in doubt. Representative Poage, Texas Democrat, and his conservative colleagues on the House Agriculture Committee finally made some substantial concessions on their atrocious bill, although it remains inferior to the compassionate, constructive bill put through the Senate by Senator McGovern. Forty years after the Great Depression began, the most durable illusion in Congress is that poverty is due to an individual's moral failings. No amount of government coercion or food stamp blackmail can make men work who either cannot or will not work.

Yet if this lame-duck session has stepped lively and accomplished more than might have been predicted six weeks ago, the failure of the Senate to overcome the irresponsibility of its Finance Committee casts a dark shadow over the session and, indeed, over the good repute of representative government in this country. Whatever the fate next week of the welfare reform or the import quota bill, the Senate leadership in the new Congress has to look squarely at this problem and seek effective answers, whether they be revised procedures in the Senate or new members on the Finance Committee or both.

[From the Washington Post, Dec. 24, 1970]

REVISED FOOD STAMP PLAN IS ACCEPTED BY HARDIN

Agriculture Secretary Clifford M. Hardin says he favors the food stamp plan accepted Tuesday by a House-Senate conference, although the work requirement for recipients differs from his original recommendation.

Hardin told a news conference yesterday he originally supported a work requirement more in line with provisions spelled out in the Nixon administration's Family Assistance Program.

The conferees' food stamp plan includes a provision to cut off a family if a qualified adult member refuses to accept an available job at minimum wages.

The Family Assistance Program, now considered dead this session of Congress, is less restrictive. It would bar aid only to the individual in a family who refused work.

Sen. George McGovern, D-S.D., has sharply criticized the food stamp conference report and says he will seek changes, including a modification of the work requirement.

Hardin refused to say whether he would oppose or support a Senate move to change the bill produced by the conference.

At first he would not comment on the food stamp compromise, but later he said, "We're hoping that the bill will be passed."

[From the New York Times, Dec. 24, 1970]

A PLAGUE ON BOTH, ETC.

(By Tom Wicker)

WASHINGTON, December 23.— "When I was a Congressman I never realized how important Congress was," President Kennedy told the Economic Club of New York in 1962, "but now I do." As he gazes with the rest of us on the bald failure of Congress to get its work done, President Nixon must feel much the same; for if Congress is impotent, what of the nation itself?

In the brief Christmas recess, we are at least being spared for a while the dreary sight of so much ineptitude, indifference, frustration, selfish interest and lack of order in the name of order. But this momentary relief will not stop many an American from saying, with real feeling, "A plague on both your houses!"

There is little else to be said of a Congressional performance that includes but unfortunately is not limited to—

The sloth, delay and partisan infighting that left so complex and important a matter as welfare reform to be settled—but in fact frustrated—in the final week of a Congress that has been considering the matter for a year and a half.

The kind of personal autocracy that allowed Chairman Long of the Finance Committee to construct at his leisure a legislative monstrosity that lumps together welfare reform, Social Security benefits, trade legislation and medical insurance.

The supine showing of Senate conferees who allowed House conferees with weaker mandates but stronger spines virtually to reverse Senate decisions on the SST and food stamps.

Prevention by the Rules Committee of the House's right to vote on important consumer legislation and on strengthening laws against racial discrimination in employment.

There may be those who think that, at the least, what they consider bad measures—import quotas, SST development funds, welfare reform—are not being passed. But even if their judgment of these items is accepted, the tie-up of the Senate (which incapacitates the House, too) still cannot be defended.

Perhaps never before has unlimited debate been seen more nakedly for what it has become in the Senate—a device to prevent action on anything against which a minority of one-third plus one can be rounded up. And that is made no more defensible when the frustrated action is seen as undesirable.

Actually, there is a strong rationale for a certain kind of unlimited debate in a deliberative body that represents the major subdivisions of a continental democracy. It affords some protection, on great sectional and constitutional issues, against narrow or vindictive majorities, and it is occasionally useful in slowing or halting precipitate action until sober second thoughts can prevail.

In recent years, on major civil rights questions, it also was shown that a filibuster could not long be sustained against an

aroused public opinion; given that imperative, unlimited debate might therefore be accepted as useful, not pernicious, in rare cases of grave national importance. But that is an intellectual concept that requires the tacit agreement and political restraint of those to whom the filibuster is available.

That concept has been so severely abused in the Senate as to mock the pretensions of those who argue the case. Filibusters are staged on almost any subject, on almost any occasion and without a shred of justification except the views and interests of those who prevent action. This year, a filibuster was mounted against a constitutional amendment to change the Electoral College—a parliamentary absurdity, since the amending process is itself the lengthiest, most difficult and most safeguarded of all American political procedures.

When Congress slunk off the public scene for Christmas, a filibuster was going against the SST conference report and against welfare reform. Another was threatened against trade legislation. Still another may be mounted against the food stamp conference report.

An ultimate of sorts may be reached next week if a \$1.5-billion authorization to speed school integration is filibustered by liberals who think it soft on the South and by Southerners who consider it soft on the North—a strange sectional issue, indeed.

In every case, the filibusterers may have worthwhile causes, and the criticism is not so much of them as it is of a Congressional system—in which unlimited debate is only one part—designed primarily to prevent action rather than to take action. If Congress wonders why it has lost so much power to the executive, there is a major reason. And in a nation already racked with mistrust of its Government, the Congressional mess itself may be more important than the fate of any or all the bills caught in it.

[From the Baltimore Sun, Dec. 26, 1970]

FOOD STAMPS

The food stamp program has been a lifesaver for millions of Americans, probably literally in many cases. Federal subsidies provide food at much below normal retail cost for poor families under the program. But the program expires at the end of the year, and Senate-House differences imperil renewal of the program.

The bill which conferees agreed on just before the Christmas recess has several objectionable features, particularly one shutting off food stamps to a whole family if any member turns down a job. There is no such federal penalty in existing law, and there should not be one. The conference version also sets an unrealistically low limit on per family allotments, and authorizes less money for the program than is needed.

These are important sections of the bill, and it might be a good idea to take temporary steps to extend the life of the existing law, and then work out a new permanent program in the next Congress—if a new compromise can't be quickly worked out between the House version, which the conference bill resembles, and the more generous Senate version.

A better compromise is definitely called for, as the history of this legislation so far shows. The Senate voted for the more liberal provisions in its version by handsome margins. The House turned down similar liberal proposals by very close votes. A true compromise between House and Senate would much more closely follow the Senate bill. Though time is short, perhaps an adamant Senate can force a new conference and a better bill.

[From the New York Times, Dec. 27, 1970]

FRESH SKIRMISHES IN THE POLITICS OF HUNGER

It started with Mary Addison. The series of field trips that has taken the Senate Select

Committee on Nutrition and Human Needs all over the country began almost two years ago with a visit to migrant labor camps in Collier County, Fla. Mrs. Addison, a deeply-wrinkled black woman of 65, had spent her life as a stoop laborer helping to harvest crops.

"What do you have to eat?" Senator George McGovern, chairman of the committee, inquired.

"Peas and beans," she answered, "and sometimes a piece of fatback."

Then there was Dolores Robinson, living at 203 Bates Street, almost in the shadow of the Capitol in Washington, D.C. She and her 11 children lived on welfare. Enrolled for a time in a food stamp program, she had received \$148 worth of stamps redeemable for groceries at stores for \$96 in cash. She sometimes could not raise the \$96.

These are the people whom members of the select committee came to know. They heard testimony from nutrition experts on the existence of hunger in a land fat with agricultural surpluses and on the impact malnutrition can have on human lives, stunting the body, causing diseases such as rickets and goiter, dulling the mind.

"I wouldn't have believed these things existed in America," commented one of the hunger investigators, "if I hadn't seen them with my own eyes."

The public outcry that resulted from these revelations caused food bills to be introduced in both the House and the Senate. President Nixon, in a special message, declared that "the moment is at hand to put an end to hunger in America itself for all time."

As a result of Administration efforts and Congressional and public pressures, twice as many needy Americans are being helped by food programs today as a year ago. When the President sent his message to Congress in 1969, only 6.9 million of an estimated 25 million hungry Americans were receiving some form of food assistance, either through the commodity program (the free distribution of surplus foods) or the food stamp program (which permits the needy to buy stamps redeemable at bonus amounts at grocery stores). Today, 11.7 million Americans are being aided and efforts to expand the food stamp program have come in both the House and Senate. The present food stamp program expires at the end of this year.

The Senate passed a liberalized food stamp program some months ago, but the House delayed action and finally passed a much more restrictive bill, 119-to-116.

It was the view of Congressman W. R. Poage of Texas, chairman of the House Agriculture Committee, which prevailed—that the states ought to be made to assume some of the cost of the food stamp program, that the level of spending ought to be held down and that everyone who could work, at whatever job, ought to be made to work. "What this program needs," said one of his colleagues, Congressman Thomas G. Abernethy of Mississippi, "is a little sand."

For the past week, under pressure of adjournment, with the expiration of the present program imminent, a House-Senate conference committee tried to iron out the differences between the liberal Senate bill and the restrictive House version.

CONFEREES' VERSION

The version that emerged from the conference committee last week authorizes spending at a \$1.75-million level (some \$500-million more than the House or Nixon Administration wanted) and provides for free food stamp to the poorest of Americans (those in families of four with annual incomes of only \$360). It calls for the setting of national eligibility standards, provides for the simultaneous use of both the food stamp and commodity programs by localities and allows the elderly to use food stamps to purchase prepared meals.

It also, however, contains a little sand.

The requirement for state matching funds was dropped (at the insistence of Senator McGovern, who felt that to impose new costs on states would be to sabotage the whole program), but the stringent work requirement was retained. Those able to work are required to take any available job, even at less than prevailing wage scales, or all members of a family will be dropped from the food stamp program.

George Meany of the A.F.L.-C.I.O. has termed this provision "awful." He and other labor leaders see it as an attempt to exploit cheap farm labor, especially in the South.

Where the Senate bill would have provided assistance to a family of four of up to \$134 monthly (which translates into 42 cents a meal) the House version and the conference committee version provides for only the current level of assistance of up to \$106 monthly (which translates into 29 cents a meal). Nutrition experts consider this amount enough to purchase only an "emergency" diet.

Senator McGovern refused to sign the conference report. Some members of the House, favoring a more liberalized food program, hope to bring up the issue on Tuesday when Congress reconvenes following its Christmas recess.

—JOHN A. HAMILTON.

[From the Washington Star, Dec. 28, 1970]
A STONE FOR THE HUNGRY

Perchance enough of the Yuletide mellow-ness will prevail until tomorrow to prevent House approval of the stonehard food stamp bill which has come out of a conference committee. Perhaps the gastronomic excesses of the season will remind congressmen that there is still hunger beneath the opulence—that millions of Americans considered themselves lucky if they had hamburger for Christmas. We hope this knowledge will inspire the House to override the conference offering and recast the bill in the more beneficent pattern shaped by the Senate.

If it doesn't, the best course would be simply to continue the food stamp program as it is presently constituted, on a temporary basis, and leave the task of improvement to the 92nd Congress. The program is scheduled to expire at year's end, and its life must not be snuffed by a House-Senate deadlock. The time margin for engineering its survival is much too close for comfort, and the blame lies squarely with the House—both its conservative and liberal wings. But at least there seems to be agreement on minimum financing (a higher authorization of \$1.75 billion), and a simple extension of the existing setup with that funding would be a conscionable emergency solution.

Something better may still be possible, however. House liberals and moderates are expected to make a final attempt, tomorrow, to weed out the miserly provisions embedded in the bill by Representative Poage, chairman of the House Agriculture Committee, and a majority of that panel. Certainly the liberals owe a strenuous effort at redemption; many were absent from the floor, attending festive events, when the Poage proposition passed by a three-vote margin on December 16. Possibly it can be overturned if enough congressmen find their way to the House chamber tomorrow.

The intolerable part of the House measure, and the conference proposal, is the "work requirement" which Poage has defended against all challengers, including the Nixon administration. Under it, a whole family could be cut off from food stamps if a member declined to accept offered employment in about any kind of labor, regardless of how paltry the wages. There is even an interstate provision which might oblige an unemployed technician to pick cotton in a neighboring state without any minimum wage protection. It is a cruel stricture that could cause many children to pay, in hunger, for the unwilling-

ness of a parent, or even a brother or sister, to accept a certain type of work. And it would lead to more abandonment of families by fathers.

The number of Americans depending on food stamps has almost tripled in little more than a year and is up to about 9 million. It is unthinkable that Congress would turn to repression in this program in a time of rising unemployment, and in view of an estimate that at least 15 million should be receiving food stamps.

[From the New York Times, Dec. 29, 1970]

HUNGER IN THE HOUSE

To say that there is hunger in America, as medical experts have said following extensive surveys in poverty areas, is to extend a fundamental challenge to the world's most prosperous people to eradicate it. To say further, as the experts have said, that this hunger has sometimes led to the stunting of physical growth, to diseases such as rickets and goiter and, in especially severe cases, to irreversible brain damage is to require hunger's eradication.

President Nixon has personally vowed "to put an end to hunger in America itself for all time." The Senate has also accepted the challenge by enacting an enlightened food stamp program that stretches the food dollars of the very poor to allow them to purchase at least an "economy" level diet. The Senate's bill provided for assistance of up to \$134 a month for a family of four, or 42 cents a meal.

The House, however, has not done nearly as well. After unconscionable delay, it enacted a wholly inadequate program that provides nothing more than an "emergency" level diet and assistance of up to \$106 a month, or 29 cents a meal. It tied this assistance to a stringent work requirement: if any able-bodied member of a family (except women with young children) refused to take a job, every member of the family would lose food stamp eligibility.

Harsher still, the House included no "suitability" modification in the work requirements; it denied any protection of "prevailing wages." Thus, a farm worker or carpenter or skilled mechanic or anybody else temporarily unemployed could be made to take any job at grossly substandard wages.

Other backward provisions of the House bill were dropped by the House-Senate conferees, but these remain. America can do better than this. The House can do better than this. Its restrictive bill passed narrowly, the key vote being 119 to 116, and it came late in the evening when many members had left the floor.

Tomorrow, the conference committee's report is expected to be offered for House approval. To end hunger in America requires that members reject it. Representative Thomas S. Foley of Washington, a leader in the anti-hunger fight, will urge that the House conferees be instructed to meet again with those from the Senate and to accept reasonable modifications in the present draft. It is important for most of his colleagues to stand with him in his last-ditch stand.

[From the Washington Post, Dec. 30, 1970]

CONGRESS: WHAT REMAINS TO BE SAVED

There was a fine irony in the manner in which the Senate on Monday dealt with the President's Family Assistance Plan. Sweet reason—as it seemed—prevailed, if not downright statesmanship and a holy spirit of compromise. Only the result of all this was merely to detach the welfare plan from a conglomerate measure that was overburdened in the first place and to strip that measure (the Social Security Amendments of 1970) of a number of appended grotesqueries (from a trade bill to some punitive anti-poor bits and pieces). So Russell Long

and his minions on the Senate Finance Committee are now presumably to be commended for having undone their own disastrous handiwork—and in return for this latest blow to the welfare bill, we are promised that the Finance Committee, which held up the bill for half a year in hostile and capricious hearings will be happy to hold hearings on it again in the new Congress. We plan to come back to the subject of this bill, whatever its fate, but for now it may be a bit more to the point to concentrate on a couple of legislative items that still seem to have a chance of passage in decent form.

One of these is the so-called Emergency School Aid Act of 1970. This is the \$1.5 billion two-year program for encouraging racial desegregation of the schools that was sent down by Mr. Nixon last spring and which has been improved by the House Committee on Education and Labor and passed by the House itself. About 10 days ago we lamented that only an act of divine intervention could rescue this measure from its antagonists in the House, one of whom—Rep. Durwood Hall (R-Mo.)—explained his angry obstruction on the grounds that "they reprogrammed this dog they said was dead last night." Well, the "dog" lives, and we are prepared to believe that it does so only by the agency of the supernatural. Now, however, the bill faces a new set of hazards in the Senate.

Senate opposition has proceeded from two sources: Southerners who are fearful of the impact of the bill on the schools of the South, and Northern liberals who suspect its House version of being drawn in a way that could result in misdirection of funds. We believe that each side has a point, that both Southern apprehensions and liberal misgivings have a basis in reality. And while we tend to sympathize with the latter—the Nixon administration's record of steadfastness on this score is not inspiring—we believe that the House bill with perhaps a few additions from Senator Mondale's substitute should be passed—and passed now. This is a subject that has deeply divided the civil rights lobby, with numerous persons whose commitment to school desegregation cannot be challenged, arguing that the bill in its House-passed form is at once too weak and too susceptible of misuse to be worth passage. We disagree. To say that the Mondale bill is better, which we think it is, does not lead us to conclude that (1) Congress would have no say-so in the administration's use of the money authorized by the House version, or that (2) the latter version is worse than nothing. It is our view that there is much more to be gained than lost by schools and schoolchildren from the passage of this measure in a slightly amended House form.

Finally, there is the food stamp program. Congressman Foley of Washington intends to ask the House, by a floor vote, to instruct its conferees to modify the work requirement and benefit size of the conference bill negotiated last week. His move should be fought for and supported. For one thing, we are talking about improvements in the bill that only failed to pass in the House by a handful of votes and that are intended simply to soften the brutalities of Agriculture Committee Chairman Poage's measure. We are talking about preventing recipients from having to accept hazardous, underpaid farmwork for their stamps, about permitting children to receive food should an adult default on work requirement, about phasing the program over a year and a half from what the Agriculture Department calls an "emergency" diet allowance to what it calls a "low cost" diet allowance. The monetary difference is that between \$106 a month and \$134 a month for a family of four. These are not exactly princely sums; they are not expenditures too high for the country to afford. A "yes" vote to Congressman Foley's proposal is perhaps the most important and desirable step that could be taken by this Congress in its remaining days.

Mr. McGOVERN. Mr. President, I intend with some reluctance to cast my vote for this program which I regard as being a long way from being up to the level authorized by the Senate almost a year and a half ago. I do so only because I cannot bring myself to prejudice the continuance of the program which now reaches some 9 million people and which I hope over the next couple of years will be expanded by several million people.

Mr. President, I want to take a moment to commend my Senate colleagues in the food stamp conference, and the members of the Senate Agriculture Committee under their particularly able and distinguished chairman, ALLEN ELLENDER. I also wish to make special mention of all those who have served with me on the Select Committee on Nutrition and Human Needs, two of whom are on the floor with me this morning. Senator JAVITS, the ranking minority member, has been a tower of strength in moving this body and the Nation forward in the effort to end hunger, and Senator PERCY, likewise an important source of support in all our efforts. I commend also my good friend and colleague, Senator HOLLINGS, for his courageous contributions to this effort.

Finally, I would like to mention the staff of the Select Committee on Nutrition who have worked with intelligence and deep personal commitment, especially the able staff director, Kenneth Schlossberg, and the committee counsel, Gerald Cassidy.

Several Senators addressed the Chair.

Mr. McGOVERN. Mr. President, I yield to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. HOLLAND. Mr. President, first I express very great appreciation to the Senator from South Dakota. He has been gracious and entirely in accordance with the facts in stating that the other members of the conference on the part of the Senate who may not have agreed with him on many details of the Senate bill which was sponsored by the Senator from South Dakota had stuck by him throughout the conference, and I think that is the case.

I think the settlement which was made was the best that could be made and I think it does cover considerable concessions of the other body, which I shall mention in a moment.

I express appreciation to the Senator from South Dakota who has been most gracious and generous in his comments to the rest of us, and I wish to express to him my commendation.

Second, I think he is entirely practical in calling attention to the fact that the existing situation requires us to have a bill. That situation is this. The Agriculture Appropriation bill for 1971 includes, it is true, an appropriation of \$1.420 billion for the food stamp program for this fiscal year. But, unfortunately, Mr. President, only \$700.7 million of that total amount had been previously authorized, so that that was all that could be spent on the 1971 program in the absence of an additional authorization. The Senator from South Dakota, and I think my distinguished chairman, the Senator

from Louisiana, correctly stated the situation when they said that some time in January—and there is a question of just when in January—that \$770 million would have been exhausted but for the making of an additional authorization as provided in the conference bill.

The making of that additional authorization will make available all of the remaining amount in the appropriation bill for fiscal year 1971; that is, the difference between \$1.420 billion and the \$770 million which I have mentioned, and will also make available in the discretion of Congress a supplemental item if it be needed, and I am sure the Senator from South Dakota thinks it or part of it will be needed, to finish out 1971. So adoption of the conference bill will meet a practical situation which is obvious to anyone who looks at the situation as it now exists.

I am grateful for the practicality the Senator manifested in his statement. Everyone knows he would have preferred a more liberal bill, and I think he has stated the things he would have preferred and that he fought for in conference and on the floor of the Senate.

Mr. President, I have a list of 13 improvements which, in my judgement, have been made as contrasted with the House bill. Most of them are improvements as contrasted with existing legislation. I invite any comment as I go along with respect to these 13 points which I have had carefully prepared by the staff of the Committee on Agriculture and Forestry. Several of them have been mentioned by the distinguished Senator from South Dakota.

I call attention to the first item, in particular. The House provision requiring a State contribution to the bonus value of food stamps was dropped in the conference. That was one of the provisions most objectionable to the Senator from South Dakota and many other Members of the Senate, and many other Members of the other body.

There were three concessions made by the House from their original work requirement which I shall list, as I understand them to be, as follows:

First, the work requirement was made inapplicable to persons working 30 hours per week, which was not in the House bill.

Second, the work requirement was made inapplicable to lockout situations, which was not the case under the House bill.

Third, the work requirement was modified to provide for \$1.30 minimum wage where no Federal or State statutory minimum or Federal regulatory wage was applicable.

To make that point clear, if the Federal minimum wage were applicable, \$1.60 would be the minimum. If there were no Federal provision applicable but a State provision was, that would apply, and if neither were applicable, the \$1.30 per hour would be required before anyone could lose his right to food stamps by reason of turning down jobs offered to him.

The Senator from South Dakota mentioned the remainder of the concessions made by the House, which was that the

conference bill makes specific provision for the adjustment upwards of coupon allotments to reflect changes in food prices. The conference bill allows the Secretary to make changes from \$106 per month for a family of four, which is provided by the bill—to make them upward as the rise of food prices may require in the event there is such a rise. That is a distinct change and liberalization of the provision of the House bill.

The next item, as mentioned by the Senator from South Dakota, is that free stamps were authorized for households with incomes of less than \$30 per month for a family of four. No free stamps were provided at all under the House bill, and there was no clear provision for free stamps under current legislation.

Next, certification solely by affidavit was provided for households on public assistance or on welfare. The House would have required investigation and certification under rules provided at the Federal level or the State level in every case. The conference bill provides that for any family or individual who is on welfare, self-certification is permitted, and the investigation process need not be applied except in the case of applicants who are not on welfare.

This was a substantial concession from the provisions of the House bill and over the provisions of current legislation as far as nationwide legislation is concerned, although there are some States that now have different provisions.

The next change has been mentioned by the Senator from South Dakota, and I think it is peculiarly valuable.

It is that the term "household" is defined in the conference bill to include elderly persons, single persons, or others, so as to provide a method for making food stamps available for what we refer to as the "meals on wheels" program. In other words, the elderly person who does not have a home of his own, or who does not prepare food for himself, or cannot do so, may use his food stamps at a restaurant or wherever he cares to eat.

The next change was that the term "household" was further defined so as to exclude households consisting of unrelated individuals under the age of 60, such as "hippy" communes, which I think is a good provision in this bill.

The next is that the Senate provision with respect to having coupon charges deducted from Federally aided assistance payments was adopted. In other words, to simplify the process, families which are on assistance and are receiving welfare payments or similar assistance payments may have their food stamps so handled that they will be deducted from those payments, and do away with two separate operations and with applications monthly, or whenever it is that applications are required.

The next is that the Senate provision absolving anyone from charges of violation of any act on the basis of information contained in an affidavit filed pursuant to section 10(c)—except for fraud—was adopted.

The 12th one is that a specific maximum appropriation for fiscal 1971, intended to serve as a target, was agreed to.

The amount specified is \$1.75 billion; and, as I remember it, that is the amount offered as an amendment to the Senate appropriation bill, when it was being considered by the Senate, by the distinguished Senator from South Dakota. So that his own provision as enacted in our appropriation bill becomes a part of this bill.

The last of the provisions may not seem of great value, but I think it does have considerable value. The House provision keeping State plans in effect for 180 days was dropped. In other words, there is to be some latitude permitted to cover the cases that may be found by the Federal and State authorities as they go into the various new communities.

I am sure about these 13 changes, all of which I think have some meaning, and most of which meet either in part or in whole suggestions made by the Senator from South Dakota in his bill, which was adopted by the Senate.

I again express my appreciation to the Senator from South Dakota, and I especially appreciate the attitude of the distinguished Senator from Louisiana, who was most patient and most tolerant throughout this rather long conference, in some instances not highly agreeable conference, but in no instance disagreeable so far as the Senator from South Dakota was concerned. I think that is true with reference to all Senate conferees.

Mr. President, I am glad to yield the floor, unless there are questions.

Mr. MILLER. Mr. President, I was one of the members of the conference on the food stamp bill, and I would like to join with other Senators in expressing my appreciation to the Senator from South Dakota for taking a realistic position on some of the positions in the Senate-passed bill which he felt so strongly about.

There were a good many of us in the Senate Agriculture and Forestry Committee who had misgivings over the amendment by the Senator from South Dakota which was offered on the floor of the Senate to the food stamp bill well over a year ago. The distinguished chairman, the Senator from Louisiana, as I recall, warned at the time that, if that amendment, without any changes in it, were adopted, it could mean holding up the food stamp legislation for a long time. A majority of the Members of the Senate, however, did adopt the McGovern amendment. But I regret to say that the Senator from Louisiana's prediction came true, and it was not until almost the dying days of this Congress that the House saw fit to even appoint conferees, much less have a conference on this legislation.

There are some items in this conference report which the Senator from Iowa would rather not see in it, just as the Senator from South Dakota would rather not see them in it. But, as he has said, this is the last hour of this Congress, and we have to make a decision on whether the great amount of good in this legislation outweighs some of the points over which we do not agree.

The decision is quite obvious, because, if we do not act favorably on the confer-

ence report, the food stamp program will die before the next session of Congress begins.

Because of some unfortunately superficial comments by members of the press regarding the work requirement, I would like to make one thing clear.

In the first place, in fairness to the House conferees, I should say that, during our entire deliberations, I never heard one statement at all to the effect that they were seeking cheap labor. Whoever talked about cheap labor certainly did not hear it from the conference committee, and certainly not from the Senate side, and not from the House side.

I think I repeated this at least three times, so everyone in the conference would understand exactly what the House was asking. What the House asked for, and what is in the conference report, is simply that, if there is a job that one drawing food stamps is requested to take and that job is covered by the Federal minimum wage, then the Federal minimum wage will apply.

If there is a job which is not covered by the Federal minimum wage, but is covered by a State minimum wage, the State minimum wage will apply. And if there is a job that is covered by neither the Federal nor the State minimum wage, then the hourly salary will be not less than \$1.30.

That was what was agreed to in conference and that is what is in the conference report, and I hope that those who have been writing to the effect that this is a \$1.30 bill will read the language and will understand exactly what is in the bill.

There are two minuses and one plus, at least, in the work requirement. One of the minuses is that there is nothing in here regarding the stability of employment. The Senate Finance Committee spent long hours, along with their able staff, in trying to develop work requirements that would be fair and realistic in connection with the welfare reform bill. I sought to have the House conferees consider the language that we had developed, but they were adamant. They thought it was too long and too complicated, and I will grant that it is longer and more complicated than the language in the conference report; but we are not going to get the fairness and equity that we need in this program unless we go into more detail than we have in the conference report.

Another minus has been pointed out by the Senator from South Dakota, namely, the rather harsh rule that if, let us say, the father of a family refuses to take training or to take work, then the entire family loses its food stamp allotment.

I was the one who sought to get the House to change that, to provide for at most a proportionate decrease in the food stamp allotment to the family. I pointed out that we had developed a similar approach in the welfare reform bill in the Senate Finance Committee, under which, in connection with the \$1,600 family allowance for a husband, a wife, and two children, if the husband refused to take work, there would be a \$500 reduction of

the \$1,600 family allowance. That is more than a proportional reduction, but the Finance Committee felt that there ought to be more than a proportional reduction with respect to the adult members, at least.

Unfortunately, the House conferees were adamant on this point, and I told the Senator from South Dakota that next year I would be pleased to join with him in an amendment or in a bill to try to remove this harsh requirement, or certainly to modify it to make it more realistic.

On the other hand, I think that something should be said for the House position. The House conferees unanimously felt that if a father is so unwilling as to refuse to take training to work, or to work to support his family, under those circumstances the mother should seek a legal separation, in which case she and her children would continue to receive food stamps.

Frankly, I do not believe we will have many instances where this will happen. And so many millions of other people will be eligible for food stamps that this certainly should not be a roadblock to passage of this legislation.

There is a plus in the conference report, and that is this: that the bill does exempt from the work requirement mothers of small children, and that is true even if day care centers are available. This is not what the Senate Finance Committee or the House Ways and Means Committee developed in connection with the welfare reform bill. In that case, both committees agreed that if there is a mother with small children—and I am not talking about babes in arms, but I am talking about those, certainly, of school age—and a suitable day care center is available, then, in that case, the mother should take training or should work.

However, in the conference report—and this was House language—there is no requirement of a mother to take work or training for work if she has small children, and so I suggest that is a more liberal position than we might have hoped for.

The Senator from South Dakota has referred to the amount of monthly allotment of food stamps in the case, for example, of a husband, wife, and two children, a family of four, amounting to \$106. That could be a little confusing, in that the conference report does not contain that language.

The conference report contains the language of the House bill, which is simply that an adequate and nutritious diet will be provided for. It so happens that the way the Department of Agriculture is administering this program today, an adequate and nutritious diet for a family of four is deemed to cost around \$106 a month. But, as the House conferees pointed out, they did not care whether it cost \$50, \$100, or \$150; whatever it cost must provide for an adequate and nutritious diet. Then, as the Senator from Florida has pointed out, we do have an increase in the cost of food automatic escalation clause to cover future costs of program.

The Senator from South Dakota wanted to have a \$134 program—that is, as of now—which, of course, would escalate upward with increases in the cost of food. He pointed out that this is regarded as a low-cost diet, whereas the present Department of Agriculture program is the economy diet.

I attempted to get the two sides together by suggesting that we split the difference and go up to about \$121 as our starting point, and I thought at one time that the House conferees were going to agree, but finally they refused to agree, and they said the adequate and nutritious diet provision in their bill meant exactly what it said, nothing more and nothing less, and refused to budge on it.

I will say this, in fairness to the House conferees: They did point out that if we went up to \$134, which is the low-cost diet, we would find recipients of food stamps, especially those on welfare, who would be receiving a diet just as good as probably millions of low-income working people, who do not receive food stamps, but have to skimp along and get along on a low-cost diet, and it was felt by the House conferees that there ought to be some difference. Whether it ought to be on the basis of a low-cost diet as against an economy diet, or something in between, I do not pretend to know, but I will say that if the Department of Agriculture does not administer this program in a way which meets not only the letter but the spirit of the language "adequate and nutritious," I shall be happy to join with anyone in trying to do something about that, because it will be frustrating the clearly expressed intention of Congress.

On self-certification, Mr. President, I think that we arrived at a fair compromise, to exempt from investigation all who are now on welfare, which covers most of the people who will be receiving food stamps, and there is no need to have an investigation if they have already been investigated in order to get on welfare.

The others, however, will have to be subjected to an investigation. I would like to have seen a little different approach. I think the Senate Finance Committee arrived at a very good approach to this problem in connection with the Family Assistance Plan legislation. We provided that the States would have an option. If a State wanted to have self-certification, that would be all right. If another State wanted to have an investigation first, that is all right, too. Let the States determine it for themselves.

But I think that we came out pretty well on this point, and I do not believe there will be the long lines of people waiting for food stamps that we have heretofore found, because so many of them had to be subjected to investigation.

Finally, Mr. President, there is one thing that needs to be said about our welfare legislation. We ran into this in the Senate Finance Committee in connection with our problem on welfare reform. Many people have thought of welfare reform in terms of the Family Assistance Plan, and that is only a part of it. It was

not until the House-passed bill came before the Senate Finance Committee that our able staff, for the first time, I think, in history, decided to put all of the categorical welfare programs side by side and see how they worked out. So we had the Family Assistance plan, food stamps, State supplements, medicaid, and in many cases low-income housing with rent supplements.

Unfortunately, the eligibility requirements for these various programs have never been integrated. One of the reasons, I suppose, is that the Senate Agriculture Committee has jurisdiction over the food stamp legislation, and the Finance Committee has jurisdiction over a good many of the other programs. I would hope that next year, when we shall be working on welfare reform again, we will be able, in conjunction with the Agriculture Committee, to work out uniform eligibility requirements for all of these categorical welfare programs. I think it will make the costs and difficulties of administration much less, it will be much fairer, and it is something that is long overdue.

Finally, Mr. President, I do believe that, on balance, this is going to be a better program than we have had before. I want particularly to commend my fellow conferees from the Senate side, who I think did a superb job of supporting Senator McGovern on some of the points over which we frankly had disagreed in the Senate Agriculture Committee. This is conference representation of the Senate in its finest sense, and I must say that I have never seen its equal in any previous conferences on which I have had the privilege of serving.

I yield the floor.

STATEMENT OF SENATOR JACOB K. JAVITS PROTESTING FOOD STAMP CONFERENCE REPORT

Mr. JAVITS. Mr. President, I speak as the ranking Republican member of the Select Committee on Nutrition and Human Needs, the so-called Hunger Committee—chaired so ably by Senator McGovern.

We face a very sorry situation. However the vote is taken, I shall vote "nay" on this conference report, because I feel that, in conscience, I am free to do that and should do it.

I have no criticism whatever of Senator McGovern's feeling that he has to vote, most reluctantly and with deep sorrow, for the conference report. I understand it completely. And I would say immediately that were I in his position, I probably would do the same thing; for he has the double responsibility of being both a member of the Agriculture Committee and a conferee and the chairman of the Select Committee on Nutrition and Human Needs. Probably, in the course of prudence which that joint committee membership would necessarily impose upon him, he is doing exactly what his conscience dictates, and I know that this represents no derogation whatever of his efforts in this field, which will continue to be unflagging.

Mr. President, I feel that I can get as I am because a protest really must be made against this conference report, and the only way Members have of protesting is by their action on it. I know that there

is no point to some dug-in opposition, which I am not going to make, or some effort to block consideration, which I am not going to do; because, obviously, with Senator McGovern's most reluctant feeling that this is the best that can be done, that is the way it is going to be done.

I wish to express myself in protest of what is being done and to pledge my efforts, with those of Senator McGovern and—I was very pleased to hear—Senator MILLER, to correct the real injustices which are being perpetrated. Specifically, I refer to the work requirement which I hope can and will be dealt with in future welfare legislation.

BELIEVES "SOME WAY" WOULD BE FOUND TO CONTINUE PROGRAM IF REPORT REJECTED

It is alleged by distinguished and prestigious Senators, that if we do not accept this conference report, this program is likely to die in the middle of January in the absence of a new authorization, which is represented by this bill.

I believe—and men can seriously differ—that with 9 million people participating in the food stamp program, we would find some way to continue the program, even if this conference report is rejected, until Congress returns on January 21. That is only a belief—a personal belief, and other Senators have the right to take the situation on its face.

So I draw no brief for my position beyond the fact that I think the deficiencies are so serious as to deserve a protest, which I am proposing to make.

Mr. PERCY. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. PERCY. Mr. President, as a member of the Select Committee on Nutrition and Human Needs, I should like to state that the committee has benefited greatly from the inspired leadership of Senator McGovern and our ranking Republican member, Senator JAVITS. I think that because of this leadership and because of this committee, we have moved forward to our present level of support for food stamps.

Though I find myself dreadfully disappointed in the outcome of the conference report, I shall cast a vote for it, with tremendous reluctance—as much reluctance as I have had for any bill. I do so simply because I recognize the problem we face and that, therefore, we have no alternative but to support this conference report.

I am disappointed in the fact that we have at this point reached a level of support still well below the Department of Agriculture's minimum figure for a nutritionally adequate bill.

However, I commend the conference committee for bringing us from absolute darkness to a point where we can at least see the light at the end of the tunnel. I think we have really made a commitment that we are going to find the resources to solve the problem of inadequate nutrition for American citizens, young and old, black and white, South and North, rural and urban. Wherever these hungry Americans may be, we are going to find them and see that they have available adequate nutrition to build their minds and bodies. If we can deliver food 12,000 miles from here—and deliver it in ade-

quate quantities—to our forces in South Vietnam and to our allied forces, we should be able to deliver it to our own citizens.

So I will not stop the good fight until we reach an adequate level of support for nutrition programs. I will oppose every low priority item, such as the SST, until such time as we have won this fight.

I feel that the only alternative I have available is to vote for the conference report. I express deep appreciation to the members of that conference committee, particularly Senator ELLENDER, who has done much in moving us ahead in this field. Though we would like to see faster progress, I think that when we look back and see what Senator ELLENDER has accomplished, we can all be grateful for his dedication to this program. We are also particularly grateful to a former Governor of a great State, Senator HOLLINGS, who also has helped awaken us and the country to the great need and has given us the will to find the way to fulfill this need.

Mr. JAVITS. Mr. President, I express my thanks to Senator ELLENDER and to Senator HOLLINGS—who really has had an extraordinary career in this matter—for all they have done. I agree with Senator PERCY that they have done a great deal and that we are much further than we ever were and ever dreamed of being. I should like very much, with deep conviction, to join in that sense of appreciation.

**WORK REQUIREMENT "BARBARIC"—PRIMITIVE
CONCEPT OF "WORK OR STARVE"**

What breaks the camel's back for me, in terms of what we are about to do—and there is no question that we will—is the work requirement. It is absolutely right—and in respect to welfare and other matters we will undoubtedly, and we should, do our utmost to bring about conditions under which people learn and get jobs—that the so-called poverty syndrome should be ended.

The theory that if a father cannot or will not work, he is not eligible for stamps thereby cutting his family off from getting stamps can be called barbaric. This theory is pretty difficult to swallow. It really, in effect, is the primitive concept of "work or starve." Whatever may be the justification for applying it to any one human being, it certainly should not be visited upon those who cannot help themselves—to wit, the children in the family. I am not saying this for tear-jerking but because I cannot bring myself to support personally—and I mean it strictly personally—a conference report which has been imposed upon the Senate by the other body and which carries so harsh a requirement. I want to dedicate—as does the Senator from South Dakota (Mr. McGOVERN) and others, including the Senator from Iowa (Mr. MILLER)—my efforts to alleviating what we call in the testament of my faith, the "stern decree."

SELF-CERTIFICATION

I feel that the self-certification provision is most unfair. It is true that self-certification will apply to welfare cases, that is, the poor on welfare, but they are entitled to food stamps, anyway, in most

states, and they go through all the certification necessary. So really, this is a distinction without a difference. The fact is that the working poor, those whom we really should depend on for affidavit certification, those who feel most abused and oppressed when they have to qualify as welfare cases in order to get food stamps, and stand in line, and so forth, they are the very ones not subject to self-certification. That fact should be revealed in all its stark impact. They represent about 42 percent of all food stamp recipients, so that we are dealing with a very considerable number of people.

COUPON ALLOTMENT VALUE

Then, as the Senator from South Dakota (Mr. McGOVERN) has so properly argued, the failure to adopt the low-cost food plan standard, which is minimal enough, represents another additional burden that this conference report has to bear.

OPEN-ENDED AUTHORIZATION

Finally, the fact that the last 2 years are left open, leaving us susceptible to the standard of budget exigencies rather than to need in the area of food and hunger, makes it impossible for me—and again I speak personally—to stay with this report.

**JUSTICE AND HUMANITY REQUIRE CHANGES IN
THE LAW**

Let me conclude as I began, that I blame no one. I understand perfectly the views and feelings expressed by the other members of the special committee, of which I am the ranking minority member; but I feel that these matters I have named demand so much protest that, as I am in a position to do it, I wish to do it, and will dedicate myself to bringing about changes in the law which elementary justice and humanity require to be made.

Mr. President, I ask unanimous consent to have printed in the RECORD a telegram I have received from a very distinguished American, Dr. Kenneth B. Clark, professor of psychology, at the City University of New York.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

NEW YORK, N.Y.,
December 22, 1970.

Sen. JACOB JAVITS,
Senate Office Building,
Washington, D.C.:

We urge that the Senate stand firm on the Food Stamp Program Bill. We make this plea in the names not only of the hundreds of thousands of New Yorkers, but also the millions of Americans throughout the Nation who have a right to protection against hunger in an affluent democratic nation.

Dr. KENNETH B. ALARK,
Professor of Psychology,
The City University of New York.

Mr. DOLE. Mr. President. I wish to commend the conferees for agreeing to legislation that will substantially improve and expand the food stamp program. If this conference report is not approved, the food stamp program will die on January 31; after being given a 1 month extension by the Appropriations Committee. We cannot allow this to happen.

For years, food programs were designed as much to get rid of surplus commodities as to feed hungry people. But in the past 2 years, tremendous progress has been made in meeting the food needs of the poor. A family food program—either food stamps or commodity distribution—is now operating in virtually every county in the Nation, and is reaching over 12 million needy persons—a record high. This is largely the result of major modifications made in the food stamp program last December. Families are now required to pay less for food stamps and receive more bonus stamps. Currently, about 9 million people are receiving food stamp benefits, up from 3.6 million last December.

Other changes in the program required legislative action. The conference report represents a further effort to eliminate poverty-related malnutrition. However, each of us has received a letter from the junior Senator from South Dakota (Mr. McGOVERN) asking us to reject the conferee's report because of four specific objections he has to the report.

Contrary to the allegations contained in the Senator from South Dakota's letter, the work requirement requires that only certain unemployed able-bodied persons will be required to register for and accept employment. No person will be required to accept a job that is not covered by the State or Federal minimum wage laws or Federal wage regulations, or at less than \$1.30 an hour if the job were not specifically covered by such laws. Is it unreasonable to require an able adult to register for and accept employment as a condition of providing his family adequately nutritious food? The conferees agreed to consider necessary changes in this requirement if a family assistance program is approved by the Congress and this will provide an opportunity to correct any inequities.

If my colleagues in the Senate truly want to provide a nutritionally adequate diet, and \$134 is necessary to meet that goal, I fail to see how we can ever justify providing only \$120. But the fact of the matter is that a monthly food stamp allotment of \$106 for a family of four will allow them to purchase a nutritionally adequate diet. In describing the economy plan, which calls for \$106 for a family of four, the Agricultural Research Service of the Department of Agriculture said, and I quote,

Plans for adequate diets at still lower cost could be developed.

In addition, I ask unanimous consent that a letter from Assistant Secretary of Agriculture Richard Lyng concerning the cost of an adequate diet be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., December 31, 1970.
Hon. ROBERT DOLE,
United States Senate.

DEAR SENATOR DOLE: you have inquired whether the Economy Food Plan would provide families with an adequate diet.

The Economy Food Plan, which is the least expensive of the food plans published by

USDA, does provide families with nutritionally adequate diets. In fact, adequate plans can be developed at still lower cost.

It is obvious, of course, that the more expensive food plans published by the Department offer families a broader range of choice and allow them to utilize foods with lower nutritional value per dollar.

Thank you for your inquiry.

Sincerely,

RICHARD LYING,
Assistant Secretary.

Mr. DOLE. Mr. President, furthermore, the Senate provision requiring the Secretary of Agriculture to adjust the total coupon allotment annually to reflect changes in the prices of food will insure that the allotments continue to provide nutritionally adequate diets.

From figures supplied by the Department of Agriculture, it has been possible to calculate that a 1 percent increase in the coupon allotment will cause a 4.5 percent increase in the bonus cost of the program. Consequently, to raise the coupon allotment to \$120 would increase the cost of the program by 60 percent—to a figure higher even than that proposed by the Senator from South Dakota. If the difference between \$120 and \$106 was the difference between an adequate diet and malnutrition, this argument would not be persuasive. However, since \$106 does provide for an adequate diet, there is virtually no justification for the enormous increase in the cost of the program that would result from increasing the coupon allotment to \$120 per month.

The \$1.75 billion level of authorization for this fiscal year is identical to the level of appropriations in the Senate appropriations bill. The open end authority for the next 2 fiscal years will permit funding to be geared more realistically to meet the program's needs than the Senate bill.

The conferees agreed to the Senate provision for simplified certification of families receiving public assistance, but left unchanged the secretary's authority to establish procedures for determining eligibility of those not receiving any public assistance. Many of these people have uncertain income streams and sometimes significant month-to-month variations—they may be between jobs, working part-time or at substandard wages. Because the cash contribution of the family is related to income and family size, rather precise income determinations are necessary. The Department of Agriculture has already announced that it will provide States with guidelines to reduce "red tape" in the certification process. The conferees have provided the secretary the authority to modify the system to assure maximum participation and prudent administration.

In addition, this legislation will:

Direct the Secretary of Agriculture to establish uniform national eligibility standards. Under the present act, eligibility standards vary by States because they are geared to each State's welfare standards. Where welfare standards are low, food stamp eligibility standards are low. This bill will remove that inequity and—

Provide that no family will be required to pay more than 30 percent of its incomes for its food stamp allotment.

Those with very low incomes will be given free stamps.

Allow participating families to purchase less than the full amount of the total food stamp allotment. This would increase program flexibility for the families.

Provide welfare families with an opportunity to purchase their stamps under a voluntary checkoff system; that is, by deducting the purchase price of food stamps from the welfare check. This system is a completely voluntary one, but it will make it easier for welfare families to participate in the program.

Provide for concurrent operation of the food stamp and commodity distribution programs. The family would elect to participate in one program or the other—but not both.

Require States to undertake outreaching efforts to inform eligible families about the program. This is vitally necessary if we are to reach those of the poor who need a dietary supplement. Food and nutrition education is a critical element in improving the diets of the poor.

Provide that elderly persons who are participating in the program will be permitted to use food stamps to purchase meals delivered to them if prepared by political subdivisions or nonprofit organizations.

Expand the program to the needy in Guam, Puerto Rico, and the Virgin Islands.

Contrary to the objections raised by the Senator from South Dakota, the modifications recommended by the conferees will improve and revitalize the food stamp program. By adopting this legislation, we will be making a great stride toward providing every American family a nutritionally adequate diet.

Mr. President, let me just add here, that I also serve on the Committee on Nutrition and Human Needs, as well as on the Committee on Agriculture and Forestry, and I certainly commend all those on both committees who have been dedicated and who have such a sincere interest in solving this very important problem.

It is my opinion that progress has been made, indeed that great progress has been made.

Mr. ELLENDER. Mr. President, I move adoption of the conference report.

The PRESIDING OFFICER (Mr. HUGHES). The question is on agreeing to the motion of the Senator from Louisiana.

The motion was agreed to.

Mr. ELLENDER. Mr. President, I move that the vote by which the conference report was agreed to be reconsidered.

Mr. TALMADGE and Mr. BYRD of West Virginia moved to lay the motion on the table.

The motion was agreed to.

DISABLED VETERANS' AND SERVICEMEN'S AUTOMOBILE ASSISTANCE ACT OF 1970

Mr. CRANSTON. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 370.

The PRESIDING OFFICER (Mr.

HUGHES) laid before the Senate the amendments of the House of Representatives to the amendments of the Senate to the bill (H.R. 370) to amend chapter 39 of title 38, United States Code, to increase the amount allowed for the purchase of specially equipped automobiles for disabled veterans, and to extend benefits under such chapter to certain persons on active duty, which were in lieu of the matter proposed to be inserted to the text of the bill, insert:

That this Act may be cited as the "Disabled Veterans' and Servicemen's Automobile Assistance Act of 1970".

SEC. 2. (a) Chapter 39 of title 38, United States Code, is amended to read as follows:

"Chapter 39.—AUTOMOBILES AND ADAPTIVE EQUIPMENT FOR CERTAIN DISABLED VETERANS AND MEMBERS OF THE ARMED FORCES

"Sec.

"1901. Definitions.

"1902. Assistance for providing automobile and adaptive equipment.

"1903. Limitations on assistance.

"§ 1901. Definitions

"For purposes of this chapter—

"(1) The term 'eligible person' means—

"(A) any veterans entitled to compensation under chapter 11 of this title for any of the disabilities described in subclause (i), (ii), or (iii) below, if the disability is the result of an injury incurred or disease contracted in or aggravated by active military, naval, or air service during World War II or the Korean conflict; or if the disability is the result of an injury incurred or disease contracted in or aggravated by active military, naval, or air service performed after January 31, 1955, and the injury was incurred or the disease was contracted in line of duty as a direct result of the performance of military duty;

"(i) The loss or permanent loss of use of one or both feet;

"(ii) The loss or permanent loss of use of one or both hands;

"(iii) The permanent impairment of vision of both eyes of the following status: central visual acuity of 20/200 or less in the better eye, with corrective glasses, or central visual acuity of more than 20/200 if there is a field defect in which the peripheral field has contracted to such an extent that the widest diameter of visual field subtends an angular distance no greater than twenty degrees in the better eye; or

"(B) any member of the Armed Forces serving on active duty who is suffering from any disability described in subclause (i), (ii), or (iii) of clause (A) of this paragraph if such disability is the result of an injury incurred or disease contracted in or aggravated by active military, naval, or air service during World War II, the Korean conflict, or the Vietnam era; or if such disability is the result of an injury incurred or disease contracted in or aggravated by any other active military, naval, or air service performed after January 31, 1955, and the injury was incurred or the disease was contracted in line of duty as a direct result of the performance of military duty.

"(2) The term "World War II" includes, in the case of any eligible person, any period of continuous service performed by him after December 31, 1946, and before July 26, 1947, if such period began before January 1, 1947.

"§ 1902. Assistance for providing automobile and adaptive equipment

"(a) The Administrator, under regulations which he shall prescribe, shall provide or assist in providing an automobile or other conveyance to each eligible person by paying the total purchase price of the automobile or other conveyance or \$2,800, which—



An Act

84 STAT. 2048

To amend the Food Stamp Act of 1964, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"SEC. 2. It is hereby declared to be the policy of Congress, in order to promote the general welfare, that the Nation's abundance of food should be utilized cooperatively by the States, the Federal Government, local governmental units, and other agencies to safeguard the health and well-being of the Nations population and raise levels of nutrition among low-income households. The Congress hereby finds that the limited food purchasing power of low-income households contributes to hunger and malnutrition among members of such households. The Congress further finds that increased utilization of food in establishing and maintaining adequate national levels of nutrition will promote the distribution in a beneficial manner of our agricultural abundances and will strengthen our agricultural economy, as well as result in more orderly marketing and distribution of food. To alleviate such hunger and malnutrition, a food stamp program is herein authorized which will permit low-income households to purchase a nutritionally adequate diet through normal channels of trade."

SEC. 2. (a) Section 3(e) of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(e) The term 'household' shall mean a group of related individuals (including legally adopted children and legally assigned foster children) or non-related individuals over age 60 who are not residents of an institution or boarding house, but are living as one economic unit sharing common cooking facilities and for whom food is customarily purchased in common. The term 'household' shall also mean (1) a single individual living alone who has cooking facilities and who purchases and prepares food for home consumption, or (2) an elderly person who meets the requirements of section 10(h) of this Act."

(b) Add the following sentence at the end of subsection 3(f) of the Food Stamp Act of 1964, as amended: "It shall also mean a political subdivision or a private nonprofit organization that meets the requirements of section 10(h) of this Act."

(c) Subsection (j) of section 3 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(j) The term 'State' means the fifty States and the District of Columbia, Guam, Puerto Rico, and the Virgin Islands of the United States."

(d) Add the following new subsection at the end of section 3 of the Food Stamp Act of 1964, as amended:

"(1) The term 'elderly person' shall mean a person sixty years of age or over who is not a resident of an institution or boarding house, and who is living alone, or with spouse, whether or not he has cooking facilities in his home."

Food Stamp
Act of 1964,
amendments.
78 Stat. 703.
7 USC 2011.

Definitions.
7 USC 2012.
"Household."

Post, p. 2051.

"State."

"Elderly
person."

84 STAT. 2049

78 Stat. 703.

7 USC 2012.

"Authorization
to purchase
card."

Coupon

allotment

program.

7 USC 2013.

Redemption.

Emergency

distribution.

Eligibility
standards.

7 USC 2014.

(e) Section 3 of the Food Stamp Act of 1964, as amended, is amended by adding the following new subsection:

"(m) The term 'authorization to purchase card' means any document issued by the State agency to an eligible household which shows the face value of the coupon allotment the household is entitled to be issued on presentment of such document and the amount to be paid by such household for such allotment."

SEC. 3. Subsections (a) and (b) of section 4 of the Food Stamp Act of 1964, as amended, are amended to read as follows:

"(a) The Secretary is authorized to formulate and administer a food stamp program under which, at the request of the State agency, eligible households within the State shall be provided with an opportunity to obtain a nutritionally adequate diet through the issuance to them of a coupon allotment which shall have a greater monetary value than the charge to be paid for such allotment by eligible households. The coupons so received by such households shall be used only to purchase food from retail food stores which have been approved for participation in the food stamp program. Coupons issued and used as provided in this Act shall be redeemable at face value by the Secretary through the facilities of the Treasury of the United States.

"(b) In areas where the food stamp program is in operation, there shall be no distribution of federally donated foods to households under the authority of any other law except that distribution thereunder may be made: (1) during temporary emergency situations when the Secretary determines that commercial channels of food distribution have been disrupted; (2) for such period of time as the Secretary determines necessary, to effect an orderly transition in an area in which the distribution of federally donated foods to households is being replaced by a food stamp program; or (3) on request of the State agency: *Provided*, That the Secretary shall not approve any plan established under this Act which permits any household to simultaneously participate in both the food stamp program and the distribution of federally donated foods under this clause (3).

SEC. 4. Section 5 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"SEC. 5. (a) Except for the temporary participation of households that are victims of a disaster as provided in subsection (b) of this section, participation in the food stamp program shall be limited to those households whose income and other financial resources are determined to be substantial limiting factors in permitting them to purchase a nutritionally adequate diet.

"(b) The Secretary, in consultation with the Secretary of Health, Education, and Welfare, shall establish uniform national standards of eligibility for participation by households in the food stamp program and no plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary. The standards established by the Secretary, at a minimum, shall prescribe the amounts of household income and other financial resources, including both liquid and nonliquid assets, to be used as criteria of eligibility. Any household which includes a member who has reached his eighteenth birthday and who is claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household, shall be ineligible to participate in any food stamp program established pursuant to this Act during the tax period such dependency is claimed and for a period of one year after expiration of such tax period. The Secretary may also establish temporary emergency standards of eligibility, without regard to income

and other financial resources, for households that are victims of a disaster which disrupted commercial channels of food distribution when he determines that such households are in need of temporary food assistance, and that commercial channels of food distribution have again become available to meet the temporary food needs of such households: *Provided*, That the Secretary shall in the case of Puerto Rico, Guam, and the Virgin Islands, establish special standards of eligibility and coupon allotment schedules which reflect the average per capita income and cost of obtaining a nutritionally adequate diet in Puerto Rico and the respective territories; except that in no event shall the standards of eligibility or coupon allotment schedules so used exceed those in the fifty States.

"(c) Notwithstanding any other provisions of law, the Secretary shall include in the uniform national standards of eligibility to be prescribed under subsection (b) of this section a provision that each State agency shall provide that a household shall not be eligible for assistance under this Act if it includes an able-bodied adult person between the ages of eighteen and sixty-five (except mothers or other members of the household who have the responsibility of care of dependent children or of incapacitated adults, bona fide students in any accredited school or training program, or persons employed and working at least 30 hours per week) who either (a) fails to register for employment at a State or Federal employment office or, when impractical, at such other appropriate State or Federal office designated by the Secretary, or (b) has refused to accept employment or public work at not less than (i) the applicable State minimum wage, (ii) the applicable Federal minimum wage, (iii) the applicable wage established by a valid regulation of the Federal Government authorized by existing law to establish such regulations, or (iv) \$1.30 per hour if there is no applicable wage as described in (i), (ii), or (iii) above. Refusal to work at a plant or site subject to a strike or a lockout for the duration of such strike or lockout shall not be deemed to be a refusal to accept employment."

Ineligibility.

SEC. 5. Subsections (a) and (b) of section 7 of the Food Stamp Act of 1964, as amended, are amended to read as follows:

"(a) The face value of the coupon allotment which State agencies shall be authorized to issue to any households certified as eligible to participate in the food stamp program shall be in such amount as the Secretary determines to be the cost of a nutritionally adequate diet, adjusted annually to reflect changes in the prices of food published by the Bureau of Labor Statistics in the Department of Labor.

"(b) Notwithstanding any other provision of law, households shall be charged for the coupon allotment issued to them, and the amount of such charge shall represent a reasonable investment on the part of the household, but in no event more than 30 per centum of the household's income: *Provided*, That coupon allotments may be issued without charge to households with income of less than \$30 per month for a family of four under standards of eligibility prescribed by the Secretary: *Provided further*, That the Secretary shall provide a reasonable opportunity for any eligible household to elect to be issued a coupon allotment having a face value which is less than the face value of the coupon allotment authorized to be issued to them under subsection (a) of this section. The charge to be paid by eligible households electing to exercise the option set forth in this subsection shall be an amount which bears the same ratio to the amount which would have been charged under subsection (b) of this section as the face value of the coupon allotment actually issued to them bears to the face value of the coupon allotment that would have been issued to them under subsection (a) of this section."

Coupon
allotment
face value,
charges.
78 Stat. 705.
7 USC 2016.

84 STAT. 2051

Eligibility,
certification.
78 Stat. 706.
7 USC 2019.

SEC. 6. (a) Subsection (c) of section 10 of the Food Stamp Act of 1964, as amended, is amended by inserting immediately preceding the first sentence the following: "Any household which is receiving public assistance and which makes application for the benefits of this Act shall be certified for eligibility solely by execution of an affidavit, in such form as the Secretary may prescribe, by the member of such household making application. Certification of a household as eligible in any political subdivision shall, in the event of removal of such household to another political subdivision in which the food stamp program is operating, remain valid for participation in the food stamp program for a period of sixty days from the date of such removal."

(b) Subsection (e) of section 10 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(e) The State agency of each State desiring to participate in the food stamp program shall submit for approval a plan of operation specifying the manner in which such program will be conducted within the State, the political subdivisions within the State in which the State desires to conduct the program, and the effective dates of participation by each such political subdivision. In addition, such plan of operation shall provide, among such other provisions as may be required, the following: (1) the specific standards to be used in determining the eligibility of applicant households; (2) that the State agency shall undertake the certification of applicant households in accordance with the general procedures and personnel standards used by them in the certification of applicants for benefits under the federally aided public assistance programs; (3) safeguards which restrict the use or disclosure of information obtained from applicant households to persons directly connected with the administration or enforcement of the provisions of this Act or the regulations issued pursuant to this Act; (4) for the submission of such reports and other information as from time to time may be required; (5) that the State agency shall undertake effective action, including the use of services provided by other federally funded agencies and organizations, to inform low-income households concerning the availability and benefits of the food stamp program and insure the participation of eligible households; and (6) for the granting of a fair hearing and a prompt determination thereafter to any household aggrieved by the action of a State agency under any provision of its plan of operation as it affects the participation of such household in the food stamp program. The State agency shall, notwithstanding any other provision of law, institute procedures under which any household participating in the food stamp program shall be entitled, if it so elects, to have the charges, if any, for its coupon allotment deducted from any grant or payment such household may be entitled to receive under any federally aided public assistance program and have its coupon allotment distributed to it with such grant or payment. In approving the participation of the subdivisions requested by each State in its plan of operation, the Secretary shall provide for an equitable and orderly expansion among the several States in accordance with their relative need and readiness to meet their requested effective dates of participation."

State plan
of operation,
submission.

Reports.

Hearing.

(c) Add the following new subsection to section 10 of the Food Stamp Act of 1964, as amended:

"(h) Subject to such terms and conditions as may be prescribed by the Secretary in the regulations issued pursuant to this Act, members of an eligible household who are sixty years of age or over or an elderly person and his spouse may use coupons issued to them to purchase meals prepared for and delivered to them by a political subdivision or by a private nonprofit organization which: (1) is not receiving federally donated foods from the United States Department of Agriculture for use in the preparation of such meals; (2) is operated in a manner consistent with the purposes of this Act; and (3) is recognized as a tax exempt organization by the Internal Revenue Service: *Provided*, That household members or elderly persons to whom meals are delivered are housebound, feeble, physically handicapped, or otherwise disabled, to the extent that they are unable to adequately prepare all of their meals. Meals served pursuant to this subsection shall be deemed 'food' for the purposes of this Act."

SEC. 7(a). Subsections (a) and (b) of section 14 of the Food Stamp Act of 1964, as amended, are amended as follows:

"(a) Notwithstanding any other provisions of this Act, the Secretary may provide for the purchase, issuance or presentment for redemption of coupons to such person or persons, and at such times and in such manner, as he deems necessary or appropriate to protect the interests of the United States or to insure enforcement of the provisions of this Act or the regulations issued pursuant to this Act.

"(b) Whoever knowingly uses, transfers, acquires, alters, or possesses coupons or authorization to purchase cards in any manner not authorized by this Act or the regulations issued pursuant to this Act shall, if such coupons or authorization to purchase cards are of the value of \$100 or more, be guilty of a felony and shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than five years or both, or, if such coupons or authorization to purchase cards are of a value of less than \$100, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned for not more than one year, or both."

SEC. 7(b). Section 14 of the Food Stamp Act of 1964, as amended, is amended by adding the following new subsection:

"(e) No person shall be charged with a violation of this or any other Act, or of any regulation issued under this or any other Act, or of any State plan of operation on the basis of any statements or information contained in an affidavit filed pursuant to section 10(c) of this Act, except for fraud."

SEC. 8. Subsection (b) of section 15 of the Food Stamp Act of 1964 as amended, is amended to read as follows:

"(b) The Secretary is authorized to pay to each State agency an amount equal to 62½ per centum of the sum of (1) the direct salary, travel, and travel-related cost (including such fringe benefits as are normally paid) of personnel, including the immediate supervisors of such personnel, for such time as they are employed in taking the action required under the provisions of subsection 10(e) (5) of this Act and in making certification determinations for households other than those which consist solely of recipients of welfare assistance; (2) the direct salary, travel, and travel-related costs (including such fringe benefits as are normally paid) of personnel for such time as they are employed as hearing officials under section 10(e) of the Act."

Elderly
persons,
meal purchases.
78 Stat. 706.
7 USC 2019.

84 STAT. 2051
84 STAT. 2052

Enforcement.
7 USC 2023.

Penalty.

Ante, p. 2051.
Federal
assistance
to States.
7 USC 2024.

Appropriations.
78 Stat. 709;
82 Stat. 958.
7 USC 2025.

SEC. 9. Section 16(a) of the Food Stamp Act of 1964, as amended, is amended by striking "\$170,000,000 for the six months ending December 31, 1970" and inserting in lieu thereof "\$1,750,000,000 for the fiscal year ending June 30, 1971; and for the fiscal years ending June 30, 1972 and June 30, 1973 such sums as the Congress may appropriate".

Approved January 11, 1971.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 91-1402 (Comm. on Agriculture) and No. 91-1793 (Comm. of Conference).

SENATE REPORT No. 91-292 accompanying S. 2547 (Comm. on Agriculture and Forestry).

CONGRESSIONAL RECORD:

Vol. 115 (1969): Sept. 24, S. 2547 passed Senate.

Vol. 116 (1970): Dec. 16, considered and passed House.

Dec. 17, considered and passed Senate, amended, in lieu of S. 2547.

Dec. 30, House agreed to conference report.

Dec. 31, Senate agreed to conference report.

